



United States Department of the Interior

FISH AND WILDLIFE SERVICE
Washington, D.C. 20240



In Reply Refer To:
FWS/DFM/053844

AUG 12 2013

Memorandum

To: **Acting** Directorate
From: Director *Rouan W. Gould*
Subject: Proper Recording of Obligations and Prior Year Recoveries

The proper recording of financial transactions is critical for accurate financial reporting and sound management decision making. This memorandum provides a high-level overview of the U.S. Fish and Wildlife Service's (Service) official procedures related to obligating funds in the Financial and Business Management System (FBMS). All valid Service obligations must be recorded in FBMS in accordance with the attached guidance. An office must coordinate with the Division of Financial Management (DFM) and Division of Contracting and General Services (CGS) to deviate from this guidance and use an alternate FBMS component to obligate funds. For financial assistance document types, the office must also coordinate with the Office of the Assistant Director (AD) - Wildlife and Sport Fish Restoration (WSFR) Program.

This memorandum also addresses the accounting requirements for "prior year recoveries" defined as de-obligation of funds obligated in prior fiscal years. For the last two years, the Department of the Interior's (Department) financial statement auditor, KPMG, has cited the Department and the Service with not properly recording prior year recoveries. This policy implements the Department's requirement to reconcile the prior year recoveries account. Besides the audit concerns, Programs have an incentive to avoid overstating their prior year recoveries. The Office of Management and Budget (OMB) closely monitors the account and overstating the Service's prior year recoveries could have negative budgetary impacts, such as rescission or lower appropriations in future years.

For specific questions, offices should contact their Regional Budget and Finance Office or Contracting and General Services Office. If you have any questions on this guidance, please contact Mr. George Keller, Chief, DFM, at (703) 358-1742.

Attachments

Basic Processes for Obligating Transactions

In Fiscal Year (FY) 2012, the Service implemented the Financial and Business Management System (FBMS). FBMS refers to the system as a whole, and includes both SAP modules (core financials / accounting, property, leased space, and travel) and PRISM modules (acquisition and grants).

The attachments provide a listing of transaction types required to be obligated in SAP, PRISM - Acquisitions, and PRISM - Grants and the documentation required to be uploaded in FBMS to support the obligation. The recording of obligations in each of the designated systems must be consistent to ensure proper controls are followed.

The Service generally obligates funds using one of the following processes:

- (1) **Requisitions Process.** A user with the Acquisition Requisitioner (ACQ_REQ) role initiates a purchase request (PR). The PR works through the acquisitions process through obligation.
- (2) **Financial Assistance Awards.** A user with the Acquisition Requisitioner (ACQ_REQ) role initiates a purchase request (PR) and works through the financial assistance process to obligate funds.
- (3) **Miscellaneous Obligation Process.** A user with the Accounts Payable Miscellaneous Obligation (AP_MO) role creates a "custom" miscellaneous obligation (MO) to obligate funds.
- (4) **Travel Obligation.** The Service obligates travel advances and permanent change of station (PCS) travel. The Service does not obligate temporary duty (TDY) travel.

Offices must ensure that obligations have either have a period of performance or delivery date specified in FBMS. Generally, services and financial assistance awards will have a period of performance. Goods will have a delivery date specified. The sections below provide additional detail on each obligation method and the associated obligation types. Section 5.0 describes the proper recording of prior year recoveries.

Section 1.0 Requisition Process

The Service uses the requisitions process to commit funds for the following purposes:

- Purchases above the micro-purchase threshold subject to the Federal Acquisition Regulation (FAR) and sensitive/controlled property, such as laptops, tablets and iPads.

- All financial assistance awards (i.e., budget object codes (BOC) 411C and 411G; except for the Refugee Revenue Sharing Payments to County awards, which are obligated centrally by DFM).
- Inter-agency agreements (see also section 1.1).
- Vehicle procurements (see also section 1.2).

To commit funds associated with these types of transactions, a user with the ACQ_REQ role must create a PR in SAP. Some Regions may require that the requesting office prepare a subsidiary document called the Program Purchase Request (PPR) form to begin the requisition process.

Once the ACQ_REQ creates and saves the PR in SAP, the system routes it to a user with the Supervisor Approver (ACQ_SUP) role for approval. At a minimum, the system requires a user with the Acquisitions Certifying Funds Approver (ACQ_CFA) role to approve the PR. The ACQ_CFA pulls a report from SAP to view PRs awaiting approval. When the ACQ_CFA approves the PR, the funds are committed in SAP. For all purchase types noted above except vehicle procurements, the PR is then interfaced to PRISM.

Once the PR interfaces from SAP to PRISM, a user with the Expeditor role assigns the PR to a user with Acquisitions Buyer (ACQ_BUY), Acquisitions Contracting Officer (ACO_CO), or Grant Specialist (FA_GSP) role. The ACQ_BUY for contracts or FA_GSP for financial assistance creates the award. The award is then routed for review/approval to the Acquisitions Contracting Officer (ACQ_CO) for contracts or the Agreements Officer (FA_AGO) for financial assistance. The ACQ_CO or FA_AGO reviews and releases the award. After release PRISM interfaces with SAP and the funds are obligated.

Requests involving information technology (IT) equipment, real property, fleet, firearms, vehicles, or personal property require supplemental or alternate reviews to comply with Departmental and Service policies. See the FBMS Acquisitions page on InsideFWS (https://inside.fws.gov/index.cfm/go/post/FBMS-BP_ACQ?) for the latest guidance about approvals for these types of requests, as well as step-by-step instructions for creating and approving PRs.

Section 1.1 Inter-agency Agreements

A Service office must create an inter-agency agreement when purchasing goods or services from a Federal Government organization outside of DOI. Inter-agency agreements are committed in SAP using a Funded PR, and are awarded through PRISM.

To comply with the FAR and Departmental policy, a Contracting Officer must review each inter-agency agreement. To obligate an inter-agency agreement, the Service office must follow Regional procedures to provide the draft inter-agency agreement and PPR to a user with the ACQ_REQ role. FWS offices may use the FWS Form 3-2366; however, the selling entity may require another form (e.g., Department of the Treasury Inter-Agency Agreement Form, Department of Defense Military Interdepartmental Purchase Request). The ACQ_REQ prepares the requisition in SAP using the Funded PR type.

Current DOI policy requires that the office perform a two-way match between the Inter-governmental Payment and Collection (IPAC) and the inter-agency agreement to record the invoice.

Section 1.2 AutoChoice

In order to complete a vehicle procurement, the program office uses the AutoChoice system in conjunction with the requisitions process. First, the office defines vehicle requirements needed to satisfy mission requirements using AutoChoice. Then, a PR is created to initiate the purchase order for the AutoChoice purchase. The AutoChoice system user parks the order and obtains a reference number. The information is provided to the ACQ_REQ user through a PPR or alternate Regional requisition procedure. The ACQ_REQ user selects the AutoChoice (MP) PR type and enters the requisition, referencing the order number from AutoChoice. The requisition is approved by an Acquisitions Supervisor (ACQ_SUP), the Personal Property Approver (ACQ_AO_PP), and the Acquisitions Fleet Approver (ACQ_AO_FL). Then, the ACQ_CFA certifies the funds. At that point, the funds are committed and the corresponding obligation is created in SAP. Since the user selected the AutoChoice (MP) PR type, the requisition is blocked from proceeding into PRISM.

A separate workflow object (WF531), triggered by the CFA approval of the PR, sends an email message to the Regional Fleet Coordinator indicating that the PR has been approved by the ACQ_CFA. The Regional Fleet Coordinator un-parks the order in AutoChoice and places the order.

Additional guidance on the AutoChoice system and associated processes is posted to the FBMS Fleet Business Process page on InsideFWS.

Section 2.0 Financial Assistance Awards

Before obligating any financial assistance award, the FA_AGO must ensure that the grant or cooperative agreement fully complies with the following:

- Draft New Award Guidance (released for comment under Data Tracking System number 051611)

- DIG 2012-08, Department of the Interior Guidance Release on Dun and Bradstreet Data Universal Numbering System (DUNS) and Central Contractor Registration (CCR) Requirements for Grants and Cooperative Agreements
- 516 FW 3, Signature Authority for Grant and Cooperative Agreement Awards
- Establishing an Intended Recipient's Payment Method before Obligating Funds for a New Financial Assistance Award, revised December 19, 2012.
- DIG 2008-05, Department of the Interior Guidance Release on Automated Standard Application for Payments System (ASAP)

3.0 Miscellaneous Obligation Process

The Service uses the "miscellaneous obligation process" to obligate funds for the following purposes:

- Intra-agency agreements
- Miscellaneous obligations

Unlike the requisitions process described in section 1.0, the miscellaneous obligation process does not require a PR in SAP. Instead, the requesting office completes the required paperwork outside of FBMS. Once the office has completed the necessary paperwork and obtained the required approvals, a user with the AP_MO role uses the "Custom MO" transaction to obligate the funds in SAP.

The AP_MO is also responsible for uploading supporting documentation to FBMS and entering the period of performance for the obligation. To do this, the AP_MO must use "Change MO" transaction after he/she creates the obligation and upload the appropriate supporting documentation as an attachment. As part of this step, the AP_MO should verify that the "Goods Receipt" flag on the "Delivery" tab is not checked and enter the period of performance start and end dates on the "Public Sector" tab.

See the FBMS Accounts Payable page on InsideFWS (https://inside.fws.gov/go/post/FBMS-BP_AP) for additional information about processing an MO and step-by-step instructions on how to complete this activity in FBMS.

3.1 Intra-agency Agreements

A Service office must create an intra-agency agreement when purchasing goods or services from another DOI Bureau. To obligate an intra-agency agreement, the Service office must complete FWS Form 3-2366 DOI Inter-Intra-agency Agreement Form as described in Service Manual Part 264, FW 2, Exhibit 1.

As provided by Service Manual Part 264 FW 2.12.B. Regional Directors and Assistant Directors may approve and sign intra-agency agreements. A Regional or Assistant Director may delegate his/her authority down to the Assistant Regional Director or Deputy Assistant Director level.

After both Bureaus sign the reimbursable agreement, the FWS office should send the agreement to the program's AP_MO user. The AP_MO may then create a custom MO to obligate the funds, as described in section 2.3.

Since the FBMS obligating document number is generally required on the agreement, the FWS office should send it to the program's AP_MO user after the FWS official has signed the agreement. The AP_MO may then create a custom MO to obligate the funds and write the obligating document number on the agreement. Once the agreement is signed by both parties, the AP_MO must use the "Change MO" transaction in FBMS to upload the agreement and enter the period of performance.

3.2 Miscellaneous Obligations (MOs)

FBMS users with the AP_MO role may create MOs for the following actions:

- Micro-purchases which do not include sensitive property, using SAP to pay the vendor;
- Training/educational courses;
- Printing;
- General Services Administration (GSA) Reimbursable Work Agreements paid outside of leased space;
- Interagency Personnel Act Agreements (IPAs);
- Intra- Inter-agency Travel Agreements (ITAs; use FWS Form 3-2368);
- Office of Personnel Management (OPM) background investigations;
- Government bills of lading (GBL) not related to employee relocation;
- Land acquisitions;
- Tort claims;
- International agreements; and
- Non-Fleet aviation services (the Interior Business Center (IBC) will distribute the IPAC charges and reference the office's obligation);

Offices should ensure that if the payment is not able to reference the obligation, the obligation is de-obligated. Offices should particularly review any miscellaneous obligations created for the following due to the following:

- Leased space costs for the upcoming fiscal year, using current year appropriations.
- Fleet aviation services

For a list of the items that may be paid non-referencing, see AP-01 FBMS Payment Processes and Procedures. The office must attach the supporting documentation in FBMS, clearly indicate the period of performance, and select "service" as the line type. The office must take care to select the correct commitment item (budget object class) when using an MO. Offices may not use budget object class 252Z – Contracts, Other for MOs. Offices should contact their Regional Budget and Finance Offices with any questions regarding the appropriate budget object classes for transaction types.

Under no circumstances shall an office use an MO for the following:

- An item subject to the FAR for a procurement above the micro-purchase level. MOs performed for procurements above the micro-purchase level covered by the FAR will be subject to acquisition ratification procedures.
- Purchase of controlled property (i.e., laptops, firearms).
- A financial assistance action. MOs coded to financial assistance budget object classes (i.e., 411C, 411G) will be de-obligated centrally and offices will need to re-obligate through PRISM.

4.0 Special Considerations: Permanent Change of Station (PCS) and Temporary Duty (TDY) Travel

The process for obligating travel-related costs differs, based on the type of travel and whether or not the office/program uses the IBC's services. The processes for obligating PCS moves and TDY travel include the special considerations listed below.

4.1 PCS Transactions

The process for obligating PCS transactions differs as follows, depending upon whether the office/program uses the IBC's PCS counseling services or not.

If the office/program uses IBC PCS counseling services: The IBC performs all PCS transactions in FBMS, with the exception of transactions associated with the relocation services contract. Please refer to the Accounts Payable page on InsideFWS for IBC points of contact for payments.

If the office/program does not use IBC PCS counseling services: The user with the Regional/Programmatic FBMS PCS Coordinator (PCS_CO) role must obligate the PCS. The PCS_CO is responsible for entering the FWS Form 3-139 Employee Relocation Allowance Data Sheet and SF-1038 Advance of Funds Application and Account in FBMS and generating a DI-1020 Travel Authorization. Once the Travel Authorization is signed and approved, the PCS_CO uploads the FWS Form 3-139, signed DI-1020, Employee Service Agreement, and SF-1038 into FBMS. The PCS_CO obligates the funds and records any travel advances. The PCS_CO is responsible for recording any modifications related to the PCS, including de-obligations.

As required by Departmental policy, all transactions associated with the relocation services contract must be obligated in PRISM. The gaining program or Service office is responsible for initiating a PR in SAP that is obligated in PRISM by a user with the ACQ_CO role.

4.2 TDY Travel

The Service does not obligate TDY travel, except in limited cases where a Service traveler receives a TDY travel advance through SF-1038 Advance of Funds Application and Account. An office/program completes the SF-1038, citing the FBMS cost structure and BOCs related to the obligation. The approved SF-1038 is then sent to IBC; IBC processes the TDY travel advance and obligates the funds in FBMS. All TDY travel must be processed through E-Travel Service Provider (either GovTrip or Concur), unless it is undercover Law Enforcement travel or a trip specifically exempted from this requirement by the Chief, DFM.

5.0 Proper Recording of Prior Year Recoveries

A prior year recovery is recorded when an obligation incurred in a prior fiscal year is de-obligated. The prior year recovery balance is maintained in a separate general ledger account and reported to Treasury and the Office of Management and Budget (OMB). Recoveries of prior year obligations are monitored and apportioned by the OMB. If these incorrect or invalid statements of recoveries are reported and presented in our budget, OMB is of the position that high value amounts are a reflection of poor management, and therefore can be used as an offset and rescinded permanently. Therefore, the Service has incentive to ensure that only valid prior year recoveries are recorded in FBMS.

In anticipation of FMM 2012-017 more stringent mandate of monthly, rather than quarterly reconciliations once all bureaus are deployed to FBMS, the Division of Financial Management requests each Regional Budget and Finance Office to provide their Region's invalid prior year recoveries on a monthly basis. The General Accounting Section within DFM will be sending a Prior Year Recoveries report monthly to the Regional Budget and Finance Officer and FBMS manager. The Regional Budget and Finance Office should work with their Programs to identify and highlight the invalid prior year recoveries on the report. The General Accounting Section will make the necessary journal voucher adjustments to correct the transactions.

Examples of invalid recoveries include:

- Administratively de-obligating a prior year obligation and re-obligating a contract or financial assistance award due to an error in the award information.
- De-obligating a prior year obligation based on an invoice believed to represent final payment. Subsequently, it was found that it should have been noted as an interim payment. The amount de-obligated must be re-established, so final payment can be made.
- De-obligating a prior year obligation that was made as a budgetary accrual, such as leased space which is paid non-referencing.
- De-obligating a prior year obligation that should have been paid referencing, however, for whatever reason, the payment was made non-referencing.

Offices must include in the FBMS header text section an explanation of the reason an obligation was de-obligated. The description is very important in cases where an invalid recovery occurs.

Please note that this only applies to prior year obligations. De-obligations made to current year obligations, whether in error or not, always go back to the undelivered order account and do not represent a financial or budgetary reporting error.

Reference Tables

Table A – What Must Be Obligated?

Type of Transaction	System	Role	Documentation
Non-Government Vendors			
Financial Assistance Agreements, including: <ul style="list-style-type: none"> • Cooperative Agreements, including Private Land Agreements (Wildlife Extension Agreements) and Challenge Cost Share Agreements • Grants 	PRISM	FA_AGO	Signed Agreement
Any transactions (including charge card) above the micro-purchases level; \$2,500 and greater for services (i.e. Contracts, contract modifications purchase order), \$3,000 and greater for supplies, and \$2,000 and greater for construction. For sensitive property, see below.	PRISM	ACQ_CO	Signed Contract
Indefinite Delivery, Indefinite Quantity (IDIQs), Blanket Purchase Agreements (BPAs), Task Orders against IDIQs, BPA calls.	PRISM	ACQ_CO	Signed Contract
Contracts, Contract Modifications, Purchase Order below micro-purchase level for sensitive equipment (servers, laptop, desktop, firearms)	PRISM	ACQ_CO	Signed Contract
Commercial Bill of Lading (CBL) Government Bill of Lading (GBL)	SAP	AP_MO	Travel Authorization or CBL / GBL
Land Acquisition – Service Owned	SAP	AP_MO	Signed Contractual agreement between Realty Officer and third party.

Type of Transaction	System	Role	Documentation
PCS Travel (except Relocation Services Contractor)	SAP	PCS_CO	<ul style="list-style-type: none"> Signed DI-1020 FWS 3-139 Employee Service Agreement. SF-1038 (if applicable).
Relocation Services Contract	PRISM	ACQ_CO	Signed purchase order. Must include the employee's name and vendor code on the purchase order's short text field.
Training and Educational Courses	SAP	AP_MO	Signed SF-182 and DOI Learn entry. Must obligate with commitment item 252S or 252T.
Realty Transactions (Appraisals, Title Search, Closings, Environment Tests, etc.)	SAP	AP_MO	<p>Written quote or contract/Intra-agency agreement from one of the following:</p> <ul style="list-style-type: none"> Appraiser Title Company Vendor
Government Vendors			
Government Printing Office (GPO)	SAP	AP_MO	Approved GPO Forms
GSA Advantage, over \$2,500	PRISM	ACQ_CO	Signed Purchase Order

Type of Transaction	System	Role	Documentation
GSA Reimbursable Work Agreement (RWA)	SAP	AP_MO	Signed RWA. Use Commitment Item 253A or 253B.
GSA Motor Vehicle Purchase (AutoChoice)	SAP	See Section 1.2 of Attachment 1	Motor Vehicle Delivery Order. Use commitment item 311L if \$15,000 or over. Use commitment item 312L if under \$15,000.
Intra-Governmental Transactions (where the Service is the buyer from another DOI Bureau)	SAP	AP_MO	Agreement signed by Regional ARD or Washington Deputy AD and DOI Bureau. Use commitment item of 253G or more applicable commitment item (e.g., accountable property item).
Inter-Governmental Transaction (where the Service is the buyer from another Federal Agency)	PRISM	ACQ_CO	Agreement signed by Contracting Officer.
Intra/Inter Agency Travel Agreement	SAP	AP_MO	Signed FWS Form 3-2368.
Intra/Inter Agency Personnel Agreements (IPAs)	SAP	AP_MO	Signed Intra/Inter Agency Personnel Act Agreement.

Table B – What May be Obligated as a Miscellaneous Obligation?

Type of Transaction	Considerations	Documentation
OPM Investigations	Any prior year funding obligated to OPM Investigations is de-obligated centrally at fiscal year-end.	Spreadsheet showing unbilled OPM Investigations.
Micro-purchases using SAP	An office may generate an MO where the vendor will not accept the charge card and the transaction is under the micro-purchase level.	Quote sheet from vendor or some other document to support the MO.
Leased space costs	An office may obligate funding for estimated lease space for the upcoming fiscal year using the current year appropriation.	Estimated lease space costs worksheet, signed by office supervisor.

Table C – What Should Not be Obligated?

Type of Transaction	Comment	
Transit Subsidy	Paid non-referencing	
TDY Travel		
SF-1164s		
Volunteer Payments (FWS Form 3-2373)		
Micro-purchases using the purchase charge card, except sensitive property		Paid non-referencing
Utilities, except in limited cases. See FWS guidance Updated Procedures for Micro-Purchases and Utility Payments and Processing Referencing and Non-Referencing Payments on InsideFWS for additional information.		
Payroll		
Express Mail (FedEx), except when using GPO to obtain Government FedEx rates		

Type of Transaction	Comment
Memorandum of Understanding (MOU)	MOU is not a financial document.