Recommendation 57: Modify fiscal law to extend the duration of when funds cancel from 5 years to 8 years in expired status to align program acquisitions with funding periods and prevent putting current funds at risk and to support meeting appropriation intent.

Problem

Since the early 1990s, when Congress enacted the 5-year time limit on expired funds, DoD weapon systems and the methods used to contract for them have become more complex. By law, DoD has set periods within which it is required to obligate and disburse appropriated funds, referred to here as fund periods (obligation period based on the type of appropriation/expiration period of 5 years/cancelation). Updating the time of expired funds from 5 years to 8 years would align the fund periods with how programs are contracted, executed, and closed out.

Background

The current 5-year term for expired funds deadline (31 U.S.C. § 1552) specifies, "On September 30th of the 5th fiscal year after the period of availability for obligation of a fixed appropriation account ends, the account shall be closed and any remaining balance (whether obligated or unobligated) in the account shall be cancelled and thereafter shall not be available for obligation or expenditure for any purpose."[1] The deadline was originally codified in the FY 1991 NDAA (Pub. L. No. 10–510) as part of a broad reorganization of certain U.S. fiscal law provisions.[2] In the same NDAA, Congress provided that current appropriation accounts could be used to pay for obligations chargeable from closed appropriation accounts with a stipulation that this use "may not exceed an amount equal to 1 percent of the total appropriations for that account."[3]

Prior to 1990, DoD obligations made but not liquidated were placed into a merged (M) account at the Department of Treasury. There was a 2-year period during which funds retained their fiscal year identity after their availability for new obligations expired. Beyond this 2-year span, unobligated funds entered *merged surplus* accounts and already obligated funds entered M accounts.[4] Agencies were then able to disburse money from these accounts irrespective of fiscal year, provided they were used for the same general purpose for which Congress had originally appropriated the funding. DoD was able to access these appropriated funds without having to obtain authorizing legislation, appropriations legislation, or even reprogramming approval from Congress. This ability provided the defense acquisition system with a high degree of fiscal flexibility.

Congress enacted the 5-year time limit on expired funds in 1990 as a reaction to GAO reports that DoD spent large amounts of money using funds from the *M accounts*. One particular example cited was the Air Force contract for more than a billion dollars in upgrades to the B-1 bomber using merged account funds from the Treasury. The B-1 bomber was a high-interest item to members of Congress and the Air Force's use of the merged accounts to contract for upgrades was viewed as a circumvention of

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[1] Procedure for appropriation accounts available for definite periods, 31 U.S.C. § 1552.
[2] See Section 1405 of FY 1991 NDAA, Pub. L. No. 101-510 (1990).
[3] Availability of appropriation accounts to pay obligations, 31 U.S.C. § 1553(b)(2).
[4] An Act to revise, codify, and enact without substantive change certain general and permanent laws, related to money and finance, as title 31, United States Code, "Money and Finance," Pub. L. No. 97-258 (1982).

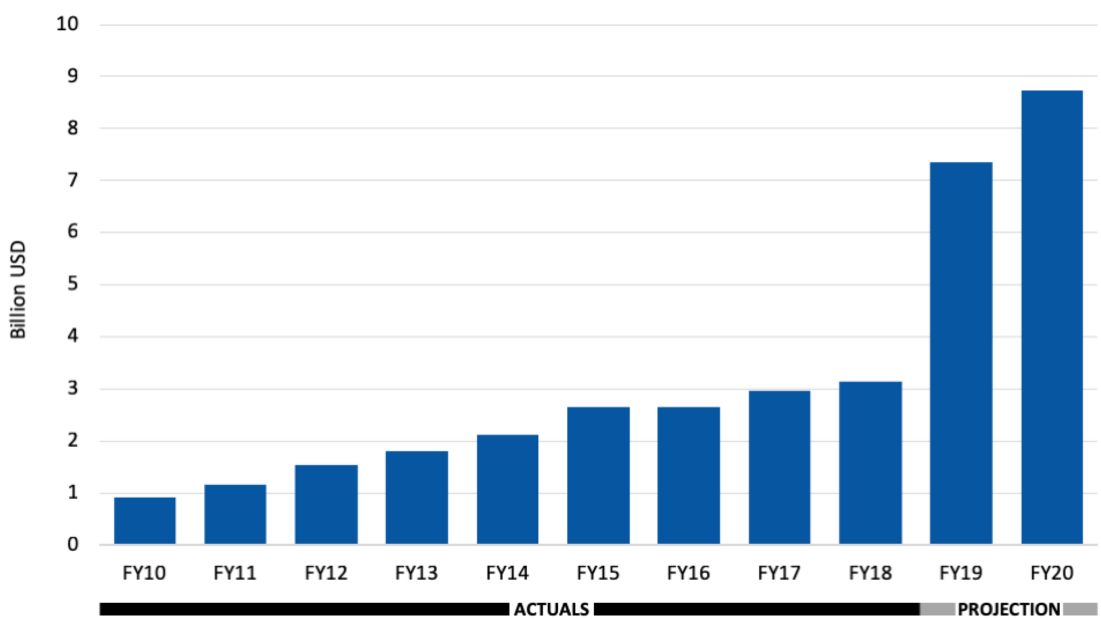
congressional oversight and prerogative. GAO noted that, as of 1990, the Army's Operation and Maintenance merged surplus account still contained spending authority dating back as far as 1956.[5] This situation resulted in the 1990 reductions in flexibility, but the expired funds deadline has been unchanged since 1990, and the basis for establishing a 5-year expiration is unclear.

Discussion

As a result of the FY 1991 NDAA (Pub. L. No. 101–510), when DoD exceeds the expired funds period, the appropriated funds cancel and are no longer available for payment. This legal time limit on payments saves no money for taxpayers or DoD as the government remains responsible for paying contractors for their work despite cancelation of appropriated funds. Instead DoD pays contractors using appropriations that have not yet cancelled (current appropriations), harming existing programs and DoD strategic interests, as well as undermining the original intent of the appropriators.

Figure 4-17 reflects that $2–3 billion was spent of current-year appropriations in FY 2016 and FY 2017 on cancelled appropriation accounts. Defense Contract Management Agency (DCMA) also projects cancelling-year actions potentially reaching $8.74 billion of current funds being at risk in the near future. DCMA will work to reduce this projection prior to FY 2020.

Figure 4-17. DCMA Projected Cancelling Year Funds at Risk ($B)[6]



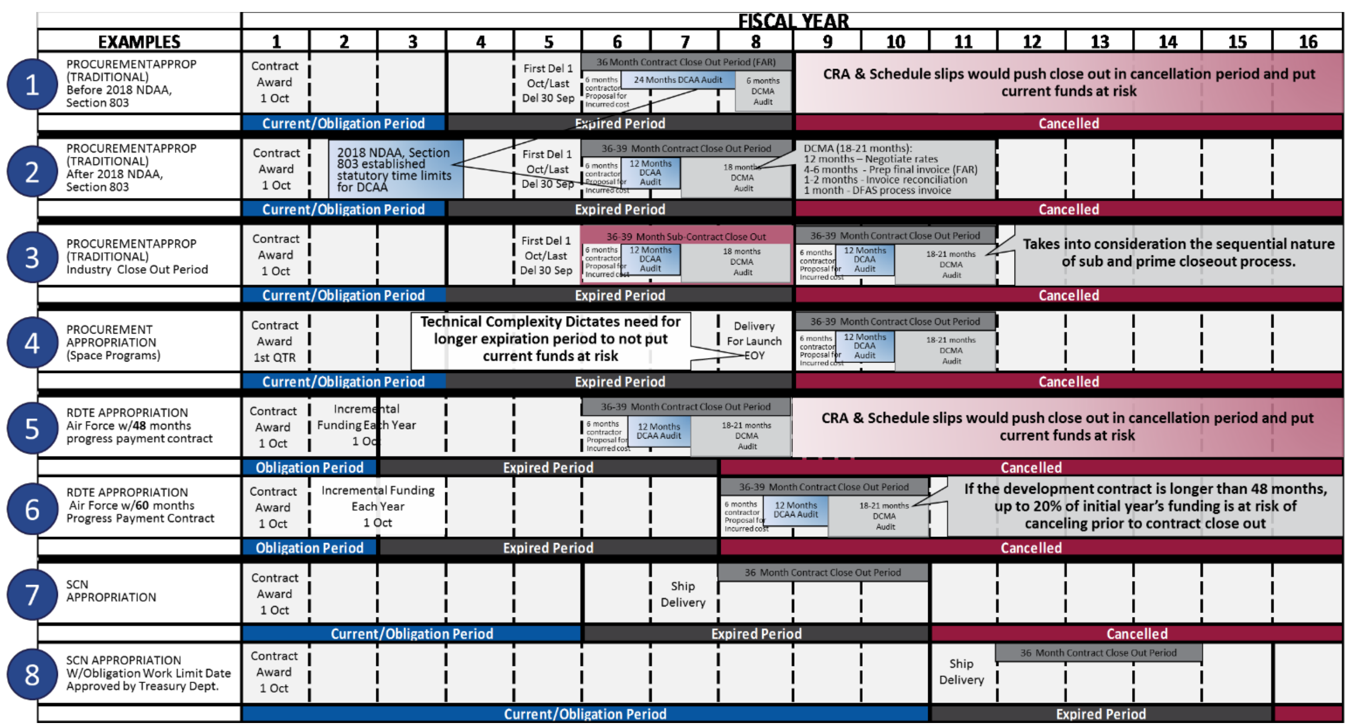
Paying for obligations chargeable to cancelled appropriation accounts creates additional workload and cost for DoD and contractors. A 2018 paper by defense industry representatives and DoD officials listed several cost estimates associated with current rules, including the following:[7]

[5] GAO, *The Government's Use of "M" and Merged Surplus Accounts, GAO/T-AFMD-90-26,* August 2, 1990, accessed November 1, 2018, https://www.gao.gov/assets/110/103446.pdf.
[6] Data points gathered from DCMA response to the RMD700A2 from the PBR19-23 cycle, email to Section 809 Panel, July 2, 2018.
[7] Statistics reported by DCMA, DFAS, and AIA in reports provided to Section 809 Panel, April 2018.

- $56 million per year in administrative activity by DoD and its contractors
- $1.2 million in administrative costs to obtain and pay for DoD contractor invoices with cancelled funds

When the 5-year expiration period was established, neither Congress nor DoD recognized how difficult it would be to close out contracts within the required statutory expiration period of 5 years. Figure 4-18 (also included as Attachment 4-1) depicts these complexities with varying examples of how fund periods (obligation/expiration/ cancelled) are associated with acquisition and delivery of weapon systems. The graphic portrays examples with different appropriations and the timelines associated with closing out flexibly priced contracts involving industry, Defense Contract Audit Agency (DCAA), and DCMA. The subsequent examples describe the complexities and how difficult it is to close out contracts within the statutory fund periods (Obligation/Expiration/Cancelled).

Figure 4-18. Contract Closeout Complexities to Stay Within Statutory Fund Periods



Note: To see a larger-scale version of this figure, see Attachment 4-1 at the end of Section 4.

Example 1

Based on contract closeout time standards provided by the FAR paying out a contract should take no longer than 3 years.[8] Example 1 is a traditional procurement, with no schedule slips or continuing resolutions. It reflects that contract closeout could be accomplished prior to funds being cancelled.

[8] Closeout by the Office Administering the Contract, FAR 4.804-1(a)(1-4).

Example 2

Example 2 reflects incorporation of Section 802 of the FY 2018 NDAA, which decreased the statutory time limit for DCAA to complete incurred cost audits, but offered more time for DCMA. Although the FAR shows 6 months for DCMA to perform closeout activities, on average it takes approximately 12 months for DCMA to negotiate final closeout rates with industry and then contractors have another 120 days to submit their final invoice, as well as an additional 1 to 2 months for invoice reconciliation. After reconciliation, DFAS has 30 days to process the invoice. Implementation of the FY 2018 provision gives DCMA time needed to conduct contract closeout activities.

Example 3

Example 3 depicts industry perception of how long it takes to close out a contract—approximately 78 months. The 78-month period is driven by the time it takes prime contractors to receive final invoices from subcontractors. The depiction doubled the time recommended by the FAR. The timeline is also affected by variation of vendors' calendar accounting cycles. Vendors cannot submit their incurred-cost proposal to DCMA until after the accounting cycle ends and all costs have been identified. This sequential process needs concurrent improvements. Industry experts believe eliminating or modifying the expired period time limits to a duration commensurate with the complexity of the acquisition process would generate substantial cost savings for DoD without creating risk for U.S. Taxpayer.[9]

Not only does it take longer to close out a contract than the FAR recommends, but also the majority of cancelling-year risk exposure is related to currently active contracts (as opposed to those contracts in closeout). A DFAS root cause data analytics initiative noted that 66 percent and 68 percent of cancelling funds in FY 2017 and FY 2018 respectively are against active contracts. Table 4-6 provides breaks out of cancelled and cancelling funds by category.

Table 4-6. DFAS Data Analytics Root Cause Analysis[10]

FY 2018 Cancelled Dollars—MOCAS DCMA and Non-DCMA Administered (July 2018)					
	ACRNS	% of ACRN	Contracts	$Billion	% of Dollars
Active Contracts	6710	34%	2150	1.078	66%
Pending Closeout	12233	61%	5299	0.434	27%
Litigation	947	5%	524	0.117	7%
Pending Adjustment	35	0%	21	.004	0%
Total	19925			**1.634**	

FY 2018 Cancelled Dollars—MOCAS DCMA and Non-DCMA Administered (July 2018)

[9] AIA, meeting with Section 809 Panel, July 30, 2018.
[10] DFAS representatives, email to Section 809 Panel, July 26, 2018.

	ACRNS	% of ACRN	Contracts	$Billion	% of Dollars
Active Contracts	9460	34%	2150	2.385	68%
Pending Closeout	17462	62%	5299	0.900	26%
Litigation	1221	4%	524	0.199	6%
Pending Adjustment	20	0%	21	0.004	0%
Total	28163			3.488	

Ongoing DFAS analysis with the Military Services continues to illuminate the relationships between cancelling-year risk exposure and contract type, incentives, and fiscal policy (e.g., effect of full funding and antecedent liabilities).

Example 4

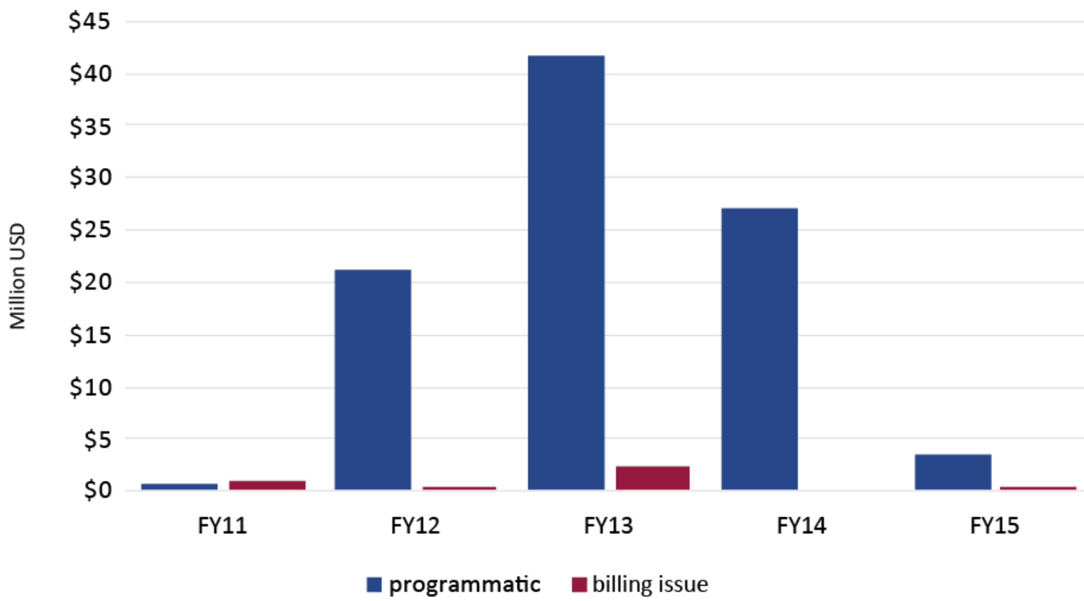
Example 4 depicts a long-duration contract for which delivery of an end item occurs at the end of the expiration period, thus contract closeout cannot begin until the funds have already cancelled. DoD requires longer delivery schedules when procuring technically complex systems, such as the satellite in this example. This contract type potentially places current funds at risk.

Examples 5 and 6

Many RDT&E funded efforts are at risk of having cancelling-year funds problems. As shown in Examples 5 and 6, if an RDT&E contract is longer than 48 months, it is likely that a portion of the initial year's funding for that contract will cancel prior to final payment. This situation happens because many RDT&E funded fixed-price contracts have progress payments limited to 80 percent of total cost, and the final 20 percent is not paid until contract closeout. DFAS default payment method is to use 80 percent of each year's funding and hold the other 20 percent for the final payment. Although RDT&E efforts are funded incrementally, up to 20 percent of the initial year's funding of an RDT&E effort may not be paid until the final closeout. Program contracts awarded prior to December 2017 could make special payment instructions (such as paying oldest-year funds first) in their contracts to mitigate the risk of having cancelling funds. Allowance for these special payment instructions was removed from the DFARS, Procedures Guidance and Information, so DoD can no longer use special instructions as a payment methodology when the line item is multifunded. Eliminating this option for dealing with cancelling funds leaves more funds at risk of cancelling. Because of the change, those contracts with special payment instructions now must be manually processed and reconciled, which increases workload at DFAS to process the special payments.

Examples 4 through 6 could place current funds at risk due to technical complexities, and DoD and industry spend many hours working to lower the risk, whether the contract is in active status or closing. Similar to the DFAS Data Analytics, the Space and Missile Systems Center (SMC) at Los Angeles Air Force Base analyzed upward obligation adjustments (UOAs) processed during a 5-year period to pay cancelled-year bills. For UOAs exceeding $10,000, SMC examined the specific cause for delayed billing and payment. SMC found that 97 percent of $116.8 million cancelled-year bills were associated with programmatic issues (e.g., hardware integration issues) on active contracts as opposed to contracts pending closeout by DCMA. SMC found that $102 million of the $116 million in cancelled-year invoices analyzed could have been paid out from the original appropriation if the period of availability was extended another 2 years. Figure 4-19 illustrates a graphical depiction of SMC's breakout of cancelled year bills by reason.[11]

Figure 4-19. SMC Cancelled Year Bills Analysis (more than $10K) By Reason



Examples 6 and 7

Examples 6 and 7 in Figure 4-18 are a Navy shipbuilding and conversion account, which has a 5-year obligation period. In accordance with the FMR, the Navy can add an additional 5 years to the obligation work limit date with approval from the Department of the Treasury.[12] Having a longer obligation period allows Navy shipbuilding to close out contracts prior to funds expiration and not place current funds at risk.

Conclusions

Industry groups and government officials have advocated for a permanent change to U.S. fiscal law extending the funds cancellation deadline from 5 to 10 years.[13] A permanent change to 8 years would better align the funding periods with how complex weapon systems are administered. This change would provide contract administration organizations that deal with contract closeouts, such as DCMA and DFAS, with the time required to close out existing contracts without accessing current-year funds and provide time needed to ensure the costs proposed are allowable, allocable, and reasonable. It could, in some cases, reduce the wait time for industry to receive payment.

Extending the expired funds period would in no way change the intended use of expired funds. The expired funds cannot be used for new obligations. Congress should extend the expiration period to

[11] SMC, email to Section 809 Panel, July 24, 2018.
[12] Shipbuilding and Conversion (SCN), Navy Appropriation, DoD FMR, Volume 3, Chapter 10, Section 100203.
[13] Representatives from defense agencies and defense contractors, discussions with Section 809 Panel, April and May 2018.

8 years, allowing complex program acquisitions ample time to close out contracts without placing current funds at risk. This practice would arguably serve the interests of Congress, by aligning disbursements more closely with the original intent of appropriations laws. It also would reduce the burden caused by addressing cancelling-year efforts and refocus efforts on actually closing out contracts.

Implementation

Legislative Branch

- Amend 31 U.S.C. § 1552 to extend time available for expired funds from 5 to 8 years.

Executive Branch

- Amend appropriate portions of the DoD Financial Management Regulation, Volume 3, to reflect the change from 5 years to 8 years.
  - Chapter 10, Accounting Requirements for Expired and Closed Accounts, Sections 1002.C, 100302.A, 100303.A, 100304.D.1-2, 100305.B.1-2, 100312.B.1, 100314.A.1, 100314.B.3.e.
  - Chapter 11, Unmatched Disbursements, Negative Unliquidated Obligations, and In-Transit Disbursements, Section 1102.F.
  - Chapter 13, Receipt and Distribution of Budgetary Resources Departmental-Level, Section 130202.A.2.b, 130208.B.
  - Chapter 15, Receipt and Distribution of Budgetary Resources – Execution Level, Section 150305.A-B, 150306.A & C.

Implications for Other Agencies

- There are no cross-agency implications for this recommendation.

RECOMMENDED REPORT LANGUAGE

SEC.___. EXTENSION OF PERIOD FOR CLOSURE OF FIXED APPROPRIATION ACCOUNTS FOLLOWING EXPIRATION OF AVAILABILITY FOR OBLIGATION.

This section would amend section 1552(a) of title 31, United States Code, to increase the period for closure of fixed appropriation accounts following expiration of availability for obligations from five years to eight years. After the eight years, an account would be closed and any remaining balance (whether obligated or unobligated) in the account would be cancelled and would not be available for obligation or expenditure for any purpose.

The committee notes that when agencies exceed the time available for payments of obligations (the expiration period), the appropriated funds are canceled and are no longer available for payment. The committee further notes that this legal time limit on payments saves no money for the taxpayer or agencies since the government remains responsible for paying vendors for their work despite the cancellation of appropriated funds. Instead agencies must pay vendors using current appropriations, potentially harming existing programs and agencies' strategic interests, as well as undermining the original intent of the appropriators.

RECOMMENDATION 57:

SEC. ___. EXTENSION OF PERIOD FOR CLOSURE OF FIXED APPROPRIATION ACCOUNTS FOLLOWING EXPIRATION OF AVAILABILITY FOR OBLIGATION.

(a) PERIOD FOR CLOSURE.—Section 1552(a) of title 31, United States Code, is amended by striking "5th fiscal year" and inserting "8th fiscal year".

(b) APPLICABILITY.—The amendment made by subsection (a) shall apply with respect to any fixed appropriation account subject to section 1552(a) of title 31, United States Code, that as of the date of the enactment of this Act has not been closed pursuant to that section.

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Title 31—MONEY AND FINANCE

CHAPTER 15— APPROPRIATION ACCOUNTING

SUBCHAPTER IV-CLOSING ACCOUNTS

§ 1552. Procedure for appropriation accounts available for definite periods

(a) On September 30th of the ~~5th~~ ***8th*** fiscal year after the period of availability for obligation of a fixed appropriation account ends, the account shall be closed and any remaining balance (whether obligated or unobligated) in the account shall be canceled and thereafter shall not be available for obligation or expenditure for any purpose.

(b) Collections authorized or required to be credited to an appropriation account, but not received before closing of the account under subsection (a) or under section 1555 of this title shall be deposited in the Treasury as miscellaneous receipts.

RECOMMENDED REGULATORY REVISIONS

Recommendation 57
DoD 7000.14-4 Financial Management Regulation
Volume 3

CHAPTERS 1-9 – NO CHANGE

CHAPTER 10

ACCOUNTING REQUIREMENTS FOR EXPIRED AND CLOSED ACCOUNTS

*1001 GENERAL

100101. Purpose – No Change

100102. No Change

*1002 DEFINITIONS – No Change

A. Adjustments to Expired or Closed/Cancelled Accounts. No Change

B. Closed/Cancelled Accounts. No Change

C. Expired Account or Appropriation. Appropriation or fund account in which the balance is no longer available for incurring new obligations, but is still available for recording, adjusting, and liquidating valid obligations. The account remains available for such purposes for ~~five~~ *eight* years after expiration.

D. Fixed Accounts. No Change

E. Unexpired Accounts. No Change

F. Unrecorded Obligations. No Change

1003 STANDARDS

*100301. Accounts – No Change

100302. Expired Accounts

A. Expired funds retain their fiscal year identity for ~~five~~ eight years after the time an appropriation expires (see Chapter 13, subparagraph 130208.B). Expired funds are not available for new obligations. Both the obligated and unobligated balances of expired appropriations must be available for recording, adjusting, and liquidating obligations properly chargeable to that account.

B. No Change

100303. Closed/Cancelled Accounts

A. Certain appropriations are available for obligation for a specific period, i.e., annual and multi-year appropriations. Both the obligated and unobligated balances of such appropriations must be closed/cancelled, and are no longer available for obligation or expenditure for any purpose, on September 30th of the ~~fifth~~ *eighth* fiscal year after the expiration of an appropriation's period of availability for incurring new obligations (31 U.S.C. § 1552(a)).

B-F – No Change.

100304. Contract Change Provisions

A-C – No Change

D. 10 U.S.C. § 7313 permits expired appropriations available to DoD to be used for new obligations of appropriations for certain ship overhaul, maintenance, and repair efforts. Those purposes are obligation of expired funds for unusual cost overruns incident to overhaul, maintenance and repair of vessels under commercial contract or by industrial-fund activity (10 U.S.C. § 7313(a)), and changes in scope of work for ship overhaul, maintenance, and repair performed under a contract or by an industrial-fund activity (10 U.S.C. § 7313(b)). There is a statutory congressional notification requirement for funding of unusual cost overrun obligational adjustments. Requests must be submitted to the Office of the Under Secretary of Defense (Comptroller) (OUSD(C), Deputy Comptroller (Program/Budget) (P/B).

1. While expired appropriations may be used in certain instances for new obligations; those appropriations are not available beyond the end of the ~~fifth~~ *eighth* fiscal year following their expiration.

2. The DoD appropriations, primarily the Operation and Maintenance appropriations as covered by 10 U.S.C. § 7313(b), expire and are closed/cancelled at the same time as other appropriations. For example, within the Navy, these appropriations are not available for the payment of changes in the scope of work for ship overhaul, maintenance, and repair beyond the end of the ~~fifth~~ *eighth* fiscal year following the expiration of such appropriations for other purposes.

100305. Shipbuilding and Conversion, Navy

A. No change

B. DoD and Treasury employ special procedures to establish extended availability authority for the SCN appropriations because not all work required to induct a ship into the fleet can be completed within the first five years of availability of an SCN appropriation. The procedures are summarized as follows:

1. The fiscal year of the latest obligation work limiting date (OWLD) for the last vessel financed by a particular SCN appropriation must represent the period of availability for obligation. After such date, the appropriation enters an expired status for ~~five~~ *eight* years and the balances are available only for obligation adjustments and payments.

2. An SCN appropriation is closed/cancelled on September 30 of the ~~fifth~~ *eighth* year following the year of the last OWLD. Before the end of each fiscal year, DoD notifies Treasury of the last OWLD for the SCN appropriation that will be expiring on September 30 of that fiscal year. By the ninth workday of November of each year, the unobligated and obligated balances of that SCN appropriation are transferred by preparing the SF 1151, Nonexpenditure Transfer Authorization, to a new Treasury fiscal year symbol. (See the TFM Volume I, Part 2, Chapter 2000.) For example:

On September 18, 1995, the Navy notified Treasury that the last OWLD for the FY 1991/1995 SCN appropriation was September 30, 2001. Before November 14, 1995, the balances of that SCN appropriation were transferred to the FY 1991/2001 SCN appropriation with a cancellation date ~~five~~ *eight* years later, September 30, 2006.

100306. Obligation Adjustment for a Contract Change Greater Than $4 Million – No Change

100307. Obligation Adjustment for a Contract Change Equal to or Greater than $25 Million – No Change

100308. Replacement Contracts – No Change

100309. Obligation Adjustments or Payments from Current Appropriations for Closed/Cancelled Accounts – No Change

100310. Current Appropriations Used for Expired Appropriations with Insufficient Obligation Authority - No Change

100311. Collection Credits After an Account is Closed/Cancelled – No Change

100312. Exceptions to an Account's Period of Availability for Adjusting and Liquidating Obligations

A. No Change

B. The availability for expenditure of specific accounts may be changed only through specific legislation. Request this authority only when payment of old balances from unexpired funds (based on historical outlay data) regularly would exceed the one percent limitation or would severely impact the current program.

1. When the nature of a DoD Component's program requires disbursements beyond the ~~five~~ *eight*-year period, the Component must submit proposed changes in appropriation language to OUSD(C), P/B. OUSD(C), P/B will submit the proposed changes to OMB for approval.

2. No Change

100313. Antideficiency Act Violations – No Change

100314. Control, Reporting, and Certification Requirements

31 U.S.C. §§ 1554 and 1556, as amended, contain permanent audit, control, and reporting requirements pertaining to the liquidation of obligations.

A. Control Requirements

1. 31 U.S.C. § 1554(a) stipulates that any audit requirement, limitation on obligations, or reporting requirement applicable to an appropriation must continue to apply to that appropriation following expiration of the period of availability for new obligation of that appropriation. If an appropriation act contains a limitation on the obligation of funds for a program, project or activity, or other purpose; that limitation continues during the ~~five~~ *eight*-year period after the period of availability for new obligations expires. Additionally, the limitation continues after the appropriation has been closed/cancelled.

2- 3. No Change

B. Reporting and Certification Requirements. – No Change

1. Due Date. – No Change

2. Distribution Requirements. – No Change

3. Contents. 31 U.S.C. § 1554(b) requires that these reports must contain:

a.-d. – No Change

e. Identification of all balances closed/cancelled on September 30th of the ~~fifth~~ *eighth* year following the expiration of an appropriation account's availability for incurring new obligations (31 U.S.C. § 1552(a)). These balances are reported on the fiscal year-end FMS 2108.

f. –g. – No Change

100315. Other Requirements – No Change

CHAPTER 11

UNMATCHED DISBURSEMENTS, NEGATIVE UNLIQUIDATED OBLIGATIONS, AND IN-TRANSIT DISBURSEMENTS

1101 - No change

1102 DEFINITIONS

* The definitions provided in this section describe terminology associated with UMDs, NULOs, and in-transit disbursements. Some of these definitions are expanded to provide information specifically for purposes of this chapter.

A. – E. – No Change.

F. Expired Account or Appropriation. An appropriation or fund account in which the balance is no longer available for incurring new obligations, but is still available for recording, adjusting, and liquidating valid obligations. The account remains available for such purposes for ~~five~~ *eight* years after expiration.

G-T – No Change

1103-1116 – No Change

CHAPTER 12 – NO CHANGE

CHAPTER 13
RECEIPT AND DISTRIBUTION OF BUDGETARY RESOURCES DEPARTMENTAL-LEVEL

1301 GENERAL

130101 – 130103 – No Change

1302 STANDARDS

*130201. Accounts – No Change

130202. Appropriations

A. Appropriations are statutory authorities to incur obligations (see subparagraph 130204.B for an exception) and make payments from the Treasury for specified purposes. The making of an appropriation must be stated expressly. An appropriation may not be inferred or made by implication. An authorization act is a statute, passed annually by Congress, which authorizes the appropriation of funds for programs and activities. An authorization act does not provide budget authority. That authority stems from the appropriations act. Authorization acts frequently contain restrictions or limitations on the obligation of appropriated funds. An appropriations act is the most common form of budget authority. Budget authority has the following characteristics:

1. Period of Availability. No Change

2. Phases of Availability. Annual and multi-year appropriations pass through three phases of availability.

a. Current or Unexpired Phase. The current or unexpired phase is the time period when the appropriations are available for incurring new obligations.

b. Expired Phase. The expired phase is the period of time when the appropriations are no longer allowed to incur new obligations but still available to liquidate valid obligations incurred during the unexpired phase. Adjustments, such as contract changes, may be made to increase or decrease valid obligations that were made before the appropriations expired. Normally, this phase lasts for ~~five~~ *eight* years except when a law specifically lengthens this phase. See Chapter 10 for accounting requirements for expired accounts.

c. Cancelled Phase. – No Change

3- 8. – No Change

B-C. – No Change

130203 – 130207 – No Change

130208. Withdrawals and Restorations

A. No Change

B. Expired balances retain their fiscal year identity for the following ~~five~~ *eight* fiscal years. During this ~~five~~ *eight* year period, the unobligated balance of an expired fund is available only for adjustments to obligations initially incurred during the fiscal year (or years) for which the appropriation account was available. The unobligated balance of an expired fund may not be used to create new obligations. Normally, at the end of the ~~five~~ *eight* year period, any remaining unobligated balance and unliquidated obligations must be transferred to account 4350, *Cancelled Authority*.

C – D – No Change

130209 – 130210 – No Change

1303 ACCOUNT ADJUSTMENTS AND CLOSING – No Change

CHAPTER 14 – NO CHANGE

CHAPTER 15

RECEIPT AND DISTRIBUTION OF BUDGETARY RESOURCES – EXECUTION LEVEL

1501-1502 – No Change

1503 ACCOUNT ADJUSTMENTS

150301 – 15304 – No Change

150305. Expired and Canceled Accounts

A. For ~~5~~ *8* years after the time an appropriation expires for incurring new obligations, both the obligated and unobligated balances of that appropriation will be available for recording, adjusting, and liquidating obligations properly chargeable to that account.

B. For appropriations that are available for obligation for a specific period, i.e., annual and multi-year appropriations, on September 30 of the ~~fifth~~ *eighth* fiscal year after an appropriation's period of availability for incurring new obligations expires, both the obligated and unobligated balances of that appropriation are required to be canceled and will no longer be available for obligation or expenditure for any purpose.

C – E – No Change

150306. Expired Authority

A. Accounting. Expired authority is composed of (a) unobligated balances and (b) obligated but unliquidated balances remaining in appropriations that are no longer available for incurring new obligations. The balances are no longer available because the time available for incurring such obligations has expired. Separate accounts for each expired fixed appropriation must be maintained by its fiscal year identity for ~~5~~ *8* years following the appropriation's period of availability for obligation.

B. Elimination of Unobligated Balances – No Change

C. Adjustments. During the ~~5~~ *8* years following the appropriation's period of availability for obligation, obligations may be adjusted upward and downward and disbursements may be made from these expired appropriations. Account 465000, *Allotments – Expired Authority*, is a credit balance account that, prior to appropriation cancellation, is equal to the balance of unobligated expired program budget authority. Expired authority, prior to appropriation cancellation, provides the ability to a DoD Component to adjust obligations upward that were previously under recorded or to record obligations that should have been recorded (but were not) against an expired appropriation before its expiration.

150307. Canceled Authority – No Change

CHAPTERS 16-19 – NO CHANGE