



USAID
FROM THE AMERICAN PEOPLE

Deobligation Guidebook

A Mandatory Reference for ADS Chapter 621

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I. PURPOSE

References to strategic/development objectives in this document can also be interpreted to mean single or multiple program areas.

This Deobligation Guidebook provides detailed and mandatory guidance on the deobligation of program and operating expense (OE) funds in USAID obligating documents. Specifically, this Guidebook outlines the processes necessary for Agency personnel to deobligate funds from the following types of Agency obligating documents:

- Grants to foreign governments (Strategic/Development Objective Agreements, Limited Scope Agreements, Commodity Import Program Grants, or Cash Transfer Grants);
- Assistance Awards to Non-Governmental Organizations (NGOs) and Public International Organizations (PIOs);
- Contracts;
- Procurement Authorizations (PAs); and
- Other kinds of obligations including Travel Authorizations (TAs), Training Orders (TR), Credit Card Orders (CZ), and Miscellaneous Obligations (MOs).

For deobligating funds from interagency agreements, consult [ADS 306.3.12, Completion and Closeout of an Interagency Agreement](#).

For obligations initiated through ARIBA, the Department of State procurement system, Missions should consult with their embassy before making deobligation decisions. These obligations may have unliquidated balances for a longer period of time since payments are made by State and then charged to Missions.

II. REQUIREMENTS

[31 USC 1554](#) requires “the head of each agency to submit to the President and the Secretary of the Treasury a report regarding the unliquidated obligations, unobligated balances, canceled balances, and adjustments made to appropriation accounts of that agency during the completed fiscal year.” USAID policy directives and required procedures detailed in [ADS 621, Obligations](#), require Agency Controllers and Program Offices to initiate and coordinate reviews of all unliquidated obligations at least twice a year to determine whether the obligation balances should be retained or deobligated. [ADS 621](#) requires Assistant Administrators (AAs), Mission Directors, and Independent Office Directors to provide an annual certification of unexpended balances to the Chief Financial Officer (CFO). [ADS 621](#) also establishes the policy directives and required procedures for managing obligations.

This Guidebook is designed to assist Agency employees in meeting the deobligation requirements of [ADS 621](#).

III. BACKGROUND

Establishing sound financial management practices within USAID will greatly facilitate the deobligation and reobligation process. It is important to ensure that the amount of funding obligated is not over-budgeted and fits the requirement of the desired results. By following these guidelines, the Agency should improve the use of scarce financial resources and reduce the need for significant deobligations.

USAID's adherence to laws, policies, procedures, and the related USAID guidelines has been the subject of numerous audits conducted by the Office of Inspector General (OIG). In general, these audits have found that although only a few recorded obligations had questionable validity, many obligations had balances that were excessive or no longer needed. This guidebook's instructions will strengthen the Agency's ongoing and annual review requirements through the full participation of various offices within the Agency. In addition, for closeout Missions, the guidance and instructions will speed the liquidation and closure of all remaining activities.

IV. ROLES AND RESPONSIBILITIES

Although many officers and officials have roles and responsibilities in the deobligation process, the following are the principal roles and responsibilities as they pertain to the actions identified in Section I of this reference.

- a. **Obligation Managers** in coordination with the Development Objective (DO) team plans and monitors the level of funding necessary for the execution of the activity. This includes periodically reviewing the status of all obligated funds and identifying obligations with:
 - (1) Unneeded balances (funds remaining after all goods and services have been delivered or completed and paid for); and
 - (2) Excessive balances (balances that exceed forward funding guidelines).
See [ADS 602 Forward Funding, Program Funds](#) and [ADS 603, Forward Funding, Non-Program Funds](#).

The Mission CORs/AORs and other obligation managers initiate the deobligation process and ensure that the deobligation process outlined in Section V is followed.

- b. **The Development Objective (DO) Team Leader** ensures that the team prudently plans, monitors, and manages the financial aspects of its program

throughout the life of the DO. Specifically, the Team Leader ensures that the DO team (which includes the COR/AOR/obligation manager and Activity Manager), along with the Controller's Office, reviews the status of all obligated funds and recommends any necessary adjustments to ensure that these funds are used in a timely manner or are deobligated if no longer needed or exceed forward funding policies.

- c. Mission Controllers and USAID/W Program Offices:** In order for the DO Team (specifically, the COR/AOR, in coordination with the Activity Manager) to conduct periodic reviews of the status of all program-funded obligations and identify excess/unneeded funds for deobligation, Mission Controllers and USAID/W Program Offices provide offices with comprehensive pipeline reports. In addition, they provide guidance and arrange training, as needed, to ensure that CORs/AORs and Activity Managers are aware of their responsibilities related to the deobligation process.
- d. The Bureau for Management, Office of Acquisition and Assistance (M/OAA) Obligor Official:** In USAID/W, the M/OAA Obligor Official, is responsible for the initial obligation and subsequent deobligation of funds from active awards that are near completion and from completed awards prior to going for final closeout processing. For active or expired awards that have potential deobligations of excess or residual funds, the M/OAA Obligor Official may act on a request from the COR/AOR or other Obligor Manager for modification of the budget and request for deobligation of funds determined to be in excess of needs (per Section V, subsections A and B.2). M/OAA Obligor Officials are expected to deobligate excess funds under these conditions when deobligation is reasonable.
- e. The Bureau for Management, Office of Acquisition and Assistance, Cost, Audit and Support Division (M/OAA/CAS) Administrative Closeout Official:** In USAID/W, the M/OAA/CAS Administrative Closeout Official processes the closeout of M/OAA obligated awards and the subsequent deobligation of residual funds. For expired awards, the M/OAA/CAS Administrative Closeout Official closes the award and deobligates the remaining balance, once the M/OAA Obligor Official has sent the award for closeout processing. The M/OAA/CAS Administrative Closeout Official negotiates indirect cost rates. M/OAA/CAS also sends requests to the COR/AOR to ensure that all terms of the award were met prior to closeout. It is important to note that the closeout process (waiting for final audit of indirect cost rates, etc.) may take up to several years. However, efforts must be made to limit the remaining award balances only to projected indirect cost rate adjustment needs.
- f. Mission Obligor Official:** Program funds may be initially obligated in a bilateral agreement (such as a Strategic/Development Objective Agreement (SOAG/DOAG) between USAID and the cooperating country (see [ADS 201, Planning](#); [ADS 350, Grants to Foreign Governments](#); and [ADS 621,](#)

Obligations). When this is the case, Mission CO/AOs are primarily responsible for executing the non-administrative subobligation documents (grants, contracts, cooperative agreements, etc.). Mission COs/AOs are also primarily responsible for executing non-administrative unilateral obligations.

Before funds in a subobligation/unilateral obligation document can be de-subobligated/deobligated, a formal closeout process for contracts, grants, and cooperative agreements (outlined in [ADS 302sat, Guidance on Closeout Procedures for A&A Awards](#)) is required. Since Missions are responsible for closing out their own actions, as well as M/OAA-issued procurement actions that have been transferred to the field for administration, it is the CO/AO's responsibility to take the lead role in ensuring that closeouts are accomplished in a timely and comprehensive manner so that funds can be de-subobligated/deobligated. This includes an excess funds review.

- g. USAID/W Bureau Assistant Administrators (AAs) or their Designees:** In lieu of M/OAA, these individuals serve as Agreement and Grant Officers responsible for obligating and deobligating funds in interagency agreements and certain grants, respectively (see [AIDAR 701.601](#), [ADS 103, Delegations of Authority](#); [ADS 306, Interagency Agreements](#); [ADS 308, Grants and International Agreements with International Organizations](#); and [ADS 350, Grants to Foreign Governments](#)).
- h. Administrative Management Services (AMS) Officers and other Bureaus and Independent Offices that Manage Non-Program Funds:** In coordination with the COR/AOR or other obligation managers, the designated Obligating Official in these USAID/W offices is responsible for the following:
- Conducting periodic reviews of the status of all OE-funded obligations;
 - Identifying excess/unnecessary funds;
 - Deobligating excess or unnecessary funds obligated in the Phoenix accounting system; and
 - Administratively closing the contracts, grants, or purchase order in a timely manner issued by these Bureaus or Offices.

NOTE: The Chief, Bureau for Management, Office of Management Services, Travel and Transportation Division (M/MS/TTD) is the Obligating Official for all travel authorizations (TAs), except those generated in the USAID Missions. In addition to M/MS/TTD, the Chief, Bureau for Management, Office of the Chief Financial Officer, Washington Financial Services Division (M/CFO/WFS), or his/her designee, has the authority to deobligate funds in TAs. However, M/MS/TTD is responsible for deobligating funds in current year TAs while M/CFO/WFS is responsible for deobligating funds in prior year TAs (see the [ADS](#)

[621mad, Improving the Determination Process for Deobligating Unliquidated Balances in Prior Year Travel Authorizations](#)).

- i. The Bureau for Management, Office of the Chief Financial Officer (M/CFO):** In USAID/W, M/CFO assists Bureaus and Independent Offices in their efforts to deobligate funds that were obligated in the Phoenix accounting system when using the automated batch deobligation tool developed by M/CFO. The Auto-Deobligation Application User's Guide and Quick Start Guide are available at <http://cfoservices.usaid.gov>. M/CFO provides a quarterly report to each Bureau that details deobligations by Bureau/Mission and Fund Account. In addition, M/CFO is responsible, in coordination with M/MPBP, BRM, and F, for the reapportionment of deobligated funds, and once funds have been reapportioned, for making them available in Phoenix for reprogramming. For more information on the re-obligation process, see [ADS 621mab, Re-obligation Policy](#).
- j. Office of Foreign Assistance at the Department of State and the Office of Budget and Resource Management:** After non-expired program funds obligated in prior years have been deobligated, re-apportioned by OMB, and made available in the accounting system for reprogramming, these funds can be reallocated. Missions and Bureaus can request the reallocation of funding deobligated from their Missions and Bureaus to BRM and F's Coordinator for Resource and Appropriation. BRM and F's Coordinator for Resource and Appropriation can also make recommendations for the use of the funds to cover unbudgeted requirements, after taking out amounts necessary to fund upward adjustments, or approved reprogramming requests of the Bureau. This is true for all fund accounts, including those that are designated for specific regions or Bureaus (i.e., Assistance for Eastern Europe and the Baltic (AEEB), FREEDOM Support Act (FSA), Office of Transition Initiatives (OTI), International Disaster and Famine Assistance (IDA), and Development Credit Authority (DCA)). Bureaus are then required to submit an allocation memorandum for any approved funds, seek approval from F, and provide a Congressional Notification, if required.
- k. M/MPBP:** Prior year Operating Expense (OE) funds are not available for return to recovering offices.

V. THE DEOBLIGATION PROCESS

This section outlines and explains the deobligation process for both active and expired obligating instruments. The process varies, in some stages, between field Missions and USAID/W; between active awards that are using funds still within the period of obligation availability and all other awards; and slightly varies within USAID/W itself, depending on who executed the award (i.e., M/OAA for contracts, grants, cooperative agreements, etc., or Bureau AAs (or designees) for interagency agreements and certain grants).

Once the COR/AOR or other Obligation Manager has initiated a deobligation request, the Obligation Manager must follow-up to ensure that identified excess/unnecessary funds are deobligated.

A. Identifying Excess and Unneeded Funds

Excess and unneeded funds may be identified for deobligation through various means such as the following:

- 1. Performance monitoring** and ongoing management oversight through procurement planning, periodic portfolio reviews, the Annual Performance Report (APR) and Annual Performance Plan (APP), as well as the Bureau for Management, Office of Management Policy, Budget and Performance (M/MPBP) reviews lend themselves to identifying funds that are excess or no longer needed and that could be deobligated as a result of activity completion or changed circumstances.
- 2. Accruals reporting** are required at the end of each quarter. CORs/AORs or other Obligation Managers and other responsible parties examine the status of their obligating (or subobligating) instruments. They also review the obligated (or subobligated), disbursed/vouchered, and unliquidated obligation amounts. Accruals are developed based on the best estimate of goods and services received but not yet paid for. During this review, expired awards may be designated for closeout. Once the COR/AOR or other Obligation Manager has properly flagged the obligation for close out and properly disposed of the files in accordance with the procedures described in [ADS 502.5.7, Records Disposition – USAID/W and Overseas Missions: Records Inventory and Disposition Plan](#), the major part of COR/AOR role is essentially completed. However, when excess or residual unliquidated amount is clearly identified and documented, M/OAA/CAS or the Mission Closeout Official may decide to process a deobligation action ahead of the official closeout. See below section B.1.d for USAID/W awards and Section C for overseas awards. For more information on accrued expenditures, see [ADS 631, Accrued Expenditures](#). For more information on COR/AOR files, see [ADS 302.3.7.1, Standardized Model Letters for Designating the Cognizant Technical Officer \(CTO\) for Contracts](#) and [ADS 303.3.17 for Grants and Cooperative Agreements](#).
- 3.** Periodic reviews of unexpended balances are also a good means of flagging activities with excess and unneeded funds for deobligation.
- 4.** Pipeline reports and average monthly expenditure reports are excellent tools for identifying candidates for deobligation. The Enterprise Reporting Portal now contains the pipeline reports which can be found here: <http://enterprise-reporting.usaid.gov/reports/>.

B. The Deobligation Process in USAID/W

The deobligation process varies slightly depending on whether M/OAA or Operating Units executed the award, and if it has expired or is still active and uses funds that are still within the period of obligation availability. For all grants under the LOC payment mechanism, any deobligation action should be verified with M/CFO/CMP to ensure that the proposed deobligation reconciles with the LOC records.

1. Expired Awards

As a best practice, the cognizant COR/AOR should perform a pipeline analysis 30 days before the award expires, and initiates a request for deobligation of any material excess funds. This will ensure that awards do not expire with excessive residual funds remaining.

- a.** The M/OAA/CAS Administrative Closeout Official will verify that the awardee has satisfactorily completed the activity as outlined in the award. Have the required goods and/or services been received? If not, what is outstanding and what additional funds are required? Responses to these questions may require input from the COR/AOR or the Activity Manager along with communication with the awardee.
- b.** The Bureau for Management, Office of the Chief Financial Officer, Cash Management and Payment Division (M/CFO/CMP) must determine whether the awardee has submitted the final payment request and whether the final disbursement has been posted to USAID's accounting records. This information can be obtained from the awardee or COR/AOR. In some cases, the final voucher may not be submitted pending final indirect cost rate adjustments. Provisions for these outstanding costs are provided for in paragraph c below.
- c.** The M/OAA/CAS Administrative Closeout Official must determine the amount that is available for deobligation. This is the obligated amount less amounts disbursed, less the estimated amount to be disbursed (see paragraph b above), and less "cushion" that may be required for closeout. The estimated amount yet to be disbursed may be requested from the awardee or vendor. An amount should be retained to provide for such things as possible changes to the provisional indirect cost rates that are subject to adjustment based on final audits. Determining this amount is a judgment call with a lot of variables to consider, so there is no mandatory method or limitation. However, the basis of judgment for determining the amount should be clearly documented. A methodology for calculating this amount is suggested below. Due diligence in monitoring and deobligating excess funds throughout the life of activity would naturally cause residual funds to be deobligated upon award expiration to be minimal. It is important that the awardee/vendor understand that they will not be entitled to payment of any amount in excess of the obligation.

To determine the amount of “excessive” residual funds that can be safely deobligated ahead of the official closeout, the Administrative Closeout Official should contact the vendor, since they are in the best position to determine this amount. Generally, any residual funds remaining beyond performance completion are only needed for the contingency that final indirect cost rates may be higher than billed provisional rates. The vendor will know its applicable actual indirect cost rates for the period, even though they may not have been officially audited or finalized via the negotiated indirect cost rate agreement. Thus, the vendor can use the lesser of the actual rates or ceiling rates to determine any potential adjustments due to higher final indirect cost rates. The amount that can then be safely deobligated will be the total residual funds minus the amount the vendor has calculated they need for final indirect cost settlement and any other potential adjustments. It is prudent to always ask the vendor if there are any other anticipated changes. The “excessive” residual funds should be deobligated by a bilateral modification. In addition, the contractor or grantee should be requested to submit the final audited rate and request adjustment as the rate gets finalized for each year separately, and not wait for all the award years to be audited. This will ensure deobligating residual money as it is identified every year, and not keep unliquidated balances in the award unnecessarily.

- d. For expired M/OAA-obligated awards that are physically complete: Properly documented excessive residual funds may be determined for deobligation ahead of the closeout process. M/OAA’s decision to process a deobligation action ahead of the official closeout is usually a function of materiality. CORs/AORs or other Obligation Managers must enter the deobligation request in Global Acquisition and Assistance System (GLAAS) (or submit a request outside the system in case of non-GLAAS obligations) and provide the supporting documentation to the Obligating Official. Deobligation of A&A GLAAS obligations (e.g., contracts, delivery orders, grants, or purchase orders) is done exclusively in GLAAS. Operating Procedures for GLAAS are found at <https://sites.google.com/a/usaid.gov/glaas-intranet/home>.

NOTE: For agreements under the Letter of Credit (LOC) payment mechanism, M/CFO/CMP issues a memo, subject “Notification of Final Voucher,” to M/OAA/CAS upon receipt and processing of the “final” voucher (a voucher for purchases and services other than personal, for contracts and SF-425, Federal Financial Report for Grants and Cooperative Agreements).

After the contract, grant or cooperative agreement completion date, the M/OAA Obligating Official may deobligate unneeded funds (minus expected closeout costs) pending a final invoice or voucher, as discussed in Section V.B.1.c. If the CO/AO agrees to extend the date the financial status report is due, he/she should at the same time deobligate unneeded funds.

- e. For expired M/OAA-obligated awards already in closeout: The amount that was not deobligated by the M/OAA Obligating Official and assigned to M/OAA/CAS

for final closeout and deobligation may remain with M/OAA/CAS for an extended period of time (up to two years) pending such actions as verifications with the awardee, COR/AOR or other Obligation Manager, M/CFO/WFS, and final audits. However, if residual or excess funds are clearly identified and documented, M/OAA/CAS can process deobligations ahead of the closeout process. In other words, just because an award is in M/OAA/CAS for closeout does not necessarily mean the Bureau or Independent Office has to wait for final closure to deobligate the funds.

Since Personal Service Contracts (PSCs) normally do not require final audit, it is anticipated that M/OAA/CAS can close out and deobligate them within a much shorter timeframe. Upon termination of a PSC, the responsible requesting office must complete a checkout list before the final salary payment is made. This checkout list will contain all the items that a PSC must account for, including a certification from the PSC that he/she has filed all claims, including medical, travel, etc.; filed a final timesheet; and has cleared all advances (see [ADS Chapter 451, Separations and Exit Clearance](#)).

In addition to the checkout list, M/CFO/CMP needs a copy of the request from the requesting official to the CO that authorizes the payment of any unused annual leave. Upon receipt of this information, M/CFO/CMP will complete the closeout checklist and forward it to M/OAA/CAS for contract closeout and deobligation action. Once M/OAA/CAS has received M/CFO/CMP certification that final payment has been processed and all applicable insurance fees and taxes have been paid, it will close the PSC contract and deobligate the balance, if any.

- f. Occasionally, during the closeout process, it may be determined that additional funds are needed to close out the award. In this case, the COR/AOR or other Obligation Manager must request that M/CFO/CAR Funds Control make funds available to add to the award. This should be done at: http://2k3pxwshpv01.us.usaid.gov/Upwardadjustment_USAID/viewer.aspx?f=main and selecting the “submit upward adjustment request without deob” option or the “submit upward adjustment request with deob” option. When an Obligation Manager submits an upward adjustment request with deob, it means that the Obligation Manager has identified a source of funding, usually by making or identifying a deobligation in the same fund account as the one where the award is that needs a funding increase. When a deobligation is made or identified to fund an upward adjustment, then the funding of the upward adjustment is automated and therefore completed in a day or two. If the Obligation Manager does not know of a source for the funding, then the upward adjustment request without deob option is selected and M/CFO/CAR/Funds Control will identify a funding source for the upward adjustment (see [ADS 621](#)).

2. Active Awards

- a. The COR/AOR or other Obligation Manager will ascertain whether the unused obligated funds are in excess of remaining activity requirements. This may include obtaining an updated activity budget from the Activity Manager and confirming remaining activity requirements and funding needs in writing with the awardee and M/CFO/CMP for grant awards under the LOC payment mechanism.
- b. The COR/AOR or other Obligation Manager will then advise the CO/AO of the amount that is available for deobligation.
- c. Deobligation of A&A obligations (e.g., delivery orders, grants, purchase orders (POs)) is done in GLAAS. For active awards that are using funds still within the period of availability, or for active awards that have potential deobligations, the COR/AOR or other Obligation Manager will enter the deobligation request in GLAAS and provide the supporting documentation to the Obligating Official. Operating Procedures for Phoenix are found at: <https://pages.usaid.gov/M/CFO/phoenix-guides-and-procedures-2>. Click on: “8. How Do I Deobligate Funds in A&A?”
- d. For non-GLAAS administrative obligations (e.g., MOs, TAs, TRs, Allowances), deobligations are done in Phoenix, based on a recommendation from the COR or the Controller to the authorized official. Authority for determining a deobligation sets with the obligation official who is authorized to execute the obligation. Operating Procedures for Phoenix are found at: <https://pages.usaid.gov/M/CFO/phoenix-guides-and-procedures-2>.
- e. For current year TAs, the Bureau/Independent Office will provide a list to M/MS/TTD highlighting the deobligation requested and providing a justification for each. For prior year TAs, the Bureau/Independent Office will annotate the status of each TA on a list provided on a quarterly basis by M/CFO/WFS (see the [ADS 621mad, Improving the Determination Process for Deobligating Unliquidated Balances in Prior Year Travel Authorizations](#)). To deobligate funds in TAs, M/CFO/WFS and M/MS/TTD will follow Operating Procedures for Phoenix found at: <https://pages.usaid.gov/M/CFO/phoenix-guides-and-procedures-2>. Bureaus/Independent Offices will periodically remind all travelers that they must file a travel voucher within five business days of the completion of a trip or every 30 calendar days of an extended trip (see [ADS 633.5.3, Travel Voucher Processing Requirements](#)).

NOTE: M/CFO will process deobligations of prior-year OE funds.

C. The Deobligation Process in Field Missions

1. Bilateral Program-Funded Obligations with Expired Project Activity Completion Dates (PACDs)

- a. The COR/AOR or other Obligation Manager, in conjunction with the financial analyst or responsible accountant, performs a comprehensive review of subobligation documents such as grants, contracts, cooperative agreements, POs, and TAs to ensure all payments have been made and disbursements are posted to Phoenix. Until the disbursements are recorded in Phoenix, the review of unexpended balances in subobligation documents is incomplete.

For awards under the Letter of Credit (LOC) payment mechanism, the process for deobligating/subobligating residual funds is no different from other USAID contracts/grants. M/CFO notifies the Mission Controllers (who ensure forwarding to the CO/AO) via memorandum when the contractor/grantee submits a final Financial Status Report. In between the time the awards expire and the grantee submits the final invoice, CO/AOs may deobligate/subobligate unneeded funds (minus expected closeout costs). The Missions must make sure a copy of the modification that deobligate/subobligate unneeded funds are forwarded to the LOC branch in M/CFO/CMP.

For Mission funds subobligated in M/OAA awards, the COR/AOR or other Obligation Manager, in coordination with CO/AO regarding the activity performance status, will calculate the accrued expenditures. Therefore, it is critical that the Mission CO/AO and COR/AOR stay in close communication.

- b. The deobligation/subobligation of residual funds will be made based on a request from the COR/AOR or Obligation Manager and a CO/AO modification/amendment of the subobligating document (contract, grant, cooperative agreement (CA), etc.).

For expired subobligations such as contracts and cooperative agreements, a formal closeout process (outlined in [ADS 302sat, Guidance on Closeout Procedures for A&A Awards](#)) is required before funds can be removed. If the bilateral obligation PACD has expired, there should be no active subobligations, so the formal closeout process is required anyway as long as all disbursements are recorded in Phoenix.

- c. For non-GLAAS Obligations, the responsible accountant will de-commit/sub-commit, through a JV cleared by the SO Team Leader and CO/AO, remaining funds that were not subobligated under the contract, grant, cooperative agreement, PO, etc. **NOTE:** For expired non-GLAAS subobligations, a JV is a convenient mechanism because it allows space for signatures (unlike the 1311 review worksheet) and is less complicated and time-consuming (unlike amendments).
- d. The responsible accountant will deobligate (from the SOAG/DOAG) the de-committed/sub-committed and the remaining un-sub-committed funds. This may be done through a JV (or action memorandum), cleared by the SO/DO

Team Leader, the controller, and the Program Officer, and approved by the Mission Director. Obtaining the host government's agreement is not required.

2. Bilateral Program-Funded Obligations Before the Project Activity/Assistance Completion Date (PACD) Expires

Funds cannot be deobligated from a SOAG/DOAG, the obligating instrument, unless it is amended to reduce the amount obligated. However, funds may be deobligated/subobligated from a subobligation document to be made available for Mission reuse under the same SOAG/DOAG. If funds are obligated under a SOAG/DOAG, and later subobligated for a contract, grant, etc., unliquidated funds from this contract, grant, etc., can be deobligated/subobligated, kept under the same obligation, and reprogrammed for other activities within the same SOAG/DOAG. In reality, this occurs almost all the time when Missions conduct their review of unexpended balances. Unliquidated funds are de-committed/sub-committed and later sub-committed and subobligated under the same SOAG/DOAG.

3. OE-Funded and Administrative Program Funded Subobligations or Unilateral Obligations issued by EXO

- a. The COR/AOR or other Obligation Manager, in conjunction with the financial analyst or responsible accountant, will perform a comprehensive review of all obligating documents (TAs, USPSCs, Leases, Allowances, MOs, etc.) to ensure that all payments for goods or services received have been made and posted to Phoenix.
- b. If there is sufficient evidence on hand to document that the remaining funds are no longer needed for the non-GLAAS obligations issued by the EXO, the responsible accountant will deobligate any residual funds with a JV cleared by the EXO. However, the Mission Controller and the EXO may agree that the EXO does not need to clear deobligations of residual funds in obligations issued by the EXO (who is the Obligating Official for these obligations) (see [ADS 621.3.9, Deobligation and Re-obligation](#)). For TAs, the responsible accountant may deobligate residual funds without a formal deobligation action by the Obligating Official, provided that the traveler has submitted a travel voucher or if a balance remains on the TA for six months or more (see [ADS 621.3.13c, Circumstances That May Result in Excess Funding](#)).

4. GLAAS Program-Funded Unilateral Obligations Issued by the CO/AO

- a. The COR/AOR or other Obligation Manager, in conjunction with the financial analyst or responsible accountant, will perform a comprehensive review of all obligating documents (grants, cooperative agreements, etc.) to ensure that all payments have been made and the disbursements posted.

- b. The COR/AOR or other Obligation Manager will recommend the amount that is available for deobligation, providing for a possible needed cushion.
- c. Upon approval of the CO/AO, the COR/APR or Obligation Manager will submit a Requisition in GLAAS for de-commitment of residual funds.
- d. The CO/AO must execute an amendment/modification in GLAAS to deobligate the funds in question, thus reducing the amount obligated.

VI. CLOSEOUT MISSIONS

It is recommended that programmatic activities should cease three to six months prior to the Mission's closeout date in order to allow adequate time for activity closeout actions, which may include deobligations.

For awards that are obligated and accounted for by USAID/W in Phoenix/GLAAS, the process outlined in Section V.B also applies to closeout Missions. It is critical that CORs/AORs closely monitor awards in closeout Missions and provide enough lead time to ensure timely deobligation of funds. Once the Mission is closed out, key personnel (such as the Activity Manager) may have departed and will not be able to provide the COR/AOR with needed deobligation information. CORs/AORs may use the closeout Mission's unliquidated pipeline reports to highlight all awards that may need immediate deobligation action based on expiration dates or a pipeline/burn-rate analysis.

As noted in Section V.C, for awards obligated and accounted for overseas, the closeout Mission has responsibility for deobligation. The closeout Mission must keep its deobligation actions and plans current at all times in order to minimize excess pipeline and reduce deobligation needs at the Mission's final closeout. If all deobligation actions are not completed by the time the Mission closes, the remaining deobligation actions will be transferred to the gaining accounting station for follow-up review and closeout actions. Therefore, it is critical for the gaining location to work closely with the closeout Mission to ensure that remaining deobligation actions are completed.

Transferring accounts between Phoenix Missions is much simpler because it is done by transferring the Security Organization (control over Phoenix accounts) from the closeout Mission to the gaining Mission. However, all other hand-over procedures, and those related to eliminating or reducing the pipelines to their minimum level before the transfer, remain in effect with Phoenix.

The time required for deobligation of certain procurement actions may be lengthy. For those Missions scheduled for closeout, the deobligation action may not be completed until closeout has actually occurred. For this reason, F/R&A will attempt to provide funds from other deobligations for return to those closeout Missions for which deobligations are planned and in process. These Missions should proceed with deobligations as above [Sections V.B and V.C]. F/R&A will work to ensure that funds are available for re-

obligation on a timely basis. The only caveat is that the Mission must demonstrate that the funds for re-obligation will be used in accordance with the approved Mission closeout plan. F/R&A will not provide funds for activities outside of the Mission closeout plan or for planned deobligations if the Mission Controller has not certified that the funds are available for deobligation.

VII. SUMMARY

Deobligation allows funds to be used for other purposes. This Guidebook provides detailed guidance on the deobligation process to enable USAID to better manage its funds. For questions related to this Guidebook, please contact the Chief, Bureau for Management, Office of the Chief Financial Officer, Financial Policy and Systems Division (M/CFO/FPS).

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