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Bulletin

Title: Obligation of Appropriations: Fiscal Year Chargeable

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Originating Office: Financial Management and Agreements Division

Distribution: ARS Division Directors
Business Service Center Directors
Budget & Fiscal Officers
Jason Moore, ARS (for NIFA)
Itzel Sclopis, ERS
Bradley Summa, NASS

This Bulletin provides general guidelines to determine the fiscal year (FY) chargeable before the FY 2015 annual appropriations obligation authority expires on September 30, 2015. Refer to Bulletin 15-302 for specific timeline/cutoff dates.

The following guidelines are offered for selected categories of transactions to clarify unique situations regarding the fiscal year (FY) to be charged. These examples are prefaced by an overriding rule which specifies that annual appropriations are available only to meet bona fide needs of the FY for which they were appropriated. The following are exceptions to the bona fide needs rules:

- There are situations where a bona fide need exists in the current FY, enabling the obligation of current year funds, but the receipt of goods and services or performance may not occur until the next FY.
- The bona fide need rule does permit purchases to be made to replenish legitimate inventories at reasonable or historic levels. The bona fide need, in this instance, would be the requirement to maintain a reasonable level of inventory items to avoid disruption of future operations.
- Agencies may enter into severable services contracts that cross FY's for up to 1 year and obligate the appropriations current at the time the agencies enter into the contract which allows for services to be obligated.

Determining whether a bona fide need exists depends on the facts and circumstances of a particular case. There is no precise rule prescribed to determine what constitutes a bona fide need. Managers and fundholders must exercise their prudent judgment in making such determinations.

The following are examples to assist managers in deciding the correct appropriation to charge for purchases:

- Economy Act Agreements - A major source of authority for voluntary interagency agreements is the Economy Act, 31 U.S.C. §§ 1535, 1536. An Economy Act agreement is recorded as an obligation of the ordering agency at the time the ordering agency enters into the agreement. However, Economy Act agreements are subject to one additional requirement. Under 31 U.S.C. § 1535(d), if the ordering agency obligated a fixed-year appropriation, the ordering agency must deobligate the obligation at the end of the FY to the extent that the performing agency has not incurred an obligation, that is, (1) has not provided the requested item to the ordering agency, (2) has not performed the requested service, or (3) has not entered into a valid contract with another person to provide the requested item or service to the ordering agency. 39 Comp. Gen. 317 (1959); 34 Comp. Gen. 418, 421-22 (1955). The reason for this requirement is to prevent the Economy Act from being used to extend the obligational life of an appropriation beyond that provided by law. 31 Comp. Gen. 83, 85 (1951).

The deobligation requirement of 31 U.S.C. § 1535(d) does not apply to obligations against no-year appropriations. 39 Comp. Gen. 317, 319 (1959).

- Non Economy Act Agreements - Where the agreement is based on some statutory authority other than the Economy Act, the recording of the obligation is still governed by 31 U.S.C §1501(a) (1). However, the deobligation requirement of 31 U.S.C. § 1535(d) does not apply. In this situation, the obligation will remain payable in full from the appropriation initially charged, regardless of when performance occurs, in the same manner as contractual obligations generally, subject, of course, to the bona fide needs rule and to any restrictions in the legislation authorizing the agreement.
- Service Contracts - Annual appropriated funds may be obligated for the total amount of the contract at the time it is awarded; or prorate/charge the service contract costs to the specific FY the performance is completed. The contract period may begin in the current FY and end in the next FY if the contract does not exceed 1 year.

Note: 41 U.S.C § 3902 provides legal provisions for severable service contracts for periods crossing FY's. It authorizes Federal agencies to enter into a basic contract or procure severable services for a period that begins in one FY and ends in the next FY. This authority permits charging the total contract value to the FY that the contract performance begins. Such contracts may not exceed 1 year.

- Equipment, Supplies, and Expense Items - Obligate the annual appropriation(s) for: the total amount of items needed and contracted for in the current FY, even though they may be received in the subsequent FY; and items needed to maintain normal inventories of offices or scientific supplies or other consumables such as oil, gas, lubricants, or other bulk expense type items where it is normal practice to purchase in bulk and maintain reasonable inventory levels.
- Training - As a general matter, the relevant date to ascertain whether training is a bona fide need of a particular FY is the date that the training is delivered. B-321296, July 13, 2011. Thus, the cost of training ordinarily is properly charged to the appropriation available in the FY in which the training is delivered. However, in some limited circumstances, training may be a bona fide need of the FY prior to the FY in which the training is delivered. 70 Comp. Gen. 296 (1991). For example, the prior year's appropriation may be used for training occurring in the subsequent FY, where the training provider requires the agency to register during the expiring FY, the training date offered is the only one available, and the time between the registration and the training is not excessive (limited to six months). Training also tends to be nonseverable. Thus, where a training obligation is incurred in one FY, the entire cost is chargeable to that year, regardless of the fact that training may extend into the following year. B-233243, Aug. 3, 1989; B-213141-O.M., Mar. 29, 1984.
- Relocation Travel Expenses - The cost of relocating employees including per diem for the employee only, commercial transportation, Government bill of lading (GBL), and real estate related costs are charged to the FY that the relocation orders are issued (signed), even though the actual relocation may not occur until a subsequent year, or expenses are

incurred over several FY's. Please note: employees have one year from the date they report to their new duty station to incur all expenses related to their relocation. Under certain circumstances and with agency approval, employees may have an additional year to sell and/or purchase a residence and be reimbursed residence real estate related relocation costs. These charges, be it two years hence, are properly charged to the FY in which the orders were issued.

- Temporary Duty Travel Expenses - Travel and transportation expenses of temporary duty travel (i.e., meals, lodging, local transportation, and miscellaneous expenses) beginning in one FY and ending in another FY must be charged against the appropriation current and available when the travel expenses are incurred. Such expenses accrue day-to-day and must be split on an FY basis. The appropriate daily expenses must be claimed for each FY on the travel voucher by using the appropriate FY accounting code to distribute each FY's expense. However, tickets for round trip transportation may be charged to the appropriation current at the time the employee begins temporary duty travel, provided that the return portion of the trip is used and a new ticket is not purchased en route. In such a case, any new transportation tickets procured must be charged to the year the ticket is purchased as long as the ticket is used the same year. However, if it is used in a different FY, the new obligation must be charged to the year the travel takes place. Reimbursement for transportation on a mileage basis is chargeable to the FY in which the major portion of the travel occurs. If the major portion of the mileage is driven in FY 2015, then it is chargeable to that FY. Temporary duty travel associated with taking training courses must be charged to the FY the travel begins.

In Concur, the approval of an authorization creates an obligation for travel. Because annual fund accounting codes are not available until the new FY begins, please follow these directions when preparing an authorization for travel that begins in the next FY. These instructions apply only to authorizations that use annual funds. If the authorization is created using No-Year funds (indicated by a "-XX" after the FY indicator in the line of accounting, see screenshot below), prepare the authorization as usual.

At year-end, when travel will span both FY 2015 and FY 2016, a No-Year accounting code must be used in addition to the FY 2015 accounting code. Additionally, if travel will begin immediately in FY 2016 requiring that an authorization be created in FY 2015, a No-Year accounting code must be used.

Each Agency must set up a mock No-Year accounting code/line of accounting in FMMI and make it available to each Concur organization within the Agency. This accounting code will be available for use on September 1, 2015. You may use the accounting code established last year or create a new one. For example ARS has created the following in FMMI:

Selected Accounting Code(s)		
Budget Period	Accounting Code	Description
FY10 - FYXX	Z93FYCROSS	TRAVEL THAT CROSS FISCAL YEARS

When creating the authorization the “mock No-Year accounting code” must be selected, and expenses allocated using the Allocate Expenses by Date Range feature in Concur. Be aware that the authorization will reject and NO funds will be obligated. Units should work with their financial personnel to ensure that a YE/DE document is entered in FMMI to obligate the FY 2015 funds for the travel.

Prior to vouchering, and when the new FY 2016 accounting codes are available, the authorization must be amended to reflect the appropriate FY 2016 accounting. When travel begins in FY 2015 and ends in FY 2016 the expenses should be allocated to the proper FY’s using the Allocate Expenses by Date Range feature in Concur.

The above guidelines are supplemented with the following information which cross references obligating documents to the FY to be charged.

Type of Obligating Documents and FY Chargeable

Type of Obligating Documents	FY Chargeable
Purchase Orders - For supplies, common-use inventory replacement items, equipment, etc.	The general rule is to obligate the total amount of the order to the available annual (current year) or No-Year appropriations based on the FY period when the bona fide need was decided and the obligating document was approved (signed).
Blanket Purchase Agreements (BPA's) – For supplies and services.	See Purchase Orders above.
Non-Severable Contracts, Cooperative Agreements, and Grants - For finished end products or items such as a specific research contract or agreement, construction, repair & maintenance, and energy retrofit projects, etc. They also include personal and non-personal services that require delivery of a specific finished end-product, e.g., evaluation study; development of a computer model; development of a species database for a research project, etc.	See Purchase Orders above.

Severable Contracts and Agreements – For personal and non-personal services involving interagency and/or research support agreements of a continuing nature for 12 months or less, and the need arises from day-to-day, or month-to-month, e.g., leased property, rentals, and maintenance repairs of equipment, property, etc.	See Purchase Orders above.
Warranties on Equipment.	Date equipment purchase is obligated, if purchased with equipment or subsequent date of purchase/FY if purchased separately. (Do not prorate based on years of coverage)
Salaries and Wages.	Pay period dates when the services are rendered.
Lump Sum Payments. (Annual Leave and Compensatory Leave).	Last active date of service.
Severance Pay.	Pay period dates covered in payment (day-to-day basis).
Recruitment Incentive/Bonuses.	Revised: Charge to the current FY based on the date the agreement is signed.
Temporary Duty Travel Expenses, i.e., Meals, Lodging, and Per Diem.	Date actual travel is performed.
Common Carrier Transportation (excludes GBL's expenses).	Date travel begins.
Travel via Commercial Rental Vehicle.	Date travel is actually performed (day-to-day basis).
Travel by Privately-Owned Vehicle (POV).	FY in which the majority of mileage is driven.
GSA Car Rental.	Date billing period ends (GSA bills on Sept. 30 to include rental through Sept. 30).
Relocation Expenses (all related costs including Per Diem and commercial transportation which include GBL expenses).	Date travel authorization is approved (signed).
Training (Courses and Seminars).	Revised: The date the training is delivered with limited exceptions. See page 3.
Tort Claims by Outside Parties.	Date Government liability is determined.

Employee Claims under Military Personnel and Civilian Employees' Claims Act of 1964.	Date claim approved.
Administrative Settlement Cases: Compensatory damages under section 102 of the Civil Rights Act of 1991. Compensation and related allowances (back pay); restoration after improper termination.	Date at which the final determination of the Government's liability for compensatory damages is made. Dates in which work was performed; or where a period of wrongful termination is deemed valid service (NOTE: If the claim covers more than one FY, the payment must be prorated accordingly).
Post Office Box (rental).	Date rental begins.
GSA Customer Supply Center and Gasoline.	Charged to the FY in which the purchase was actually/originally made.
Utilities (gas, electric, water, etc.).	Date billing period ends.
Security Clearance.	Date security clearance request issued to Office of Personnel Management.
Refunds/Repayments.	FY of the original appropriation charged or miscellaneous receipts if appropriation account has closed.
Incentive/Cash Awards.	Date awards approved (signed). See following special guidance.
Subscriptions.	For digital subscriptions - The date the subscription period begins. For printed publications - Appropriations current when the subscription order is placed even though deliveries may extend into the subsequent year.

Special Guidance Regarding the FY Chargeable for Incentive, Performance, Special Act, or Other Cash Awards.

Charging FY 2015 Funds

All awards to be charged to FY 2015 must be approved, signed, and dated by the approving official on or before September 30, 2015.

One of two processing methods may be used to ensure FY 2015 accounting records reflect award charges.

First processing method:

Awards documentation should be submitted to the Human Resources Division (HRD) for processing on or before **August 28, 2015**. HRD will partner with the respective Business Service Center (BSC) HR Branch to ensure that all awards received on or before this date will be processed during FY 2015 processing cycles with the National Finance Center (NFC). These awards will automatically be charged against the fundholder's FY 2015 accounting code as indicated in Form AD-287-2.

Second processing method:

Awards submitted to HRD for processing after August 28, 2015 (which are approved by September 30, 2015 and cite FY 2015 funds) will be processed by BSC HR Branches in early October. Therefore, fundholders must ensure that their servicing budget, fiscal, or other administrative staff submits period end estimates to NFC for all awards submitted to HRD after August 28th.

Please note: Although awards received after August 28th and before September 30th may be paid using FY 2015 funds, they will count against the organization's spending limitation for the FY that the funds are actually paid out to the payee. *Example:* If an award is made effective for September 21, 2015 and is paid out on October 2, 2015, the award will count against the FY 2016 award spending limitations.

Charging FY 2016 Funds

Awards approved and dated after September 30, 2015, must be charged to FY 2016 accounting codes. These awards will be made effective and be processed using routine procedures any time after October 1, 2015.

Check with your servicing contracting and personnel office for any established cut-off dates that may apply to processing documents for this FY. Please call your Budget and Fiscal Officer, BSC Administrative or Headquarters Staff Office, if you have any questions.

/s/

SHERRI L. CARROLL

Deputy Director

Financial Management and Agreements Division