5.1 ACCOUNTING FOR COMMITMENTS AND OBLIGATIONS


B. **Purpose:** To ensure timely and accurate accounting for commitments and obligations in the U.S Marshals Service (USMS) financial system.

C. **Authority:** The Director of the United States Marshals Service (USMS) shall direct and supervise all activities to enable the agency to carry out its missions and functions as set forth in 28 C.F.R. § 0.111, and 28 U.S.C. §§ 561-569. As the Chief Financial Officer (CFO), the Assistant Director, FSD, is appointed by the Director (31 U.S.C. §§ 901, 902) to oversee all financial management activities relating to the programs and operations of the agency. 31 U.S.C. § 901(5) authorizes the CFO to “direct, manage, and provide policy guidance and oversight of agency financial management personnel, activities, and operations.”

D. **Policy:**

1. Funding must be available in the workplan prior to incurring the commitment or obligation. Reference USMS Directives 4.1, *Control of Funds E.6.a* for additional information.

2. The Supplemental Appropriations Act, 1955 (31 U.S.C. §1501), states that “no amount shall be reported as an obligation unless supported by documentary evidence of transactions authorized by law.”

3. Obligations for reimbursable agreements (RAs) pertaining to the Justice Prisoner and Alien Transportation System (JPATS) are recorded by JPATS. The Office of Finance records commitments and obligations for all other RAs where the USMS is the customer.

4. Program managers are responsible for the accurate and timely accounting of their workplans’ commitments and obligations.

5. Program managers must promptly record obligations and commitments in USMS financial systems. Generally, transactions should be recorded the same day or on the next business day, but no later than three business days unless there are extraordinary circumstances.

6. Program managers must manage obligations on an accrual basis, which recognizes the value of resources consumed or used at the time of consumption or usage.

7. Program managers must promptly record receiving reports for received goods or services in USMS financial systems. As with commitments and obligations, receiving reports should be recorded on the day of receipt or the next business day, but no later than three business days after receipt. In all cases, receiving reports must be recorded before the end of the month during which the goods or services were received.

8. Only government employees are permitted to sign for the receipt and acceptance of goods or services. This function cannot be performed by contractors. A contractor may...
sign for the receipt of a package that is being delivered to a USMS facility. This action acknowledges receipt of the package, not receipt and acceptance of the contents. A contractor is permitted to record a receiving report in the USMS financial system.

9. The Office of Finance will record quarterly accruals for items when a receiving report cannot be recorded. Program managers must forward the accrual amounts to the Office of Finance in a timely manner, but no later than three working days after the end of the quarter for which the accrual is to be recorded.

10. Deobligation transactions for invalid obligations must be recorded promptly in USMS financial systems. Deobligations can be recorded under the following circumstances:

   a. An SF-30, Amendment of Solicitation/Modification of Contract or modified USM-216 or DOJ-216, Reimbursable Agreement is issued to decrease the authorized obligation amount and close the obligation;

   b. The program office receives and approves as proper a Final Invoice from the vendor. In this case, the obligation may be closed in the USMS financial system, but an SF-30 must still be processed by the contracting officer;

   c. The obligation has been dormant with no activity for eight accounting quarters (2 full years) and has an apparent residual balance of less than 5% of the authorized obligation amount (the person recording the deobligation must document the circumstances behind the deobligation with a memorandum placed in the obligation file); or

   d. Program office review of open obligations determines that an obligation was never valid and that it was improperly recorded in the financial system. This is the only time the internal Request for Modification of Obligation/Payment form is authorized for use, and this document – with explanation – will be retained in the obligation file.

11. Program managers must retain complete files of their obligation and related expenditure documents. These are the official fund control files and must be available for audit or review. The Supplemental Appropriations Act, 1955 (31 U.S.C. § 1108), states certifications and records shall be kept in an agency in a form that makes audits and reconciliations easy. Documentation should include requisition and obligation documentation, approval sign-offs, documentation of receipt and acceptance of goods and services, support for accrual amounts, invoices or other billing documents, and email correspondence within the requesting organization and with the vendor.

12. Program managers must ensure that a periodic review of their workplan obligation(s) is performed.

13. Internal controls and segregation of duties for all financial activities, as required by OMB Circular A-123, are articulated in the applicable procedures, which are located on the Financial Services Division website and are incorporated into this policy by reference.

E. Responsibilities: All USMS employees, whether operational or administrative, must comply with USMS policies and procedures when funding is committed and/or obligated on behalf of the USMS. Individuals at all levels of the organization must understand the limits of their financial responsibilities and the consequences when making unauthorized commitments.
F. Procedures:

1. Financial procedures are available on the Financial Services Division website and are incorporated into this policy by reference.

2. Financial System training materials are available on the Financial Services Division website.

3. Procedures for daily reconciliations of recorded Purchase Card obligations are available on the Financial Services Division website and are incorporated into this policy by reference.

4. Program managers will maintain the official fund control files for all obligations recorded against their workplan. The official fund control files must contain the following documentation:
   a. Copies of requisition documents;
   b. Copies of obligating documents, such as reimbursable agreements, purchase orders, delivery orders, task orders, procurement modifications, or Miscellaneous Obligation Documents (USM-349);
   c. Receiving reports;
   d. Invoices or other payment documentation – must include the completed certifying officer’s stamp; and
   e. Correspondence and status reports, if applicable.

5. Procedures for performing the review of open obligations and undelivered orders are available on the Financial Services Division website, and are incorporated into this policy by reference.

6. The following table outlines the roles, responsibilities, procedures, and source documents for each step in the funds management and reporting process.

<table>
<thead>
<tr>
<th>Step</th>
<th>Action</th>
<th>Performer</th>
<th>Action in Financial System</th>
<th>Source Document</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Treasury Warrants Issued</td>
<td>Treasury</td>
<td>n/a</td>
<td>Treasury Warrant</td>
</tr>
<tr>
<td>2</td>
<td>USMS receives allotment from DOJ</td>
<td>DOJ</td>
<td>Load Funding (Office of Budget)</td>
<td>SF-132</td>
</tr>
<tr>
<td>3</td>
<td>Approve Spend Plan</td>
<td>Director</td>
<td>n/a</td>
<td>Spend Plan</td>
</tr>
<tr>
<td>4</td>
<td>Allocation of Workplan to Program Offices</td>
<td>Budget Office</td>
<td>Load Funding (Office of Budget)</td>
<td>Spend Plan</td>
</tr>
<tr>
<td>5</td>
<td>Requisition</td>
<td>Program Office</td>
<td>Record Commitment</td>
<td>USM-157/or system equivalent</td>
</tr>
</tbody>
</table>
### G. Definitions:

1. **Accounts Payable:** the amount of goods or services that have been received and accepted (i.e. delivered orders) when payment has not yet been made. This represents a legal liability to the USMS.

2. **Accrual:** an accounting expense that is reported in the financial system before it is paid.

3. **Bookkeeper:** a functional title that applies to a person responsible for recording transactions in a financial system. Examples of transactions include commitments, obligations, receiving reports, payments subject to certification by a certifying officer, and journal vouchers. A contractor may be a bookkeeper.

4. **Commitment:** an administrative reservation of funding authorized by a program manager or his/her designee for a future purchase. Commitments are evidenced by commitment documents, such as a USM-157, Requisition, and followed by an obligation.

5. **Delivered Order:** the portion of an obligation for which goods or services have been received. USMS records an accrual of the amount of goods or services that have been delivered to ensure that USMS liabilities are reflected accurately on the financial statements. USMS liability for delivered orders, for which payments have not yet been made, is called accounts payable.

6. **Deobligation:** a full or partial decrease of an obligation, as evidenced by properly approved supporting documentation.

7. **Disbursement or Expenditure:** the payment of funds to satisfy obligations incurred.

8. **Expense:** the cost of goods or services that have been received and accepted.

9. **Funds Availability:** a determination by the organizational budget officer or other individual who is responsible for monitoring the workplan to ensure adequate funds exist within the workplan to cover the amount of a commitment or obligation.

10. **Obligation:** an action by an authorized individual that creates a liability on the part of the Government to make a disbursement at a later time. When an authorized individual incurs an obligation on behalf of the Government, this reduces the available balance of funding remaining in the workplan used to fund the obligation.
11. **Program Manager**: a district or headquarters employee who has programmatic responsibility for activities funded by Congress. At the district level, this may be a United States Marshal or Chief Deputy United States Marshal. At headquarters, this may be the Assistant Director, Deputy Assistant Director, Chief, General Counsel, Equal Employment Opportunity Officer, or other senior staff member.

12. **Prompt or Promptly**: accounting transactions should be recorded as soon as possible after the event has occurred. Generally, transactions should be recorded that same day or on the next business day, but no later than three business days after the event unless there are extraordinary circumstances. All transactions must be recorded before the end of the month during which they occurred.

13. **Receiving Report**: documentation of the receipt of goods or services. For example, there is a Receiving Report section on the back of the OF-347, Order for Supplies or Services. A packing slip with a receiving stamp is another example of an acceptable receiving report.

14. **Recurring Expense**: the cost of a product or service received on a continuing basis, such as monthly, quarterly, or semi-annually.

15. **Reimbursements**: additional workplan authority issued by the Director as a result of reimbursable agreements negotiated with other federal agencies in accordance with the Economy Act (31 U.S.C. § 1535).

16. **Undelivered Order**: the portion of an obligation for which the goods or services have not yet been received.

17. **Workplan**: a limited delegation of budget authority from the Director to obligate, transfer, or expend funds up to the limits designated from the various appropriations, allotments, or transfers managed by the USMS.

**H. References**: The following laws, regulations and guidance are relevant to this policy:

1. The Federal Financial Management Improvement Act of 1996 (FFMIA);
2. The Federal Acquisition Reform Act of 1995;
3. Chief Financial Officers Act of 1990 (CFO Act);
4. Antideficiency Act of 1982 (ADA);
5. Federal Managers’ Financial Integrity Act of 1982 (FMFIA);
6. OMB Circular A -123, Management’s Responsibility for Internal Control;
8. OMB Circular A -136, Financial Reporting Requirements;
9. SFFAS No. 5 Statement of Federal Financial Accounting Standards, Accounting for Liabilities of the Federal Government; and
10. Title 31 of the United States Code (USC) contains the key statutes that apply to fund control:
a. \textit{31 U.S.C. § 1108} requires the workplan holder to maintain certification and records that the amounts have been obligated;

b. \textit{31 U.S.C. § 1301(a)} states that an appropriation may be used for its intended purpose only;

c. \textit{31 U.S.C. § 1341 (The Anti-deficiency Act)} states that agencies may not spend, or commit (obligate) themselves to spend, in advance of or in excess of appropriations; and

d. \textit{31 U.S.C. § 1502(a) (Bona fide need statute)} states that appropriations made for a definite period of time may be used only for expenses properly incurred during that time.

I. \textbf{Cancellation:} This policy directive supersedes USMS Policy Directive 5.1, \textit{Accounting for Commitments and Obligations}.

J. \textbf{Authorization and Date of Approval:}

\begin{tabular}{ll}
By Order of: & Effective Date: \\
\textit{/S/} John F. Clark & \textbf{08/28/2009} \\
Director & U.S. Marshals Service
\end{tabular}
5.2 PAYMENTS OF OBLIGATIONS


B. **Purpose:** To provide the policy and procedures for processing payments made against obligations recorded in the financial system.

C. **Authority:** The Director of the United States Marshals Service (USMS) shall direct and supervise all activities to enable the agency to carry out its missions and functions as set forth in 28 C.F.R. § 0.111, and 28 U.S.C. §§ 561-569. As the Chief Financial Officer (CFO), the Assistant Director, FSD, is appointed by the Director (31 U.S.C. §§ 901, 902) to oversee all financial management activities relating to the programs and operations of the agency. 31 U.S.C. § 901, (5) authorizes the CFO to “direct, manage, and provide policy guidance and oversight of agency financial management personnel, activities, and operations.”

D. **Policy:**

1. This policy applies to all USMS certifying officers. The USMS designates certifying officers as necessary, and confirms their designations annually. Certifying officers must notify the Chief (or delegated designee) FSD, Office of Finance, upon a change in status (i.e. separation, promotion, detail, or reassignment).

2. USMS certifying officers must follow Federal prompt payment rules when certifying invoices for payment, including payments to state and local governments providing goods or services under the Federal Acquisition Regulations. Unless otherwise specified, the payment is due either:
   a. On the date(s) specified in the contract;
   b. In accordance with discount terms when discounts are offered and taken;
   c. In accordance with accelerated payment methods; or
   d. 30 days after the Prompt Payment Act (PPA) start date, but not earlier than 23 days after the PPA start date.

3. Funding must be available in the workplan prior to payment. Reference Policy Directive 4.1, *Control of Funds* for additional information.

4. *The Supplemental Appropriations Act, 1955* (31 U.S.C. § 1501), states that “no amount shall be reported as an obligation unless supported by documentary evidence of transactions authorized by law.” Documentation of the obligation must exist and be recorded in the USMS financial system prior to payment.

5. Goods or services must be received, accepted, and documented as such prior to payment. Only government employees are permitted to sign for the receipt and acceptance of goods or services. This function cannot be performed by contractors. A contractor may sign for the receipt of a package that is being delivered to a USMS...
facility. This action acknowledges receipt of the package, not receipt and acceptance of the contents. A contractor is permitted to record a receiving report in the USMS financial system.

6. USMS certifying officers must receive a **proper demand for payment**.

7. USMS certifying officers must exercise due diligence to ensure the payments they certify are legal, proper, and correct. This diligence includes:
   
   a. Ensuring the payment is supported by proper source documentation;
   
   b. Performing a match between the obligating document, receiving report (if applicable), and billing document to ensure the goods/services ordered were received and accepted, and that the agency is being billed for those items;
   
   c. Ensuring the mathematical accuracy of the billing document; and
   
   d. Observing the agency’s own internal controls, such as verifying authorizing signatures, maintaining proper segregation of duties and complying with system access controls.

8. USMS certifying officers must maintain payment documentation in accordance with Policy Directive 5.1, **Accounting for Commitments and Obligations**.

9. For Treasury checks that become stale due to limited payability, certifying officers will seek to locate the vendor and reissue payment. Limited payability checks will remain as outstanding obligations for a period not to exceed three years, after which time their obligations are determined to be invalid and deobligation transactions may be recorded.

10. Certifying officers will research the cause of returned payments, and will reissue payment once the issue has been resolved.

11. Internal controls and segregation of duties for all financial activities are articulated in the applicable procedures narratives, which are available on the Financial Services Division webpage, and are incorporated by reference.

E. **Responsibilities:** All USMS employees, whether operational or administrative, must comply with USMS policies and procedures when funding is committed and/or obligated on behalf of the USMS. Individuals at all levels of the organization must understand the limits of their financial responsibilities and the consequences when making unauthorized commitments.

F. **Procedures:**

1. The following financial processes are incorporated into this policy by reference as a summary statement and are available on the Financial Services Division webpage:
   
   a. Fact witnesses payments;
   
   b. Commercial Vendor Payments (Itemized Invoice Document Checklist and Itemized Payment Document Checklist);
   
   c. Federal agency billings through the Intragovernmental Payment and Collection (IPAC) system;
   
   d. Consolidated fleet card invoices;
e. **Prisoner housing** invoices (Cooperative Prisoner Transportation Agreement Form);

f. **Prisoner medical** invoices; and

g. **Court security** invoices.

2. Policies and procedures for using, reconciling, and paying charges on the government purchase card are available on the Procurement webpage and are incorporated by reference into this policy.

3. Guidance on making payments for Asset Forfeiture activities is available on the Asset Forfeiture Division webpage.

G. **Definitions:**

1. **Accounts Payable:** USMS liability for delivered orders for which payments have not yet been made.

2. **Certifying Officer:** the person who is delegated authority by the Chief, Office of Finance, to certify individual invoices and vouchers for payment. The Certifying Officer verifies that the payment is legal, proper, and correct, and is personally and financially accountable. This means that persons certifying payment documents are financially accountable for the amount of any incorrect, illegal, or improper payment, as well as for any payment prohibited by law which does not represent a legal obligation under the appropriation or fund involved. Certifying Officers may be required to reimburse the United States Government for the entire amount of any incorrect, illegal, or improper payment resulting from his or her certification.

3. **Delivered Order:** the portion of an obligation for which the goods or services have been received.

4. **Disbursement or Expenditure:** the payment of funds to satisfy obligations incurred.

5. **Expense:** the cost of goods or services that have been received and accepted.

6. **Limited Payability:** this legislative provision limits Department of the Treasury (DOT) liability for issued checks to 1 year. After a check has been outstanding for 1 year, DOT cancels it and returns the funds to the agency that authorized the payment. If a check is presented for payment after the payment date has expired, DOT considers it stale and will not honor that payment if presented by a bank. The originating agency must instruct the DOT or the Regional Finance Center (RFC) to issue a replacement check to pay the outstanding obligation.

7. **Obligation:** an action by an authorized individual that creates a liability on the part of the government to make a disbursement at a later time. When an authorized individual incurs an obligation on behalf of the government, this reduces the available balance of funding remaining in the allowance used to fund the obligation.

8. **Receiving Report:** documentation of the receipt of goods or services. For example, there is a Receiving Report section on the back of the OF-347, Order for Supplies or Services. A packing slip with a receiving stamp is another example of an acceptable receiving report.
9. **Recurring Expense**: the cost of a product or service received on a continuing basis, such as monthly, quarterly, or semi-annually.

10. **Undelivered Order**: the portion of an obligation for which the goods or services have not been received.

### H. References

The following laws, regulations, and guidance are relevant to this policy:

1. Debt Collection Improvement Act of 1996 (DCIA);
2. The Federal Financial Management Improvement Act of 1996 (FFMIA);
3. The Federal Acquisition Reform Act of 1995;
4. Debt Collection Act Amendments of 1993;
5. Chief Financial Officers Act of 1990 (CFO Act);
6. Antideficiency Act of 1982 (ADA);
7. Debt Collection Act of 1982;
8. Federal Managers’ Financial Integrity Act of 1982 (FMFIA);
9. OMB Circular A -123, Management’s Responsibility for Internal Control;
11. OMB Circular A -136, Financial Reporting Requirements;
13. Prompt Payment Final Rule to C.F.R. Part 1315);
14. Federal Acquisition Regulation Subpart 13.3 – Simplified Acquisition Methods (Government-wide Commercial Purchase Card);
15. Federal Acquisition Regulation Subpart 32.9 – Prompt Payment;
16. Principles of Appropriations Law;
17. SFFAS No. 5 Statement of Federal Financial Accounting Standards, Accounting for Liabilities of the Federal Government;
18. Treasury Financial Manual; and
19. Title 31 USC contains the key statutes that apply to fund control:
   a. **31 U.S.C. § 1108** requires the workplan holder to maintain certification and records that the amounts have been obligated;
   b. **31 U.S.C. § 1301(a)** states that an appropriation may be used for its intended purpose only;
c. 31 U.S.C. § 1341 (The Anti-deficiency Act) states that agencies may not spend, or commit (obligate) themselves to spend, in advance of or in excess of appropriations; and

d. 31 U.S.C. § 1502(a) (Bona fide need statute) states that appropriations made for a definite period of time may be used only for expenses properly incurred during that time.

I. Cancellation: This policy directive supersedes USMS Policy Directive 5.2, District Office Accounts.

J. Authorization and Date of Approval:

By Order of:                                  Effective Date:

/S/                                          08/28/2009
John F. Clark
Director
U.S. Marshals Service
5.3 Claims

COLLECTION OF CLAIMS

A. Delegations of Authority

1. **Employment-Related Debt:** As provided in DOJ Order 2120.4E, dated October 6, 1987, the Director of the U.S. Marshals Service is delegated authority to compromise claims of up to $20,000 (exclusive of interest, penalty and costs) with regard to employee debt. The authority to compromise a claim for property or money—including overpayments to employees of salary, benefits, travel or the like—is redelegated to the Chief Financial Officer (CFO).

2. **Marshals Fees and Expenses:** As provided in Department of Justice (DOJ) Order 2120.4E, dated October 6, 1987, the Director of the USMS is delegated authority to compromise, suspend or terminate the collection of claims arising from the application of the regulation found in 28 CFR Part O concerning Marshals Fees. This authority is redelegated to the CFO and, in accordance with the above order, may not be redelegated further.

B. Standards for Compromise of Claims:

1. The **Standards for Compromising Claims** are set forth in 31 CFR Part 902. Generally, a claim for money or property may be compromised in whole or in part in response to a written request for the following reasons:

   a. A finding that the debtor is unable or unwilling to pay the debt in full and the USMS will be unable to collect what is owed within a reasonable time by enforced collection proceedings.

   b. There is substantial doubt concerning the ability of the USMS to prove its case in a court of law.

   c. The expected cost does not justify the enforced collection of the claimed amount.

2. The amount of the compromise should be in relation to the amount that can be recovered by enforced collection proceedings, having due regard for the defenses available to the debtor, the debtor's financial status, and the time and resources that collection action will require. In all cases, the best interests of the United States will be the deciding factor.

C. Standards for Suspending or Terminating Collection Action:

1. The **Standards for Suspending Collection Activity** are set forth in 31 CFR 903. Generally, collection activity may be suspended temporarily for the following reasons:

   a. The debtor cannot be located after diligent effort and there is reason to believe that resuming collection efforts in the future may lead to success.
b. The debtor owns no substantial equity in realty or personal property and is unable to make payments, but the debtor's future prospects justify retaining the claim for periodic review.

c. A request to compromise the claim or terminate collection activity is pending.

2. The Standards for Terminating Collection Activity are set forth in 31 CFR 903. Generally, collection activity may be terminated for any of the following reasons:

   a. Inability to collect any substantial amount.
   b. Inability to locate debtor.
   c. Cost of collection effort will exceed recovery.
   d. Claim is legally without merit.
   e. Claim cannot be substantiated by evidence.

D. Procedure for Compromise of Claims or Termination of Collection Action

1. All requests for the compromise of an outstanding claim or the termination of collection action (i.e., write-off) should be submitted to:

   Chief Financial Officer
   America's Star Corp.
   P.O. Box 2326
   Arlington, VA  22202-9326

2. Requests for the write-off of Marshals fees should be submitted on Form USM-109, Request for Write-Off of Uncollectible Charges. Requests for the write-off of outstanding witness advances should be submitted on Form USM-227, Request for Write-Off of an Outstanding Witness Advance. All other requests should be submitted via a memorandum from the U.S. Marshal.

3. The CFO will review all requests promptly and authorize a disposition in accordance with the standards described above. Completed write-off request forms and other advices will be returned to the U.S. Marshal for appropriate accounting transactions.

CLAIMS AGAINST THE MARSHALS SERVICE

A. General: This section contains procedures for promptly settling claims and for handling unclaimed money of individuals whose whereabouts are unknown, who are legally incompetent to conduct business, or who are deceased.

B. Death of USMS Employee: Information pertaining to claims for deceased employees can be found in Beneficiary and Unpaid Compensation.

C. USMS Creditors

   1. Claims Due Deceased Creditors: The beneficiary of a deceased creditor who provided supplies and/or services will be paid when he or she submits proof of his or her beneficiary status.
2. **Unnegotiated Check of Deceased Creditors**: Unnegotiated checks will be returned to the district office and deposited according to the procedure set forth below in Handling of Unclaimed Moneys of Individuals Whose Whereabouts Are Unknown.

3. **Claims Due Incompetent Creditors**: The district office will pay unpaid amounts owed to an incompetent creditor. A memorandum should be attached to the voucher describing what the creditor did for the USMS, and it should be submitted by the guardian or committee over his or her signature and address. It must be accompanied by a short certificate of the court showing the appointment and qualification of the claimant as guardian. Subsequent claims for recurring payments need only be accompanied by a statement that the appointment is still in full effect.

**D. Doubt Concerning Claim or Proper Beneficiary**: If there is a discrepancy concerning the amount or validity of a claim, or doubt concerning the person or persons properly entitled to payment, a memorandum addressing the facts of the claim and the discrepancies should be sent to:

Chief Financial Officer  
America’s Star Corp.  
P.O. Box 2326  
Arlington, VA  22202-9326

**E. Handling of Unclaimed Moneys of Individuals Whose Whereabouts Are Unknown**: When a U.S. Treasury check has been prepared but cannot be delivered because it does not have a correct address, the U.S. Marshal will:

1. Attempt to contact the payee. If unsuccessful, the check will be marked “Not Used For Purpose Intended” and stamped with the district office endorsement stamp and deposited within two workdays of receipt.

2. Accounting entries will be made to the automated system for the deposit, returning the money to the appropriation and subobject classes from which it was originally disbursed. An obligation for the possible future claim is to be established during the same accounting month that the deposit is recorded. The obligation is to be established using the procedure set forth above in Limited Payability Check Cancellations.