

GLOSSARY OF FEDERAL FINANCIAL MANAGEMENT TERMS COMMONLY USED BY PEACE CORPS

ACCOUNTING SYSTEMS — The total structure of records and procedures that record, classify, and report information on the financial position and operations of a governmental unit or any of its funds.

Each executive agency is required to establish and maintain adequate accounting systems to provide information for tracking and management purposes. Such systems must be consistent with the standards and principles prescribed by the Comptroller General of the United States (see MS 709, “Financial Management System” and MS 784, “Internal Control System”). (See also Internal Control.)

ACCOUNTS PAYABLE — Amounts owed to others for goods and services received and assets acquired.

For reporting purposes under OMB Circular A-34, “accounts payable” consists of: (a) the amount owed by an account for goods received and services performed but not yet paid for; (b) the amount of income that has been received by an account but not yet earned; and (c) as offsets, accounts receivable and the amount of advances made by the account for which goods have not yet been received or services performed. (See also Accounts Receivable and Reimbursements.)

ACCOUNTING PERIOD — Usually a calendar month, quarter, or fiscal year (see Fiscal Year) for reporting purposes to the U.S. Treasury, the Office of Management and Budget (OMB), and others.

ACCOUNTS RECEIVABLE — Amounts due from others for goods furnished and services rendered, including reimbursements earned and refunds due. (See also Accounts Payable.)

ACCRUAL BASIS OF ACCOUNTING — The basis of accounting under which revenues are recorded when earned and expenditures are recorded when goods are received and services performed. The receipt of the revenue or the payment of the expenditure may take place, in whole or part, in another accounting period. (See also Accruals and Cash Basis of Accounting.)

ACCRUALS — The value of goods received or services rendered but not yet paid for. (See also Accrual Basis of Accounting and Expenditures.)

ACTIVITY — A specific function performed by one or more administrative offices in a governmental agency. For example, pre-service training is an activity performed to improve the knowledge of Trainees sent overseas.

ADVANCES — Monies prepaid in anticipation of the later receipt of goods, services, or other assets.

ALLOTMENT — A delegation of authority by the Director of Peace Corps through the Chief Financial Officer to authorized official(s) to incur obligations within specified amounts. Allotments are made in accordance with the requirements of OMB Circular No. A-34, “Instructions on Budget Execution.” Allotments are referred to as “budget advices” within the Agency.

ANTIDEFICIENCY ACT — A Federal law created by Congress to prevent the incurring of obligations or the making of expenditures (outlays) in excess of amounts available in appropriations or funds, to fix responsibility within an agency for the creation of any obligation or the making of any expenditure in excess of an apportionment or reapportionment or in excess of other subdivisions established, and to assist in bringing about the most effective and economical use of appropriations and funds. (See also Apportionment and Supplemental Appropriation.)

APPORTIONMENT — A distribution made by the Office of Management and Budget (OMB) of amounts available for obligation, including budgetary reserves established in accordance with law, in an appropriation or fund account. Apportionments divide amounts available for obligation by specific time periods (usually quarters) and activities, where applicable. The apportioned amount limits the obligations that may be incurred. Overspending of an apportionment must be reported to the President through OMB and to Congress under the Antideficiency Act.

APPROPRIATION/FUND ACCOUNT — A summary account established in the U.S. Treasury for each appropriation and/or fund showing transactions to such accounts. Each such account provides the framework for establishing a set of balanced accounts on the books of the agency concerned.

APPROPRIATIONS AND APPROPRIATION ACTS — Appropriations are provided in appropriation acts. They are the statutory authority that allows Federal agencies to incur obligations and to make payments out of the U.S. Treasury for specified purposes. An appropriation may make funds available from the general fund, special funds, or trust funds, or authorize the spending of offsetting collections credited to expenditure accounts, including revolving funds.

An appropriation act is the most common means of providing budget authority to a Government agency. Peace Corps presently is included under the Foreign Operations, Export Financing, and Related Programs Appropriation Act, along with such agencies as the Agency for International Development, Multilateral Programs, and the International Communications Agency. (See also Budget Authority and Supplemental Appropriation.)

ASSETS — Any items of economic value owned by a governmental unit. The items may be physical (tangible) or rights to ownership that are expressed in terms of cost or some other value (intangible). (See also Liabilities.)

AUTHORIZING LEGISLATION — Legislation enacted by Congress that sets up or continues the legal operation of a Federal program or agency either indefinitely or for a specific period of time.

BUDGET AUTHORITY — Authority provided by Federal law to enter into obligations that will result in immediate or future outlays of Federal Government funds. The basic forms of budget authority are appropriations, authority to borrow, contract authority, and spending authority from offsetting collections. Budget authority may be classified by the period of availability (one-year, multiple-year, no-year), by the timing of congressional action (current or permanent), or by the manner of determining the amount available (definite or indefinite).

Peace Corps normally has definite, current budget authority, enacted by Congress in an appropriations act for each fiscal year. Since FY 1992, Peace Corps has had two-year funds availability. (See also Period of Availability.)

BUDGET YEAR — The fiscal year that the budget covers.

CANCELED ACCOUNT — An account that has reached the end of its fifth expired year. At this point, the authority to make expenditures to liquidate valid obligations is “canceled” and is not available for any purpose. (See also Expired Account and Unexpired Account.)

CASH BASIS OF ACCOUNTING — The basis of accounting in which cash revenues are recorded when received and expenditures (outlays) are recorded when paid, without regard to the accounting period to which the transactions apply. (See also Accrual Basis of Accounting.)

COMMITMENT — An amount administratively set aside against a budget advice that represents a planned obligation for a specific activity. Examples of such administrative intentions include procurement requests and invitations for bids. Commitments reduce the funds available in a given budget.

CONTINUING RESOLUTION — Legislation enacted by Congress to provide budget authority for Federal agencies to continue in operation until the regular appropriation is enacted. The continuing resolution usually specifies a maximum rate of expenditure at which obligations may be incurred, based on the amount of the prior year’s appropriation, the President’s budget request, or an appropriation bill passed by one or both Houses of Congress.

DEFERRALS OF BUDGET AUTHORITY — Temporary withholdings of budget authority.

DEFINITE AUTHORITY — Authority that is stated as a specific sum at the time the authority is granted, including authority “not to exceed” a specified amount.

DEOBLIGATION — A downward adjustment of a previously recorded obligation. This may be attributable to the cancellation of a project or contract, price revisions, or corrections of estimates previously recorded as obligations.

DEPRECIATION — The systematic allocation of the costs of equipment and buildings (having a life of more than one year) over their useful lives. To match costs with related revenues in measuring income or determining the costs of carrying out program activities, depreciation reflects the use of the asset(s) during specific operating periods.

DISBURSEMENTS — Payments made using cash, checks, or electronic funds transfers. Disbursements include advances, payments for goods and services received, and other types of payments made.

EXPENDITURES — Disbursements plus accruals and amounts owed under programs for which no current service or performance is required (i.e., annuities, insurance claims, other benefit payments). (See also Accruals and Disbursements.)

Note that, although not technically correct, the terms *expenditures* and *net disbursements* are sometimes used interchangeably with the term *outlay*. (See also Outlays.)

EXPIRED ACCOUNT — An account in which authority to incur new obligations has lapsed. Outlays may be made to pay existing obligations and liabilities previously incurred. Valid adjustments to existing obligations and liabilities are permitted. (See also Canceled Account and Unexpired Account.)

FISCAL YEAR — An accounting period of twelve months. The fiscal year for the Federal Government begins on October 1 and ends on September 30 of the following calendar year. The fiscal year is designated by the calendar year in which it ends, for example, fiscal year 1998 is the year beginning October 1, 1997, and ending September 30, 1998.

FUND ACCOUNTS (SEE ALSO APPROPRIATION/FUND ACCOUNT) —

Deposit Fund Accounts — Expenditure accounts established to account for collections that are either (a) held temporarily and later refunded, or paid upon administrative or legal determination as to the proper disposition thereof; or (b) held by the Government as banker or agent for others and paid out at the direction of the depositor. For example, Federal, State, and local income taxes withheld from Federal employees' salaries and payroll deductions for the purchase of savings bonds by civilian employees of the Government.

Foreign Currency Fund Accounts — Accounts established in the U.S. Treasury for foreign currency that is acquired without payment of United States dollars and that may be expended with or without charge to dollar appropriations

(see MS 727, “Use of Foreign Currencies”). Peace Corps’ account, #11FT840, entitled, “Advances from Foreign Governments and Organizations, Peace Corps” is funded almost entirely by Host Country Contributions (see MS 722, “Host Country Contributions”) and has indefinite (“no-year”) authority. (See also Period of Availability.)

General Fund Expenditure Accounts — Accounts established to record amounts appropriated by Congress to be expended for the general support of a Federal agency. For example, the Peace Corps operating expenses account (account # 117/80100 for FY ‘97) is a general fund expenditure account that has two-year availability. (See also Period of Availability.)

Trust Fund Accounts — Accounts established in the U.S. Treasury for the receipt and expenditure of trust funds. Trust fund receipts are generated by, and are to be expended in carrying out specific purposes or programs according to, the terms of a trust agreement or statute. For example, account # 11X8245, “Gifts and Contributions, Peace Corps,” a Trust Fund Account that is authorized by the Peace Corps Act, may hold both unconditional and conditional gifts of money for use in furtherance of the purposes of the Act. Peace Corps trust funds have indefinite (“no-year”) authority. (See also Period of Availability and MS 721, “Gifts and Contributions to the Peace Corps.”)

HOLDBACK — The amount of money withheld from periodic payments to contractors to assure compliance with contract terms. Usually the amount to be withheld is expressed as a percentage in the contract provisions. The amounts withheld are paid to the contractor after a designated official certifies that the contractor has completed work in agreement with contract terms.

IMPREST FUND — A fixed-cash or petty-cash fund in the form of currency, coin, or Government check that has been advanced as Funds Held Outside of Treasury and charged to a specific appropriation account by a Government official to an authorized cashier for cash payment or other cash requirement as specifically authorized.

For dollar amount limits and more detailed information on Peace Corps’ imprest funds, see MS 760, “Imprest Funds.”

INDIRECT COST — A cost incurred that cannot be directly charged to a specific cost objective. Indirect cost is also referred to as “overhead” or “burden cost,” for example, the cost of rent for headquarters.

INTERNAL CONTROL — The plan of organization and all of the coordinate methods and measures within a Federal agency to safeguard agency assets, check the accuracy and reliability of accounting data, promote efficiency of operations, and encourage adherence to managerial policies. The system of internal control

must be developed with appropriate regard to the size and nature of the particular agency or organizational unit to be served. (See also Accounting Systems.)

LIABILITIES — Amounts owed for items received, services rendered, expenses incurred, assets acquired, construction performed (regardless of whether invoices have been received), or amounts received but not yet earned.

“M” ACCOUNT — (NOTE: “M” Accounts are no longer used in the Federal Government. However, because the term is still widely used in the Federal financial management arena, the definition is included in this glossary.) A successor account into which obligated balances under an appropriation were transferred (merged) at the end of the second full fiscal year following expiration. The “M” account remained available for the payment of obligations and liabilities charged to various year appropriations accounts. (See also Expired Account.)

OBJECT CLASSIFICATION — A uniform system of coding the transactions of the Federal Government by the type of goods or services purchased (such as salaries, benefits, printing, and procurement). The use of proper coding to identify and track transactions is necessary to ensure that Peace Corps is able to meet reporting requirements imposed by OMB and Treasury. (See also MS 714, “Fiscal Coding” and the *Peace Corps Fiscal Coding Handbook*.)

OBLIGATION — Amounts of orders placed, contracts awarded, services received, legal liabilities imposed, and similar items of expense for bona fide needs existing during a given period that will require payments during the same or a future period and that comply with applicable laws and regulations. Such amounts will include outlays for which obligations had not been previously recorded and will reflect adjustments for differences between obligations previously recorded and actual outlays to liquidate those obligations.

OBLIGATIONAL AUTHORITY — The sum of (a) budget authority provided for a given fiscal year, (b) balances of amounts brought forward from prior years that remain available for obligation, and (c) amounts authorized to be credited to a specific fund or account during that year, including transfers between funds or accounts.

OUTLAYS — The measure of Government spending for Federal budget purposes. Outlays are payments to liquidate obligations other than the repayment of debt.

Outlays during a fiscal year may be for the payment of obligations incurred in prior years (prior-year outlays) or incurred in the same year. (See also Expenditures.)

PERIOD OF AVAILABILITY — The period of time budgetary authority is available for obligation. Three types of authority are used to determine the period of availability. These include one-year (annual) authority, multiple-year authority, and no-year authority. Peace Corps has had multiple-year authority since FY 1992. In Peace Corps’ case, this has been two-year availability. For example, funds

appropriated to Peace Corps for FY 1997 are available for new obligations from October 1, 1996, through September 30, 1998. However, unless otherwise stipulated by the Chief Financial Officer, Peace Corps restricts specific offices from obligating their annual allotments after the end of the fiscal year for which they are allotted.

PRESIDENT'S BUDGET — The document sent to Congress by the President in February of each year in accordance with the Budget and Accounting Act of 1921, as amended. This budget estimates Government receipts and outlays and requests appropriations in detail for specific agencies for the coming fiscal year.

REAPPORTIONMENT — A change or revision by the Office of Management and Budget (OMB) of a previous apportionment of budgetary resources for an appropriation or fund account. Agency requests for reapportionment are usually submitted to OMB as soon as a change in previous apportionment becomes necessary due to changes in amounts available or program requirements.

REFUNDS — Refunds received are the return of excess payments to the Government. The refund of a payment in the same year in which the obligation for payment was recorded is netted from obligations for that year. A refund in a subsequent year is counted as an offsetting collection. Refunds paid by the Government are recorded as obligations and outlays.

REIMBURSEMENTS — Sums received by the Federal Government as a repayment for goods or services furnished either to the public or to another Government account. Federal agencies are authorized by law to credit certain reimbursements directly to specific appropriation and fund accounts. Other reimbursements are required to be deposited to a "miscellaneous receipts" account in the U.S. Treasury entitled, "General Fund Proprietary Receipts, Not Otherwise Classified, All Other." For accounting purposes, earned reimbursements are also known as "revenues." (For distinction, see Refunds.)

RESCISSION — A legislative action that cancels new budget authority or the availability of unobligated balances of budget authority prior to the time the authority would otherwise have expired.

SUPPLEMENTAL APPROPRIATION — An appropriation enacted subsequent to a regular annual appropriation act. Supplemental appropriations provide additional budget authority beyond the original appropriations for programs or activities (including new programs authorized after the date of the original appropriation act) when the need for funds is too urgent to be postponed until the next regular annual appropriations act. (See also Antideficiency Act, Apportionment, and Appropriations and Appropriation Acts.)

TWO-YEAR FUNDING AVAILABILITY — (See Period of Availability.)

UNDELIVERED ORDERS — The value of goods and services ordered and obligated, but not yet received. This amount includes any orders for which advance payment has been made but for which delivery or performance has not yet occurred. (See also Advances.)

UNEXPIRED ACCOUNT — The account into which the authority is placed for incurring new obligations during the period that the budgetary resources are available. (See also Canceled Account and Expired Account.)