| USDA | United States
Department of
Agriculture | Office of the
Chief Financial
Officer | Financial
Management
Services | P.O. Box 60000
New Orleans
Louisiana 70160 |

Bulletin: OCFO 15-04

Date: December 15, 2015

To: All Agencies

Subject: Canceling-Year Transactions

PURPOSE

This bulletin establishes policies and procedures for clearing canceling-year funds transactions in accordance with United States Code (U.S.C.) §1551-1557, and Office of Management and Budget Circular A-11, Section 20.4.

Agency compliance with this policy will result in more efficient operations and greater cost effectiveness for Agencies and USDA.

DEFINITIONS

Canceling Appropriation – Per 31 U.S.C. 1552, an expired annual or multi-year Treasury account symbol closed/canceled on September 30 of the fifth fiscal year after the account's obligation availability ends. Balances will be unavailable for obligation or expenditure.

At the end of the 5-year period, the expired account is closed and any remaining unexpended balances, both obligated and unobligated, are cancelled, returned to the general fund of the Treasury, and are therefore no longer available for any purpose. *Exception*: Congress can enact laws that exempt appropriations from these rules (see U.S.C. §1557).

Open Balance – Refers to the remaining unexpended or uncollected balances in an annual or multi-year Treasury account symbol that is expired and is at the end of its 5-year period.

BACKGROUND

Historically, prior to the close of the fiscal year, Agencies' trial balances still contained open balances, such as, receivables, accrued liabilities, unliquidated obligations, advances, and sales orders. This condition has hindered USDA from executing a timely annual close process due to the significant research and analysis required to close out open balances.

Additionally, because Agencies are not timely closing unexpended and uncollected balances, resources required to confirm the validity and accuracy of financial data for non-canceling accounts are being consumed. At yearend, the Agency and USDA staff

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offices should be focused on assuring the validity, accuracy, and proper presentation of the financial transactions, which reflect the status of funds and/or USDA's account balances.

POLICY

All open balances in canceling annual and multi-year Treasury account symbols shall be closed no later than the date as stated in **Procedures**.

RESPONSIBILITIES

Financial Management Services (FMS) will monitor and provide performance metrics to Departmental Offices and Agencies during the months of December, February, May, and August. The metrics will be provided to the Agency's Chief Financial Officer (CFO).

Departmental offices and the CFO for each Agency are responsible for ensuring (1) reports are accessed and monitored; and (2) canceling-year balances are closed within established timeframes.

PROCEDURES

Receivables

Employee-Related Indebtedness

The Treasury account symbol for employee related indebtedness shall be changed if the debt is not paid by September 30. Agencies will provide a shorthand code tied to Treasury's miscellaneous account symbol 123200 (collections for cancelled authority) to FMS' Financial Reporting Branch (FRB) no later than June 30 of the canceling year.

FRB will provide the shorthand code to the Government Employees Services Division, Debt Management Services Branch, to convert receivable balance(s) after the last full paid pay period of the fiscal year (typically pay period 18 or 19).

Non-Employee-Related Indebtedness

The Treasury account symbol for non-employee related indebtedness shall be changed if the debt is not paid by September 30. Agencies are responsible for transferring non-employee receivable balances to Treasury's miscellaneous receipt account 123200 (collections for cancelled authority). Agencies should convert balances to the new accounting by pay period 16, but no later than pay period 18.

Advances

There are two types of advances to others: employees for temporary duty (TDY) and permanent change of stations (i.e. Relocation), and advances to vendors. Agencies shall liquidate all advances by June 30.

Accrued Liabilities

Any accrued liability manually entered by an Agency shall be reversed no later than the 20th of the following month. Accrued liabilities more than 30 days old, regardless of whether they are manually entered in FMMI or interfaced/integrated from the feeder (e.g., Integrated Acquisition System), shall be reversed or invoiced and paid immediately. All invoices shall be sent to Treasury within enough time to be confirmed in the fiscal year the Treasury Account Symbol is cancelled.

Unliquidated Obligations

As stated section 3.d of Departmental Regulation 2230-001, *Reviews of Unliquidated Obligations*, dated October 15, 2014, obligations shall be deobligated unless there is a documented, bona-fide purpose for the obligation to remain open. If no bona fide purpose exists, unliquidated obligations shall be reversed by June 30 if all goods and/or services have been received. Otherwise, all unliquidated obligations shall be cancelled by September 30 each year.

Sales Orders

Generally, all billings should have occurred within 6 months past the year of availability (i.e., March of the following fiscal year).

To complete sales order processing for canceling appropriations, these prerequisites shall be completed according to the following schedule:

1. Liquidate associated obligations by April 30.
2. Ensure all open invoices are paid or reversed by May 3. If reversed, refer to number 1.
3. Recognize all earned unbilled revenue by May 31.
4. Ensure all open receivables are collected, reversed, or transferred to Treasury's miscellaneous receipt account 123200 (collections for cancelled authority) by June 30.
5. Refund customers for over-collections by July 31.
6. Write-down sales orders to billed amounts by August 31.

Note: ServiceNow incidents created prior to the due dates take precedence.

INQUIRIES

Any questions concerning this bulletin should be directed to the Financial Management Services Center at fmsc.help@usda.gov, **(877) 243-3072**, or **(504) 426-5695**.

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EFFECTIVE DATE

This bulletin is effective immediately.

/s/

C.J. STATON, Director
Financial Management Services