

U. S. DEPARTMENT OF EDUCATION  
OFFICE OF SPECIAL EDUCATION & REHABILITATIVE SERVICES  
REHABILITATION SERVICES ADMINISTRATION  
WASHINGTON, D. C. 20202-2552

INFORMATION MEMORANDUM  
RSA-IM-93-21  
RSM-1050<sup>1</sup>  
DATE: July 12, 1993

TO : STATE VOCATIONAL REHABILITATION AGENCIES (GENERAL)  
STATE VOCATIONAL REHABILITATION AGENCIES (BLIND)  
CLIENT ASSISTANCE PROGRAMS  
REGIONAL REHABILITATION CONTINUING EDUCATION  
PROGRAMS (RCEPS)  
RSA SENIOR MANAGEMENT TEAM

SUBJECT : Impact of Automated Suspension of Funds and M-Account Legislation on RSA's  
Formula Grant Programs

CONTENT : This information memorandum alerts RSA's formula grantees to the implications of  
recent restrictions on the availability of grant funds. These restrictions include the  
M-Account legislative requirements and the Department's automated suspension of  
funds process.

Information concerning these restrictions has already been communicated to the  
grantee fiscal offices by the Department of Education's financial office. RSA  
grantees should work closely with their respective budget offices to assure that  
claims for grant funds are made in a timely manner and during the period of  
availability.

M-ACCOUNT LEGISLATION

Public Law 101-510 (National Defense Authorization Act of FY 1991), enacted by  
Congress on November 5, 1990, included provisions affecting the availability of  
funds Government-wide. Specifically, except for "x-year funds" (funds not  
appropriated for a specified year), the law restricts the period for obligation, tracking,  
and reporting of Federal funds to five years after the Federal period of availability  
for obligation ends.

<sup>1</sup>Under Development

This law has limited the time period for making adjustments to prior year funds. RSA grantees and the Department will have five years, after the Federal period of availability for obligation ends, for making adjustments, tracking, and reporting of Federal funds.

This means that FY 1988 grant funds, available for obligation by RSA from October 1, 1987 through September 30, 1988, will only be available to grantees from Finance until September 30, 1993. The period of availability for any subsequent fiscal year's funds is calculated from the September 30 date of each respective fiscal year.

On the September 30 cutoff date, all obligated and unobligated balances will be canceled and the grantee's current balance of available funds will reflect the decrease in the Department of Education Payment Management System (EDPMS). After that date no additional drawdowns may be made for those respective fiscal years. Therefore, the grantee must make sure that all funds are disbursed before the five-year cutoff date for each fiscal year. Beyond that date, the grantee will not be able to recover those funds.

#### AUTOMATED SUSPENSION OF FUNDS

In an action separate from the enactment by Congress of P.L. 101-510, the Department's Accounting and Financial Management Service (AFMS) began in December 1990 to "automatically suspend" (deobligate) unliquidated balances on grant awards maintained in the Education Department's Payment Management System (EDPMS). The Automated Suspension of Funds process is scheduled quarterly. This process identifies any grants in EDPMS which have been expired for 18 months. AFMS notifies RSA grantees on the ED/PMS 272-G (Inactive Documents Reports) and notifies the Department's program offices which grants have unexpended balances that are scheduled for deobligation by the end of the quarter. Program offices will have approximately three months to make adjustments before these funds are deobligated in the Department's financial systems.

### REQUESTING RESTORATION OF FUNDS

It is important to note that the Department maintains funds by common accounting numbers (CANS). For example, funds appropriated for the Section 110 formula grant program are in an account identified by CAN E002425. After the close of the fiscal year, unobligated balances reported on the year-end or final Financial Status Reports, or funds deobligated 21 months after the expiration date of the grant, are stored in that account in CAN E002425.

Funds requested for restoration to an expired account are considered on a first-come basis. Formula grantees requiring adjustments to expired accounts must submit a written justification to the originating office: Commissioner, Rehabilitation Services Administration, 330 C Street, S. W., Room 3030 MES Bldg., Washington, D.C. 20202-2552, Attention: Slagle Allbritton, Director, Financial Management and Information Systems Staff.

Each request for adjustment will be judged on its own merit. The following Criteria for Adjustment is taken from the General Accounting Office publication, Principles of Federal Appropriation Law, 2nd ed., (Dec. 1992). Adjustment is permitted to:

- (1) adjust formally recorded obligations where the amount originally recorded proves to be less than the actual amount obligated;
- (2) liquidate valid obligations which arose but were not formally recorded prior to the appropriation's expiration provided that the obligations meet one of the criteria for formal recordation summarized below:
  - (a) a binding agreement between an agency and another person;
  - (b) a loan agreement;

- (c) an order required by law to be placed with an agency;
- (d) a grant or subsidy payable;
- (e) a liability that may result from pending litigation;
- (f) employment or services of persons, or expense of travel under law; or
- (g) services provided by public utility.

STEPS TO AVOID ERRONEOUS DEOBLIGATION OF FUND BALANCES  
AND TO MINIMIZE THE NEED FOR RESTORATION OF FUNDS

To minimize common errors, listed below are some standard fiscal requirements that should be noted and their importance emphasized:

- (1) Accurate and timely submission of Federal Cash Transaction Report (ED-272)
  - (a) Review the accuracy of the data that is supplied by FMS on the ED-272 report. Make any changes or corrections to the report and send the report to the Department's Accounting and Financial Management Service.
  - (b) Report all expenditures incurred for that reporting period on the ED-272 report and submit it to the Department's Accounting and Financial Management Service.
- (2) Accurate and timely submittal of Financial Status Reports (SF-269)
  - (a) Report all Federal funds received under a grant, including funds received during the reallocation process or transfer of funds between agencies. If a request to transfer funds between agencies occurs after the close of the fiscal year, a revised SF-269 is required by each agency. Line 10o (Total Federal Funds Authorized) on the SF-269 should equal block 6 on the last grant award received for that fiscal year.

- (b) RSA formula grants are considered funds awarded to the State. In States that have two agencies, there should be communication between agencies to verify that all funds awarded can be utilized by at least one of the agencies. A request to transfer funds will not be honored if one agency has submitted a final SF-269 for a fiscal year for a particular program.
- (c) Check the report for mathematical errors. The Federal Share of Cash Outlays plus the Federal Share of Unliquidated Obligations reported on the SF-269 should equal the ED-272 report. NOTE: An unobligated balance reported on the final SF-269 report will reduce your grant authority.
- (3) Submittal of final Financial Status Reports (SF-269). Grantees are required to liquidate all obligations incurred under the grant within 90 days after the grant period, which is the date shown in block five on the grant document. Unless the grantee has requested and received an approved extension under Education Department General Administrative Regulations (EDGAR)80.23(b), Liquidation of Obligations. Grantees should request waiver to the 90-day extension before the close of the current fiscal year. (For reference see IM-91-24, dated July 2, 1991).

INQUIRIES TO: If there are any questions about this matter, contact the Director, Financial Management and Information Systems Staff at (202) 205-8358.

William L. Smith  
Acting Commissioner