

Financial Policies and Procedures
Accounts Payable in Closed Appropriation Accounts

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1901 OVERVIEW

This chapter establishes the Department of Veterans Affairs (VA) financial policies and procedures related to accounts payable identified for legitimate obligations that have not been disbursed prior to the appropriation account being closed or cancelled. In accordance with 31 U.S.C. 1552(a), an appropriation account is closed and any remaining balance in the account is cancelled and not available for obligation or expenditure for any purpose on September 30 of the 5th fiscal year after the period of availability of the appropriation. Throughout this chapter, an appropriation account is also referred to as a Treasury Appropriation Fund Symbol (TAFS).

Refer to VA policy Volume VI, Chapter 3, *Accounts Payable*, for additional guidance and Volume V, Chapter 4A, *Appropriated Funds*, and Volume II, Chapter 7, *Various Appropriations Law Related Topics*, for additional information on obligations and the stages of appropriations.

1902 POLICIES

190201 ACCOUNTS PAYABLE IN CLOSING APPROPRIATION ACCOUNTS. In accordance with 31 U.S.C. 1552, VA will cancel any accounts payable balance remaining on a legitimate obligation at the time the appropriation account is closed.

190202 IDENTIFICATION AND PAYMENT OF VALID ACCOUNTS PAYABLE IN CLOSED APPROPRIATION ACCOUNTS. Prior to the cancellation action, VA must identify and validate accounts payable in the closing appropriation accounts and determine what resources are available for the payments. After an appropriation account is closed, associated accounts payable may be paid from an unexpired account available for the same purpose as the closed account.

190203 REPORTING ACCOUNTS PAYABLE IN CLOSED APPROPRIATION ACCOUNTS. VA will present all accounts payable balances as cancelled when submitting FACTS II information for the fourth quarter prior to the actual closure of an account. VA will record unfunded accounts payable from cancelled appropriation fund accounts as Other Public Unfunded Liabilities.

1903 AUTHORITY AND REFERENCES

190301 [31 U.S.C. 1341, Limitations on Expending and Obligating Amounts](#)

190302 [31 U.S.C. 1552, Procedure for Appropriation Accounts Available for Definite Periods](#)

190303 [31 U.S.C. 1553, Availability of Appropriation Accounts to Pay Obligations](#)

190304 [31 U.S.C. 1554, Audit, Control and Reporting](#)

190305 31 U.S.C. 1555, Closing of Appropriation Accounts Available for Indefinite Periods

190306 Office of Management and Budget (OMB), Circular A–11, Preparation, Submission and Execution of the Budget

190307 Treasury Financial Manual (TFM) Volume I, Part 2, Chapter 4200, Agency Reporting on Unexpended Balances of Appropriations and Funds (Federal Agencies' Centralized Trial-Balance System II, FMS 2108: Year-End Closing Statement)

190308 TFM Volume I, Part 6-Chapter 6000, Payment Procedures upon Expiration of an Appropriation or a Continuing Resolution

190309 Principles of Federal Appropriations Law, Third Edition, Volume I

190310 VA Office of Financial Policy Publications Web site

1904 ROLES AND RESPONSIBILITIES

190401 The Assistant Secretary for Management/Chief Financial Officer (CFO) oversees all financial management activities relating to the Department's programs and operations, as required by the Chief Financial Officers Act of 1990 and 38 U.S.C. 309. Responsibilities include the direction, management and provision of policy guidance and oversight of VA's financial management personnel, activities and operations. The CFO establishes financial policy, systems and operating procedures for all VA financial entities and provides guidance on all aspects of financial management.

190402 Under Secretaries, Assistant Secretaries, Chief Financial Officers, Chiefs of finance activities, Fiscal Officers, Chief Accountants and other key officials are responsible for ensuring compliance with the policies and procedures set forth in this chapter.

1905 PROCEDURES

190501 ACCOUNTS PAYABLE IN CLOSING APPROPRIATION ACCOUNTS. VA will cancel any remaining accounts payable balances in an appropriations account at the time the account is closed, in accordance with 31 U.S.C. 1552. VA will adhere to OMB Circular A-11 and TFM Volume I, Part 2, Chapter 4200 when cancelling accounts payable in closing appropriation accounts.

190502 IDENTIFICATION AND PAYMENT OF VALID ACCOUNTS PAYABLE IN CLOSED APPROPRIATION ACCOUNTS.

A. Prior to closing an appropriation account, VA must identify any valid accounts payables on legitimate obligations and determine whether adequate resources are available to cover the accounts payables.

1. VA will allow 5 days prior to an appropriation account closing for any payments to clear Treasury. VA will not use cancelled appropriation account balances for expenditures of any purpose once the appropriation account has closed.

2. If VA determines a valid accounts payable exists, VA's annual close team will cancel the original accounts payable and re-establish the cancelled accounts payable as an unfunded payable in the Assets and Miscellaneous Accounts Fund (AMAF) related to the original appropriation.

- VA will debit SGL Account 6800, Future Funded Expenses, for the amount of accrued cancelled payables that are required to be funded from the unexpired appropriation account available for the same purpose.

- VA will record an unfunded accounts payable for the amount of all valid cancelled accounts payables in SGL Account 2960, Accounts Payable from Cancelled Appropriations, in the AMAF related to the original appropriation account of the obligation. This SGL transaction allows VA to differentiate between cancelled and regular accounts payable and monitoring the amounts paid.

- VA will reverse the unfunded accounts payable in the AMAF when payment on the payables is made with current year funds.

3. VA will seek guidance from the Department of the Treasury (Treasury) if valid cancelled accounts payable exists, but a similar purpose VA appropriation account does not exist.

B. VA may submit a supplemental Statement of Transactions (FMS 224) to Treasury to adjust any cancelled accounts payable balances in cases where payments were made prior to account closings, but were incorrectly classified to a current appropriation account or reported to a suspense or clearing account. VA will submit adjustment reporting within 6 months after the end of the subject fiscal year to receive consideration.

C. Payments of unfunded payables (cancelled/re-established accounts payables) may not exceed one percent of the appropriation of the unexpired TAFS and may not exceed the original appropriation limit.¹ In order to prevent overpayments of cancelled accounts

¹ Refer to OMB Circular No. A-11, Section 130-14.

payables that may cause an Anti-Deficiency Act violation and to ensure that applicable limitations are not exceeded, VA will:

1. Identify the balance of all unpaid accounts payables for closing appropriations accounts at the time they are cancelled and record the cancelled accounts payables as identified in 190502A2 above.
2. Identify the maximum amount that is permissible to charge current appropriations for payments that otherwise would have been properly chargeable, both as to purpose and amount, to a cancelled appropriation.
3. Identify and monitor payments of the unfunded accounts payables to ensure overpayments of the total original (cancelled) obligation are not made.

190503 REPORTING ACCOUNTS PAYABLE IN CLOSED APPROPRIATION ACCOUNTS.

A. VA will present accounts payable balances as cancelled on its fourth quarter FACTS II submission before an appropriations account will be closed. For further accounting guidance, refer to the USSGL TFM, Section III, Account Transactions, Part F, Yearend Preclosing and Closing Entries, on the USSGL Web site <http://www.fms.treas.gov/ussgl>.

B. Within 15 days after the close of each fiscal year, VA will submit to the President and the Secretary of the Treasury a report regarding the obligations and cancelled balances for each closing appropriation account made. For the cancelled accounts payable, the report will provide a description, a reference to the fiscal year of the appropriation, the balances cancelled and any payments made for cancelled accounts payable (31 U.S.C. 1554).

C. VA will report accounts payable from cancelled appropriations as Other Liabilities on the face of its Consolidated Balance Sheet, with specific details contained in a note disclosure under Other Public Unfunded Liabilities.

1906 DEFINITIONS

190601 Accounts Payable. Amounts owed on the basis of invoices or evidence of receipt of goods and services and payables for amounts owed for other than goods and services from suppliers. Examples are accrued salaries, rents, interest payable on borrowings, refunds payable, disbursements in transit, and funded accrued annual leave.

190602 Anti-Deficiency Act (ADA) Violation (31 U.S.C. Provisions in Chapter 13 and 15). An ADA violation may occur when an obligation or an expenditure exceeds the authorized available amount for an appropriation or fund. Refer to VA policy Volume II, Chapter 7, *Various Appropriations Law Related Topics*, for additional information.

190603 Appropriations Account. Account established by a statute, under the jurisdiction of the House and Senate Committees on Appropriations, that generally provides legal authority for Federal agencies to incur obligations and to make payments out of Treasury for specified purposes.

190604 Closed or Cancelled Accounts. Pursuant to 31 U.S.C. 1552, accounts for which any remaining balances are withdrawn (closed or cancelled) or are no longer available for obligation or expenditure for any purpose.

190605 Expired Accounts. Appropriation or fund accounts in which the authority for incurring new obligations has expired and is no longer available. Adjustments may be made during this time.

190606 Treasury Appropriation Fund Symbol (TAFS). An administrative identifier that represents an act of Congress that permits Federal agencies to incur obligations and make payments out of Treasury for specified purposes. Each TAFS provides the framework for establishing a set of balanced accounts on the books of the agency concerned. The TAFS describes key components of financial information, such as the time when new obligations can be incurred and the time when obligations can be liquidated.

190607 Unexpired Accounts. Appropriation or fund accounts in which the authority for incurring or adjusting obligations has not yet expired. Audit requirements, limitations on obligations and reporting requirements applicable to unexpired accounts must continue to apply after the end of the period of availability for obligation or expenditure of that account.

1907 RESCISSIONS

190701 OF Bulletin 02GA1.02, Par. 3, Accounts Payable from Cancelled Appropriation

1908 QUESTIONS

Questions concerning these financial policies and procedures should be directed as follows:

VHA	VHA Accounting Policy (Outlook)
VBA	VAVBAWAS/CO/FINREP (Outlook)
All Others	OFP Accounting Policy (Outlook)