



Department of Veterans Affairs

Financial Policy

Volume II

Appropriations, Funds, and Related Information

Chapter 9

Prior Year Recoveries

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0901 Overview

This chapter establishes the Department of Veterans Affairs (VA) financial policies regarding Prior Year Recoveries (PYRs). A PYR occurs when an obligation recorded in the prior fiscal year is deobligated in the current year. The deobligation, also known as a downward adjustment, could be a partial reduction in the amount obligated or a complete cancellation.

PYRs can occur in both unexpired (no-year or multi-year funds) and expired appropriations and are considered a budgetary resource that can be obligated. However, OMB approval must be obtained prior to recording an obligation in unexpired funds.

To ensure unexpired budgetary resources are readily available, VA will estimate its PYRs for the fiscal year and seek advance approval from OMB for their use. For the purposes of this chapter the budgetary resources associated with PYRs will be known as Anticipated Authority (AA).

Key points covered in this chapter:

- VA will request two types of AA from the Office of Management and Budget (OMB): unpaid AA and paid AA (i.e., for refunds).
- VA will monitor AA levels to ensure sufficient amounts exist to cover requirements.
- PYRs will be recorded in accordance with the OMB Circular No. A-11.
- FSC is responsible for the correction of PYRs caused by human error or system limitations.

0902 Revisions

Section	Revision	Office	Reason for Change	Effective Date
Appendix A	Added FMS invoice sequencing instruction.	FSC	Workaround process need	May 2019
Various	Performed five-year review and reformatted to new policy format	OFP (047G)	Reorganized chapter layout	November 2018
Various	Changed Treasury Fund Appropriation Symbol (TFAS) to Treasury Account Symbol (TAS)	FSC	Use Treasury Terminology	November 2018

Section	Revision	Office	Reason for Change	Effective Date
0901 Overview	Removed reference to FACTS II reporting	OFP (047G)	VA is using CARS reporting	November 2018
0901 Overview	Added the primary focus of the policy to include: determining Anticipated Authority (AA), requesting AA, monitoring AA, recording PYRs, and correcting PYRs	OFP (047G)	VA requirement	November 2018
0903 Definitions	Added Apportionment and Reapportionment Schedule (SF 132) and Anticipated Authority	OFP (047G)	Clarify definitions	November 2018
0904 Roles and Responsibilities	Updated FSC responsibilities	OFP (047G)	Reporting changes	November 2018
0905 Policies	Provided clarification on PYRs and AA requirements	OFP (047G)	Clarify policy	November 2018
0906 Authorities and References	Removed multiple references to OMB circular A-11	OFP (047G)	Clarify authorities and references	November 2018
0907 Rescissions	Added VA Policy Volume II Chapter 9, Prior Year Recoveries, October 2014, to table	OFP (047G)	Rescinded	November 2018

0903 Definitions

Anticipated Authority (AA) – VA’s unexpired budgetary resources derived based on the estimated amount of prior year recoveries to be realized and subsequently obligated during a fiscal year. For Unexpired funds these estimated amounts must be approved by OMB prior to being re-obligated.

Apportionment and Reapportionment Schedule (SF 132) – The SF 132 is a form used by Federal Agencies to seek apportionment authority from OMB. It contains two general sections: Budgetary Resources and Application of Budgetary Resources.

Prior Year Recovery – Recovery of budgetary resources that occurs when an obligation recorded in a prior fiscal year is deobligated in the current year. The deobligation or downward adjustment may be a partial reduction in the amount obligated or a complete cancellation.

Report on Budget Execution and Budgetary Resources (SF 133) – SF 133's are prepared and submitted to VA Budget and program offices on a monthly basis. SF 133's are prepared at the individual appropriation level allowing financial managers to monitor the use of budgetary authority. The SF 133 preparation effort also supports Treasury GTAS reporting.

0904 Roles and Responsibilities

Under Secretaries, Assistant Secretaries are responsible for ensuring compliance with the policies and procedures set forth in this chapter.

Office of Budget (OB) is responsible for requesting apportionments, monitoring and tracking the use of AA and requesting reapportionments should authority for additional PYRs become needed.

Financial Service Center (FSC) is responsible for reporting, monitoring and adjusting PYR amounts to ensure balances are accurately reported.

0905 Policies

A PYR occurs when an obligation recorded in the prior fiscal year is deobligated in the current year. The deobligation could be a partial reduction in the amount obligated or a complete cancellation of the obligation. PYRs can occur in both unexpired (no-year or multi-year funds) and expired appropriations.

Unexpired and expired PYRs are part of VA's budgetary resources and can be used for re-obligation. However, approval must be granted for the use of any unexpired budgetary resources.

There are two types of PYRs: unpaid PYRs (related to open obligations) and paid PYRs (which are related to refunds). The following are examples of each:

- Unpaid PYR. Based upon an estimate, an obligation was recorded on September 15th for \$10,000. In late October, additional information was received clarifying that the estimate was overstated by \$500 and a deobligation was processed. As this obligation had not been liquidated via payment this transaction would be considered an unpaid PYR.

- **Paid PYR.** In July, VBA obligated and processed for payment a Veteran claim for college tuition costs. The Veteran originally intended to take a full-time schedule of classes but later realizes that he/she must reduce the academic class load. As a result, the Veteran receives a refund of tuition costs and returns the appropriate amount to VBA in late October. VBA processes the collection as a prior year paid recovery.

090501 Determining Anticipated Authority Levels

At the end of each fiscal year, OB and the senior budget officials of an Administration or Staff Office will estimate the amount of unexpired PYRs (both unpaid and paid) needed for the next fiscal year. The estimated amounts will be used to determine the amount of AA to request from OMB.

During the fiscal year, VA may need to increase its estimate of PYRs and adjust the amount of AA requested from OMB.

090502 Requesting Anticipated Authority

AA is requested from OMB in advance of re-obligating funds related to a PYR, to ensure sufficient amounts of AA are available during a fiscal year, OB will:

- A. Submit requests for AA on the SF 132 “Apportionment and Reapportionment Schedule as “Estimated – Unobligated Balances: Anticipated recovery of prior year paid” and “Estimated – Unobligated Balances: Anticipated recovery of prior year unpaid”. In addition, OMB may require additional line breakouts for Paid Federal and Paid Non-Federal.
- B. VA does not have to request AA for expired funds as PYRs in expired funds may only be used to adjust existing obligations not create new ones.
- C. Coordinate with FSC to load OMB approved AA into VA’s Accounting System.

090503 Monitoring Anticipated Authority

- A. VA will actively monitor AA levels for all unexpired funds so that requests for additional AA can be made in a timely manner.
- B. The VACO Budget office is responsible for monitoring AA levels in VA’s Accounting System to ensure sufficient amounts exist to cover known requirements. Should the FSC discover a need for additional AA, they must send a request to the VACO budget representative. Only OB will request additional AA from OMB.

- C. VA will use separate fields in the budget tables within VA's Accounting System to account for and separately track unpaid and paid AA balances.
- D. As actual PYR balances increase during the fiscal year OB must examine AA levels available in the budget tables and determine if additional authority is needed.
- E. Any attempt to deobligate a transaction that leads to a PYR will be rejected by the system if the deobligation amount is greater than the available AA level in the system. Additional AA must be requested, approved and loaded into VA's Accounting System for the deobligation transaction to be completed.
- F. FMS Service has established automatic system notifications to alert management when 80% of the unpaid and 90% of the paid AA levels have been reached so that requests for additional authority from OMB can be processed.
- G. The automatic system notification levels for tracking AA in the accounting system can be set at different intervals depending on the fund.

090504 Requesting Additional Anticipated Authority

- A. Upon notification from FSC, Administration or Staff Office budget personnel, OB will begin the process of requesting additional AA.
- B. OB is responsible for generating SF 132's to OMB containing VA's requests for additional AA.

090505 Recording Prior Year Recoveries

- A. VA is required to identify and report PYRs in accordance with the OMB Circular No. A-11.
- B. PYRs can occur in both unexpired (no-year or multi-year funds) and expired appropriations. The unexpired funds may be used to enter into new obligations whereas; the expired funds can only be used to augment existing obligations.
- C. VA will use specific general ledger accounts to distinguish PYR transactions from current year obligations.
- D. VA will use specific general ledger accounts to track unpaid and paid AA and recoveries.

- E. PYRs shall be reported on the SF 133's, "Report on Budget Execution and Budgetary Resources" as "recoveries of prior year unpaid" and "recoveries of prior year paid".
- F. PYRs are reported at the agency level on the Statement of Budgetary Resources (SBR) as "recoveries of prior year unpaid obligations".

090506 Prior Year Recovery Adjustments

- A. Most corrections, reclassifications and transfers in VA's Accounting system do not meet the definition of a PYR according to OMB. However, due to system limitations, many of these transactions are erroneously recorded in the accounting system as a PYR. These items require the FSC to process a Journal Voucher to correct the improper accounting. See appendix A for FMS Invoice Sequencing Instructions that provide a workaround for when the invoice two-digit sequence numbers reach the FMS limit.
- B. The processing of corrections, reclassifications and transfers on multiple documents in the accounting system will cause overstatements in PYR reporting accounts. To avoid the improper identification of a transaction as a PYR by the accounting system, VA should process corrections, reclassifications and transfers on a single document in VA's Accounting System.
- C. FMS Service will provide FSC on a monthly basis with a "Prior-Year Category" report that identifies the different reporting groups that may require accounting corrections to support the research and correction of overstated PYR transactions.
- D. FSC will analyze the PYR transactions recorded in the FMS general journal and make corrections for overstated PYR resulting from transactions with a net zero impact to available balances.

0906 Authorities and References

[OMB Circular No. A-11 Preparation, Submission, And Execution Of The Budget, July 2016](#)

[OMB Circular No. A-136, Reporting Requirements](#)

[Treasury Financial Management Service, United States Standard General Ledger](#)

[Office of Financial Policy Publications Library](#)

0907 Rescissions

VA Policy Volume II Chapter 9, Prior Year Recoveries, October 2014

0908 Questions

Questions concerning these financial policies and procedures should be directed to the following points of contact:

VHA	VHA 10A3A Accounting Policy (Outlook)
VHA	VAFSC Nationwide Accounting (Outlook)
VBA	VAVBAWAS/CO/FINREP (Outlook)
VBA	VAVBAWAS/CO/OPERATIONS (Outlook)
NCA	NCA Financial Policy Group (Outlook)
NCA	NCA Budget Service (Outlook)
All Others	OFP Accounting Policy (Outlook)

Appendix A: FMS Invoice Sequencing Instruction

Workaround: FMS payment transactions referencing an obligation use the obligation number with a two-digit sequence number suffix. Since this is a two-digit suffix, obligations with a large number of payments can hit an FMS limit on sequence numbers. A common solution to this issue is to decrease the open obligation and establish a new obligation for the residual balance. This provides a new set of payment sequence numbers.

Notification Required: If the original obligation was established in a prior year, the FMS prior year recovery logic identifies this deobligation as a prior year recovery and posts prior year recovery transactions to the budget tables and general ledger. Since this deobligation is just a workaround for the sequence number limitation and not a true recovery, the prior year recovery postings must be reversed by FSC. To ensure these situations are identified for correction, send the original obligation number and the new obligation number to the FSC Transaction Review (FSCTransactionReview@va.gov) mail group when you must use this workaround.