

Undisbursed Balances in Expired Grant Accounts

An October 15, 2010, memorandum from the Controller of the White House Office of Management and Budget noted that Section 537 of the Commerce, Justice, Science, and Related Agencies Appropriations Act, 2010 (Act) of the Consolidated Appropriations Act, 2010 (Pub. Law 111-117) requires certain departments, agencies, and instrumentalities of the United States Government receiving appropriations under the Act to track undisbursed balances in expired grant accounts for FY 2010. Therefore, certain information is required to be reported this fiscal year on the undisbursed balances in expired grant accounts.

Undisbursed balances in expired grant accounts include budget authority that is no longer available for new obligations but is still available for disbursement. According to Section 20.4(c) of OMB Circular No. A-II, *Preparation, Submission, and Execution of the Budget*, the expired phase "lasts for five years after the last unexpired year unless the expiration period has been lengthened by legislation. Specifically, you may not incur new obligations against expired budget authority, but you may liquidate existing obligations by making disbursements." For FY 2010, the below information is required to be reported in the Performance and Accountability Reports or Agency Financial Reports (AFR) and annual performance plans/budgets with regard to undisbursed balances in expired grant accounts: 1) details on future action the department, agency, or instrumentality will take to resolve undisbursed balances in expired grant accounts; 2) the method that the department, agency, or instrumentality uses to track undisbursed balances in expired grant accounts; 3) identification of undisbursed balances in expired grant accounts that may be returned to the Treasury of the United States; 4) in the preceding three fiscal years, details on the total number of expired grant accounts with undisbursed balances (on the first day of each fiscal year) for the department, agency, or instrumentality and the total finances that have not been obligated to a specific project remaining in the accounts.

Three Department of Justice grant-making agencies are required to report under this guidance: Community Oriented Policing Services (COPS), Office of Justice Programs (OJP), and the Office on Violence Against Women (OVW). Their responses are noted below:

Details on future actions that will be taken to resolve undisbursed balances in expired grant accounts:

COPS closely monitor the financial activity of all grantees. This includes requiring all grant recipients to report the financial expenditures for all COPS awards on a quarterly basis. COPS also maintains a group of dedicated Grant Program Specialists and Staff Accountants that offer grantees real-time technical assistance with implementing any aspect of their grant. Due to the additional reporting requirements and transparency associated with American Recovery and Reinvestment Act of 2009 (ARRA) grant recipients, COPS has implemented additional efforts to monitor COPS Hiring Recovery Program (CHRP) grantees. First, all CHRP grantees are required to complete an online grants management training, which includes a training track specifically addressing financial reporting and disbursement of funds. Second, CHRP grantees were notified earlier this year that the undisbursed balance on their grant awards will lapse on September 30, 2015 (5 years after the last unexpired year for ARRA), thus all grant program requirements should be completed by that time and all expensed funds disbursed. Third, beginning in November 2010, COPS will conduct quarterly outreach efforts to a select group of CHRP grantees who appear to have either discrepancies in the financial or programmatic reporting on their awards. Finally, the COPS Director receives a monthly report of CHRP activity, including disbursement data, and COPS management works with the Justice Management Division (JMD), OMB, and the Office of the Vice President (OVP) to ensure that ARRA funds are being disbursed and outlaid timely.

All OJP discretionary/categorical and block/formula grantees are required to submit a financial report quarterly. Grantees have 90 days after the end date of the award to drawdown funds and close out the award. If the payments to the grantee are less than the amount of the grant expenditures, then the grantee is given the opportunity to draw down these funds. OJP Customer Service Outreach staff will call the grantee to ask them to draw down their funds. The first notice will commence on the same day as the phone call to the grantee. If the grantee has not drawn down their available funds after 14 calendar days, a second contact is made by the Customer Service Outreach staff and a second notice is sent. If no action by the grantee, a third notice is sent to the grantee informing them that OJP will de-obligate the funds from their grant. If the grantee has not retrieved their funds after 14 additional calendar days, the funds are de-obligated. After deobligation, the grantee will receive a Grant Adjustment Notice (GAN) in the mail informing them that the funds have been de-obligated and are no longer available and the grant is closed.

OVW closely monitors the financial activity of all grantees. All grant recipients are required to report their financial expenditures for OVW awards on a quarterly basis and their project performance activities on a semi-annual or annual basis. ARRA grantees are also required to submit special Section 1512 reports on a quarterly basis that include project and financial information. OVW reviews 100 percent of these reports for each reporting period and contacts the grantees regarding any concerns or questions. OVW has Grant Program Specialists and Financial Analysts that offer ARRA grantees technical assistance with implementing any aspect of their grant, including trainings, outreach, site visits and monitoring. The OVW management receives and reviews frequent reports on ARRA grant activity, including obligation and outlay data, and OVW management works with JMD, OMB, OVP and the OIG to ensure that ARRA funds are being disbursed and outlaid timely.

Method used to track undisbursed balances in expired grant accounts:

COPS utilizes both the Financial Management Information System 2 (FMIS2) data as well as data from OJP's Grant Payment Request System (GPRS) to track CHRP undisbursed balances. OJP currently uses its Grants Management System (financial reports), FMIS2 and GPRS to track undisbursed balances. OVW utilizes both FMIS2 data as well as data from OJP's GPRS to track undisbursed balances.

Identification of undisbursed balances in expired grant accounts that may be returned to the Treasury:

The Department has the authority to transfer unobligated balances of expired appropriations to the Working Capital Fund. Specifically, Public Law 102-140 provides that at no later than the end the fifth fiscal year after the fiscal year for which funds are appropriated or otherwise made available, unobligated balances of appropriations available to the Department of Justice during such fiscal year may be transferred into the capital account of the Working Capital Fund to be available for the Department-wide acquisition of capital equipment, development and implementation of law enforcement or litigation related automated data processing systems, and for the improvement and implementation of the Department's financial management and payroll/personnel systems. Therefore, in general unobligated and undisbursed balances in the Department's expired grant accounts will be transferred to the Working Capital Fund, and will not be returned to the Treasury. An exception to this will be American Recovery and Reinvestment Act grant funds; pursuant to Public Law 111-203, such grant funds that have not been obligated as of December 31, 2012, will be rescinded and returned to the Treasury.

The total number of expired grant accounts with undisbursed balances (on the first day of each fiscal year) and the total finances that have not been obligated to a specific project remaining in the accounts, are as follows:

All dollars noted below in Thousands:

OJP:

FY 2007: 6 accounts: total of \$69,294 in undisbursed and unobligated balances

FY 2008: 8 accounts: total of \$60,725 in undisbursed and unobligated balances

FY 2009: 10 accounts: total of \$65,961 in undisbursed and unobligated balances

FY 2010: 8 accounts: total of \$1,638,582 in undisbursed and unobligated balances

COPS:

FY 2007, FY 2008, FY 2009: No undisbursed and unobligated balances

FY 2010: 1 account: \$1,001,950 in undisbursed and unobligated balances

OVW:

FY 2007, FY 2008, FY 2009: No undisbursed and unobligated balances

FY 2010: 1 account: \$223,012 in undisbursed and unobligated balances

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