

SECTION 12 -- SPENDING AUTHORITY FROM OFFSETTING COLLECTIONS AND TRANSFERS

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Ex-12 Transfers of Budgetary Resources Among Federal Government Accounts

Summary of Changes

Clarifies advances without orders deposit fund accounts (12.2).

12.1 What is spending authority from offsetting collections?

Spending authority from offsetting collections is the budget authority that is financed by payments and repayments authorized by law to be credited to an appropriation or fund account. Offsetting collections consist of :

- Advances and reimbursements,
- Refunds, and
- Other income.

You may not retain collections unless you are authorized by a law. This prohibition is in 31 U.S.C. 3302(b).

12.2 What are advances and which account should receive the deposit?

Advances are amounts of money prepaid to a Federal Government account for the later receipt of goods, services, or other assets, or as matching funds.

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When an advance is required, the budgetary resource provided by the order is denominated by the cash accompanying the order. The advance, per se, is not available for obligation. If both the order and the advance were to be available for obligation, budgetary resources would be double-counted.

Deposit advances *with orders* in the appropriate appropriation/fund or receipt account.

Deposit advances *without orders* as follows:

If the advance is from...	Deposit the advance in...
A non-Federal source	Deposit fund account (6500)
A Federal source	An intragovernmental clearing account (F3885)

12.3 What are refunds?

Refunds are the repayments of excess payments. The amounts are directly related to previous obligations incurred and outlays made against the appropriation. Deposit refunds to the credit of the appropriation or fund account charged with the original obligation as follows:

- Refunds collected by unexpired annual and multi-year appropriations and uncanceled no-year appropriations:
 - ▶ Net refunds received in the same fiscal year as the obligations are incurred against “Obligations incurred” (line 8 of the SF 133) without further identification. These amounts have already been apportioned to the current year.
 - ▶ Enter refunds of prior year obligations on line 3A1 when collected. These amounts must be reapportioned before being reobligated.
 - ▶ Refunds receivable usually are not budgetary resources available for obligation until the refund is collected.
- Refunds collected by expired annual and multi-year appropriations are available for upward adjustments of valid obligations incurred during the unexpired period but not recorded.
- Deposit refunds to canceled annual, multi-year, or no-year appropriations in miscellaneous receipts in the Treasury.

12.4 What types of laws allow me to use advances or reimbursements that I collect in return for providing others with goods and services?

The types of laws that allow you to use advances or reimbursements for providing goods and services are:

- Laws that establish revolving funds, including franchise funds;
- The Economy Act (31 U.S.C. 1535); and

- Provisions in your appropriations act, your authorizing legislation, or other substantive laws that allow you to use the amounts that you collect.

12.5 When may I use a revolving fund?

You may use a revolving fund when a law establishes the revolving funds and authorizes you to credit payments to the revolving fund that performs the work. Revolving funds operate on a reimbursable basis when working capital (undisbursed cash) is available. Otherwise, advance payments must accompany orders. You may *not* disburse revolving funds into a negative cash position in anticipation of Federal or non-Federal reimbursements.

12.6 What does the Economy Act allow?

The Act authorizes the head of an agency or major organizational unit within an agency to place an order with a major organizational unit within the same agency or another Federal agency for goods or services provided that:

- The ordering agency has enough money to pay for the order.
- The head of the ordering agency or unit decides the order is in the best interest of the United States Government.
- The agency or unit to fill the order is able to provide or get by contract the ordered goods or services.
- The head of the ordering agency decides that the ordered goods or services cannot be provided by contract as conveniently or cheaply by a commercial enterprise.

Transactions authorized by the Economy Act are limited by the statutory requirement that the amount obligated by the ordering appropriation is required to be deobligated to the extent that the agency or unit filling the order has not incurred obligations before the end of the period of availability of the ordering appropriation.

Under the Economy Act, payment may be made in advance or reimbursements may be made. Advances and reimbursements from other Federal Government appropriations are available for obligation when the ordering appropriation records a valid obligation to cover the order.

12.7 How should I treat reimbursable work with another Federal agency under the Economy Act?

When you anticipate but have not yet received an order, whether or not you received an advance, enter the amount on line 3C of the SF 133, "Anticipated for rest of year: Without advance."

When you receive the order, move the amount of the order from line 3C to line 3B2, "Change in unfilled customer orders: Without advance from Federal sources." If the order is accompanied or preceded by an advance payment, move the advance payment (up to the amount of the order) to line 3B1, "Change in unfilled customers' orders: Advance received."

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If you do not record valid obligations to cover all or part of an order before the period of availability to make obligations of the ordering account expires, then you may not fill that part of the order. You must send back any cash advances not covered by obligations back to the ordering account. If you are the ordering agency, deobligate funds not covered by obligations by the performing account and record the corresponding adjustments. Use line 4A of the SF 133, "Recoveries of prior year obligations, actual," for obligations incurred in prior fiscal years. For obligations incurred in the current fiscal year, net the amount against the appropriate line 8, "Obligations incurred." If a cash advance accompanied the order, use line 3A1 when you collect the refund. These will be start of year unobligated balances available for adjustments but not new obligations in the expired years.

When you fill the order, move the amounts earned and collected to line 3A1, "Earned: Collected." Move the amounts earned but *not* collected to line 3A2, "Earned: Receivable from Federal sources."

If you receive payment for a filled order *after* the period of obligational authority of the performing appropriation has *expired*, credit the payment to the expired appropriation, unless the law expressly prescribes other procedures.

If you receive payment *after* your performing account has been *anceled*, you must send the amounts to miscellaneous receipts in the Treasury.

If the period of disbursement for your account is canceled before you reimburse the appropriation that performed the work, you can only make the repayment from an unexpired appropriation that is available for the same purpose as the closed account.

12.8 When may I accept payments from the public?

If the law authorizes an expenditure account to perform work for the public and to credit collections from the public as spending authority, you may cover obligations incurred by the account by:

- Advances collected up to the amount of accompanying orders. (You must deposit amounts greater than accompanying orders in a deposit fund. The expenditure account may *not* incur obligations against amounts *greater than* the order.)
- Working capital that is available for this purpose.

12.9 What kinds of transfers are possible between two Federal accounts?

Transfers between two Federal Government accounts are of two general types: nonexpenditure and expenditure transfers. Exhibit 12 is an overview, in chart form, of the types of transfers, their nature, Treasury accounting treatment, and budget execution treatment.

Transfers between two Federal Government accounts move budgetary resources from one account to another account. You may *not* transfer budgetary resources unless specifically authorized by law (31 U.S.C. 1532). You may only obligate amounts transferred for the same period as the original appropriation, unless the statutory language authorizing the transfer provides for a change.

12.10 What are nonexpenditure transfers?

Nonexpenditure transfers are transfers of authority to obligate in the form of increases and decreases of either new BA or balances.

If the amounts are...	Then...
New BA	Include the amounts transferred (positive and negative) on line 1D of the SF 132 and SF133
Unobligated balances brought forward from prior years, actual	Include the amounts actually withdrawn and credited on line 2B of the SF 132 and SF 133
Unobligated balances brought forward from prior year, anticipated	Include the amounts of anticipated transfers in lines 2C of the SF 132 and SF133

Do not record:

- Obligations, outlays, or expenditures in the transferring account, or
- Spending authority from offsetting collections in the receiving account.

Make nonexpenditure transfers directly between two existing accounts or by using allocation accounts.

1. *Direct transfers of obligational authority* usually benefit the receiving account. The transactions in this category are:

- Reorganization transfers -- Are transfers resulting from reorganizations in which activities and the related funds are transferred to different departments, agencies, bureaus, or accounts.
- Changes in appropriation patterns -- Are transfers resulting from consolidations or mergers of appropriations and funds.
- Redistribution of appropriations and balances -- Include the administrative exercise of general statutory authority. For example, authority provided to the head of an agency to transfer funds for a specific purpose such as fighting forest fires, to finance additional funding requirements such as pay, or within a fixed percentage or sum specified by law.

2. *Allocation accounts* usually benefit the parent account.

- Establishment -- The authorizing law may delegate to another agency the authority to obligate and spend funds made available to your agency. Place the funds in a subsidiary allocation account (also known as a transfer appropriation account) within the original account. Allocation accounts carry the same symbol and title as the parent account with a 2-digit prefix for the organizational code of the receiving agency (Department) and a one or two digit suffix for the organizational subunit (bureau). (See section 30.)
- Availability -- Amounts in allocation accounts are available for obligation only for the same period as the parent account from which the amounts have been transferred.

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- Apportionment -- Submit a consolidated SF 132 covering the parent account and all subsidiary allocation accounts. See section 20.19 for further details.
- Reports on budget execution -- Submit each allocation transfer account separately through FACTS II. See section 30 for further details.

12.11 What are expenditure transfers?

Expenditure transfers are payments or repayments between two Federal Government accounts. Record obligations and outlays in the paying account; record spending authority from offsetting collections in the receiving account and subsequently, the obligation and outlay of the offsetting collection.

Expenditure transactions may include:

- For the paying agency, orders for goods, services or equipment you place with other agencies, where the payment is made after delivery takes place or where advance payment is made for services to be provided by the performing agency.
- Payments between accounts to carry out the purposes of the paying account, even though there are no specific orders involved; for example, where the law specifies that a particular amount will be paid from one appropriation or fund account to another in order to carry out the general purposes of the first appropriation or fund account.
- Payments between the Federal funds group (general, special, and revolving fund accounts) and trust funds. Treat the transactions in the paying account the same as transactions with the public.

Report an obligation in the paying account when an order is placed. Report an outlay when payment is made.

When you accept an order from another account into an appropriation or fund account, record the amount as an unfilled customer order. Record it as an earned reimbursement when the amount is earned. Record the change in unfilled customer orders from the beginning of the fiscal year on line 3B of the SF 132 and SF 133.

Record spending authority from offsetting collections in special and non-revolving trust fund accounts, as the receiving account, only when being reimbursed from a Federal fund account under the Economy Act (31 U.S.C. 1535) or as authorized by law. Record other expenditure transfers-in from Federal funds to a non-revolving trust fund account on line 1A of the SF 132 and SF 133 (for example, transfers from an agency's general fund feeder account into the agency's trust fund account). Similarly, record expenditure transfers-in from trust funds to a special fund account on line 1A of the SF 132 and SF 133.

**Transfers¹ of Budgetary Resources Among
Federal Government Accounts**

TYPE OF TRANSACTION	NATURE OF TRANSACTION	TREASURY ACCOUNTING TREATMENT	BUDGET TREATMENT
I. NONEXPENDITURE TRANSFERS			
A. TRANSFER OF AUTHORITY TO OBLIGATE	Transfers to carry out the purposes of the RECEIVING ACCOUNT, for example, to shift resources from one purpose to another or to reflect a reorganization.	TRANSFER via S.F. 1151	The TRANSFERRING ACCOUNT reports a transfer out of budget authority or balances. THE RECEIVING ACCOUNT reports a transfer in.
B. ALLOCATION OF AUTHORITY TO OBLIGATE i.e., transfers to transfer appropriation accounts	Transfers to carry out the purposes of the RECEIVING ACCOUNT, for example, to shift resources from one purpose to another or to reflect a reorganization.	TRANSFER via S.F. 1151	Obligations and outlays are reported by the PARENT ACCOUNT.
II. EXPENDITURE TRANSFERS			
A. PAYMENTS BETWEEN TWO FEDERAL FUNDS OR BETWEEN TWO TRUST FUNDS	Payments to carry out the purposes of the PAYING ACCOUNT, such as payments in return for goods and services authorized under the Economy Act.	PAYMENTS via S.F. 224 or electronic funds transfer. ²	Obligations and outlays are reported by the PAYING account. Offsetting collections are reported by the RECEIVING account. The collections are (1) ADVANCES or (2) REPAYMENTS in the form of REIMBURSEMENTS or REFUNDS.
B. PAYMENTS BETWEEN FEDERAL AND TRUST FUNDS	All transfers between the two fund groups are expenditure transfers.	PAYMENTS via S.F. 224 or electronic funds transfer.	Same as above.

¹ A transfer is distinguished from a reprogramming in that a reprogramming is the shifting of budgetary resources within an account whereas a transfer is the shifting of budgetary resource between accounts.

² For non-Treasury disbursing offices, the equivalent of the SF 224 is the SF 1219, Statement of Accountability and SF 1220, Statement of Transactions.