CHAPTER 9

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0901 OVERVIEW

This chapter establishes the Department of Veterans Affairs (VA) financial policies and procedures regarding VA Prior Year Recovery of Obligations (prior year recoveries). When an obligation recorded in the prior fiscal year, or as of the prior fiscal year-end, is deobligated in the current year, it is considered a prior year recovery. The deobligation may be a partial reduction in the amount obligated or a complete cancellation.

There are two types of prior year recoveries – unpaid and paid (i.e., refunds). The following are examples: 1) unpaid prior year recovery: An obligation was recorded based upon an estimate for services for $10,000 as of the prior September 30th. Additional information was received in October clarifying that the estimate serving as the basis for the obligation is overstated by $500. Upon learning this in October, $500 was deobligated. The services have not yet been performed. The deobligation of the $500 is considered a prior year recovery of the budget authority; and 2) paid prior year recovery: In August of the prior year, VBA obligates and pays a Veteran money to use for tuition for college in the fall term. The Veteran originally intended to take a full schedule of classes. In October, the Veteran realized he or she needs to work part-time and has to reduce his/her academic class load. The Veteran gets a tuition refund and sends the appropriate amount back to VBA in late October. VBA processes the collection as a prior year paid recovery (a refund).

VA is required to identify and report both types of prior year recoveries in accordance with the Office of Management and Budget (OMB) circular no. A-11, “Preparation, Submission, and Execution of the Budget,” dated November 5, 2013. While prior year recoveries occur in both unexpired and expired appropriations, OMB is particularly interested in the reporting of an unexpired prior year recovery because it represents recovery of budget authority that may be used for a completely new obligation. An expired prior year recovery also represents recovery of budget authority, but its re-use is more limited, in accordance with appropriation law.

At an individual Treasury Fund Appropriation Symbol (TFAS) level, prior year recoveries are reported on the SF-133, “Report on Budget Execution and Budgetary Resources” (see Volume II, Chapter 2, “VA’s Budget Cycle and Fund Symbols,” and Volume VII, Chapter 6, “Budget Execution Report: SF-133 and FACTS II” for more information). At the agency level, prior year recoveries are reported on the Statement of Budgetary Resources (SBR) (see Volume VII, Chapter 3, “Quarterly Financial Statements,” for details).

0902 POLICIES

090201 ANTICIPATED AUTHORITY

A. OMB classifies anticipated authority as a budgetary resource. It is not budget authority. When approved, it represents reappropriation authority of any budget
authority subsequently recovered (i.e., realized) as a result of a deobligation of a prior year obligation during the current year.

B. VA will request OMB approval of anticipated authority for a TFAS that will be in the unexpired phase during the next year and that has already been in existence for at least one year. This requirement applies to the second year of the unexpired phase of a multi-year appropriation that had obligations during its first year. It also applies to the second year or subsequent year of a no year appropriation that had obligations during its first year or prior year. Anticipated authority is not used for the first year of any TFAS since there are no prior year recoveries. OMB does not use anticipated authority for expired TFAS’s.

C. Requesting Anticipated Authority. VA will request approval of anticipated authority prior to the start of a fiscal year on a SF 132, “Apportionment and Reapportionment Schedule,” (see Volume II, Chapter 2, “VA’s Budget Cycle and Fund Symbols,” for details). VA will also request additional anticipated authority, where considered needed, during the year on a pre-approval basis.

Having pre-approved anticipated authority allows an agency to immediately re-allot recovered budget authority making it available for re-use for obligation. While OMB allows an alternative method in which an agency may request anticipated authority after a deobligation of a prior year unexpired obligation occurs, the significant downside is that the agency may not re-allot the budget authority until the anticipated authority is approved. This is because the budget authority in this case is not considered reapportioned until the anticipated authority is approved.

D. Types of Anticipated Authority. There are two types of anticipated authority for prior year recoveries – unpaid anticipated authority and paid anticipated authority (i.e., for refunds). Since these are two separate types of anticipated authority, OMB requires agencies to request the unpaid and paid anticipated authority individually by dollar amount on different lines of the SF 132. VA will use separate fields in the budget tables within VA’s Accounting System, Financial Management System (FMS) to separately account for and track the balances of unpaid and paid anticipated authority.

E. Monitoring Anticipated Authority. To achieve efficiency in re-allotment and re-use of recovered budget authority, VA will actively and continuously monitor levels of anticipated authority for all unexpired funds requiring anticipated authority and request pre-approval of anticipated authority in a timely manner.

090202 REPORTING PRIOR YEAR RECOVERIES. VA will use specific general ledger accounts to distinguish prior year recovery transactions from those similar adjustments involving current year obligations. VA will also use specific general ledger accounts to track the unpaid and paid anticipated authority. VA uses the United States Standard General Ledger as the basis for its internal specific general ledger account.
accounts which will result in the prior year recoveries and the anticipated authority balances to be included on the SF-133 reports for the individual TAFS and the SBR.

0903 AUTHORITY AND REFERENCES

090301 OMB A-11

090302 OMB A-11, Section 120, “Apportionment Process”

090303 OMB A-11, Section 123, “Apportionment Under Continuing Resolutions”

090304 OMB A-11, Section 130, “Report on Budget Execution and Budgetary Resources”

090305 OMB A-11, Appendix F, “Format of SF 132, SF 133, Schedule P, and SBR”

090306 OMB Circular No. A-136, Reporting Requirements

090307 Treasury Financial Management Service, United States Standard General Ledger

090308 Office of Financial Policy Publications Library

0904 ROLES AND RESPONSIBILITIES

090401 The Assistant Secretary for Management/Chief Financial Officer (CFO) oversees all financial management activities relating to the Department’s programs and operations, as required by the Chief Financial Officers Act of 1990 and 38 U.S.C. 309: Veterans’ Benefits. Specific responsibilities include the direction, management and provision of policy guidance and oversight of VA’s financial management personnel, activities and operations. The CFO establishes financial policy, systems and operating procedures for all VA financial entities and provides guidance on all aspects of financial management.

090402 Under Secretaries, Assistant Secretaries, Chief Financial Officers, Fiscal Officers, Chiefs of Finance Activities, Chief Accountants and other key officials are responsible for ensuring compliance with the policies and procedures set forth in this chapter. Budget officials are responsible for requesting anticipated authority and for monitoring the budget tables to ensure adequate amounts of anticipated authority are available.

0905 PROCEDURES

090501. Requesting Anticipated Authority. VA’s Office of Budget and the senior budget officials of an administration or office will coordinate on the amount of unpaid and paid anticipated authority to request for an unexpired TFAS. They will
also coordinate on the amount of unpaid and paid anticipated authority to allocate to each fund in FMS that rolls up to the TFAS.

090502. Monitoring Anticipated Authority. VA’s Office of Budget and the senior budget officials of an administration or office will also coordinate to establish each fund’s system re-order point level for requesting additional anticipated authority. This can be set at the same level or at a different level for the individual funds within the TFAS. As a prior year recovery related deobligation processes, the equivalent dollar amount of anticipated authority is decremented in the upper and mid-level budget tables. Once deobligations reduce the anticipated authority down to or initially exceed the re-order point level, FMS will generate an email message for that fund either to up to five people or to a mail box to which multiple people have access.

The Office of Budget will then submit to OMB another SF 132 request for additional anticipated authority.

It is recommended that this re-order point be established at a reasonably high level (e.g., greater or equal to fifty percent of anticipated authority remaining) to ensure adequate amounts of anticipated authority remain available during the interim while the Office of Budget is processing the next SF 132. If any deobligation transaction is processed for a greater dollar amount than the remaining amount of anticipated authority in the fund’s budget table, that particular deobligation transaction will be rejected. The fund’s budget tables are not locked up. Any subsequent deobligation transactions following after the rejected transaction will process as long as they are equal to or less in dollar amount than the remaining amount of anticipated authority.

090503. The Office of Budget will coordinate with OMB to develop an agreed-upon method of accelerated approval for anticipated authority requests during September year-end processing to ensure completeness and efficiency of processing.

0906 DEFINITIONS

090601 Report on Budget Execution and Budgetary Resources (SF-133). Fulfills the requirement in 31 U.S.C. 1511-1514 that the President review Federal expenditures at least four times a year. Prepared at the individual appropriation level, an agency-wide SF-133 should generally agree with the Statement of Budgetary Resources.

090602 Statement of Budgetary Resources (SBR). This statement and related disclosures provide information about how budgetary resources were made available as well as their status at the end of the period.

090603 Apportionment. The action by which OMB distributes amounts available for obligation, including budgetary reserves established pursuant to law, in an appropriation or fund account. An apportionment divides amounts available for obligation by specific time periods (usually quarterly), activities, projects, objects or a
combination thereof. The amounts so apportioned limit the amount of obligations that may be incurred.

090604 Prior Year Recovery. Recovery of budget authority that occurs when an obligation recorded in the prior fiscal year, or as of the prior fiscal year-end, is deobligated in the current year. The deobligation may be a partial reduction in the amount obligated or a complete cancellation.

0907 RESCISSIONS

None.

0908 QUESTIONS

Questions concerning these financial policies and procedures should be directed as follows:

VHA VHA CFO Accounting Policy (10A3A) (Outlook)
VBA VAVBAWAS/CO/FINREP (Outlook)
All Others OFP Accounting Policy (Outlook)

0909 REVISIONS

None. This is a new financial policy chapter.
APPENDIX A: RECOMMENDED METHOD FOR CORRECTIONS

1. Corrections are not considered prior year recoveries. For example, a Basic Object Class Code or Cost Center Code change processed during the current year to the accounting line for an obligation recorded as of the prior September 30th would not be considered a prior year recovery by OMB. Depending upon how corrections are processed, they can impact the logic of FMS to identify and report prior year recoveries. The FMS logic can recognize transactions as corrections if they net to zero and are processed on the same document in FMS. The logic will not assign prior year recovery related general ledger accounts to either the reversal of the original entry or the reinsertion of the correction if processed on the same document for the same fund. The recommended way to do corrections is in FMS on the same document.

2. However, if someone forgets and does the correction in FMS on two separate documents, it will result in prior year recoveries and obligations incurred being overstated. If the amount of overstatement is material, it is recommended entries be made to eliminate the overstatement of prior year recoveries and obligations incurred. Be aware that FMS uses referencing in its logic. The obligation document number at transaction level was used by the posting logic when the overstatement occurred. To avoid any potential issues with system referencing, it is recommended that the fix use a different obligation document number. In cases of material overstatements to prior year recoveries and obligations incurred as a result of not making corrections in FMS within the same document, it is recommended you coordinate with the FSC Nationwide accountants to arrange for resolution of the overstatement.
APPENDIX B: INFORMATION FOR REQUESTING ANTICIPATED AUTHORITY ON SF-132’S

1. On the SF-132, unpaid anticipated authority is requested on line 1041. There is only one type of unpaid authority.

2. On the SF-132, paid anticipated authority is requested on line 1740 for discretionary accounts and line 1840 for mandatory accounts. It is requested under the wording of Reimbursements, Anticipated Collections, Other Income. The amount approved for anticipated collections that relates to anticipated authority for paid prior year recoveries (i.e., refunds) should represent the combination of what is estimated to be needed for anticipated collections for non-federal and anticipated collections for federal situations.