

UNLIQUIDATED OBLIGATIONS

1. PURPOSE

This Directive prescribes the policy and procedures for periodically reviewing and certifying unliquidated obligations.

2. DEFINITIONS

- a. Agency Fundholder. Any GIPSA manager or supervisor that receives a budget allocation.
- b. Certification. Certification that open obligations on the Unliquidated Obligation History (UOH) report are valid. The UOH report is considered to be certified once it has been reviewed and the Agency fundholder has signed the last page of the report where indicated.
- c. Deobligation. The cancellation or downward adjustment of a previously recorded obligation.
- d. Unliquidated Obligations. The amount of a financial obligation not yet expended, also referred to as “open” obligations.
- e. Unliquidated Obligation History Report (UOH). Financial report accessed via Brio/Hyperion software from the financial data warehouse (FDW). This report details all unliquidated obligations and is located in the spending reports category on the FDW website.

3. POLICY

It is GIPSA policy that monthly reviews of unliquidated obligations are necessary to properly report obligation balances, certify the validity of obligated balances, improve Agency financial management, reduce the risk of misuse and theft of funds, and improve the Treasury Department’s ability to forecast outlay and borrowing needs.

4. RESPONSIBILITIES

- a. The Agency Budget Officer, or equivalent, for GIPSA will:
 - (1) Coordinate reviews of unliquidated obligations between program, contracting, and financial personnel.

- (2) Provide certification on behalf of GIPSA that semi-annual reviews were performed and all open obligations existing are valid based on the reviews.
- b. Agency fundholders will:
- (1) Review their respective UOH report and determine if any open obligations may be deobligated each month.
 - (2) If it is determined that certain financial obligations should be deobligated, take corrective measures to close obligations that are no longer needed by printing and signing a UOH report denoting the obligations to be closed and submit the report to the Budget and Planning Staff (BPS).
 - (3) Certify that all open obligations are valid. Print, sign, and retain a UOH report.
 - (4) Review, certify, and submit a current UOH report no later than March 15 and September 15 each year to BPS. Certification indicates that all unliquidated obligations must remain open based on a review of anticipated expenditures.
- c. BPS will deobligate unliquidated obligations, based on written certification from the agency fundholder.

5. PROCEDURES

- a. Identification. Agency fundholders will review unliquidated obligations that have been inactive for at least 12 months on a monthly basis. Unliquidated obligations are determined to be inactive for 12 months if there have been no expenditures against the obligation in the last 12 months. All inactive unliquidated obligations over 2 years old must be reviewed. A dollar majority of inactive unliquidated obligations less than 2 years old must be selected for review based on a sample.
- b. Determination. Agency fundholders will review unliquidated obligations selected to determine whether delivery of goods or services or performance is expected to occur:
- (1) Agency fundholders must consider, if applicable:
 - (a) The period of fund availability;
 - (b) The timeliness of delivery or performance;
 - (c) The completeness and accuracy of information provided by grant or loan recipients;

- (d) Whether funds have been expended consistent with the percentage of completion;
 - (e) Whether remaining funds are sufficient to complete the order in accordance with the specifications;
 - (f) Justifications for amendments to funding levels;
 - (g) Supplemental loans, grants, etc.;
 - (h) Reasons for lack of activity, such as litigation or delay in contract closeout;
 - (i) Any provisions of the agreement or contract that may permit or prohibit deobligation or reprogramming; and
 - (j) Any other relevant factors, when making a determination.
- (2) The review should disclose unliquidated obligations for projects:
- (a) That do not have a legal basis, or are not properly authorized and supported by appropriate documentation;
 - (b) Which have been completed and have not been closed out; and
 - (c) Under which no future expenditures are expected.
- c. Deobligation. During the monthly review if it is determined that deobligation is required the Agency fundholder must print and sign a UOH report denoting the obligations to be deobligated and submit to BPS. BPS will cancel or adjust unliquidated obligations in the accounting system based on the receipt of the signed UOH report from the Agency fundholder.
- d. Certification. Agency fundholders are responsible for certifying that their UOH report has been reviewed and that unliquidated obligations existing on the UOH report are valid based on the reviews.
- (1) If during the monthly review it is determined that deobligation is not required, the Agency fundholder must print and sign a UOH report and retain on file, certifying that all existing unliquidated obligations are valid.

- (2) No later than March 15 and September 15 each year, Agency fundholders are responsible for reviewing, signing, and submitting their current UOH report to BPS, certifying that all existing unliquidated obligations are valid.
- e. The Agency Budget Officer, or equivalent, for GIPSA will provide certification on behalf of GIPSA that reviews were performed and all existing unliquidated obligations are valid.
- f. Retention. BPS must retain reports, records, and certifications of unliquidated obligations reviewed for audit purposes. Agency fundholders must retain signed monthly and semi-annual certifications for 6 years.

6. INQUIRIES

- a. Direct inquiries to the Agency Budget Officer, BPS, at (202) 720-0231.
- b. This Directive is available on the Internet at
<http://www.aphis.usda.gov/library/gipsa/GIPSA.html>

/s/

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