

**Effective Dates: 03/12/2002 - Present**

**TN 30 (03-02)**

# **DI 39506.100 The Funding Process**

## **A. POLICY - FUNDING AUTHORIZATION**

SSA provides funds to the States for the Federal fiscal year (October 1 to September 30) on a quarterly basis. Notification to the States of the cumulative amount of funds that may be obligated for approved necessary expenses-- and the dates covered by the funding--is contained in Form SSA-872 (State Agency Obligational Authorization for SSA Disability Programs).

### **1. Funding Notification**

The Form SSA-872 is the official document that authorizes the State to incur obligations against Federal funds to meet its approved necessary costs. The SSA-872 notifies the State agencies of the funding that may be obligated or expended by the State and the dates covered by the funding. The SSA-872 is issued to the States on a quarterly basis (and when appropriate to distribute funding).

The regional office prepares the SSA-872s based on the allowance advice received from the Office of Disability. The regional office should submit copies as follows:

- One copy to the appropriate staff in OD, DFDO, RMB via email or FAX at (410) 966-3175.
- One copy to the appropriate staff in the Office of Finance via email or FAX at (410) 965-9248.

### **2. Line-Item Limitation on Use of Funds**

The expenditure of funds for particular categories or purposes may be limited at any time by SSA.

### **3. Limits on Expenditures**

The State agencies will observe the dates covered by the funding authorized on the SSA-872 and the cumulative limitation on expenditures. The State agencies should control the rate of expenditures throughout the year and take precautions to safeguard against inadvertent overexpenditure of SSA's budget for disability program operations.

### **4. Increases in Expenditure Authority**

State agencies must check their rate of expenditure monthly. If it appears that expenditures may exceed the cumulative obligational authorization for the dates covered by the funding, agencies must consult with the SSA regional office staff.

### **5. Reductions in Obligational Authority**

Occasionally, it may be necessary to reduce the obligational authorization for certain State agencies. This would occur, for example, when workloads fall short of estimates or when some other unforeseen trend or situation would make a reduction necessary. If it becomes clear that an agency will not need as much obligational authority as has been authorized, the authorization will be reduced. However, such reduction will be made only after advance consultation between the SSA regional office and State agency.

## **B. PROCESS - PROVIDING FUNDS**

The process for providing funds to the State agencies is done through the Automated Standard Application for Payment (ASAP). The ASAP—implemented in the State agencies beginning August 1996--is an all-electronic

payment and information system developed jointly by the Financial Management Service (FMS) of the U.S. Treasury and the Federal Reserve Bank of Richmond. Organizations receiving Federal dollars use ASAP to draw funds pre-authorized for payment through the U.S. Treasury.

For specific instructions on drawdown capability and query access, refer to the user manual provided to the States and regional offices by the Department of Treasury.

Link to this section:

<http://policy.net.ba.ssa.gov/poms.nsf/lnx/0439506100>

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# DI 39506.200 The Reporting Process - Recording and Reporting Obligations

## A. INTRODUCTION

The following sections set forth standards and definitions for State agency use in recording and reporting obligations incurred for SSA disability program operations. Also presented are instructions for the preparation of fiscal reports: Forms SSA-4513 (State Agency Report of Obligations for SSA Disability Programs), and SSA-4514 (Time Report of Personnel Services for Disability Determination Services).

## B. DEFINITIONS - OBLIGATIONS AND DISBURSEMENTS

### 1. Obligations

An obligation is a financial or related transaction that creates a legal liability to pay. In most cases, the actual disbursement of funds occurs after the obligation is made. An obligation can be made in a variety of ways, such as placing an order, awarding a contract, receiving a service, etc. which requires payment during a given period or in some future period.

Obligations must be based on a bona fide need for goods or services that exist within the Federal fiscal year (October 1 through September 30) and must be made no later than six months after the close of that fiscal year (March 30). The intent of this policy is to allow the DDS sufficient time to incur the fiscal year obligation through State purchasing procedures when funding is authorized late in the year.

Obligations represent liabilities against obligational authority and include payments for goods or services received and commitments to pay for goods or services ordered.

Obligations result from:

- Employing individuals (compensation of personnel for time devoted to SSA disability programs);
- Issuing travel authorizations (travel expenses incurred specifically for time devoted to SSA disability programs);
- Ordering services (e.g., consultative examinations, contractual services);
- Ordering materials; and
- Ordering equipment and making other approved capital expenditures.

Valid obligations should be supported by documents/records that describe the nature of the obligations and support the amounts recorded.

### 2. Obligational Estimates

Where an obligation is definite but the precise amount is not known, it may be estimated. The basis used in developing such estimates must be applied consistently from period to period.

### 3. Obligational Authority

Obligational authority is the monetary limit approved for State agency obligations to be incurred for SSA disability program operations. The obligational authority--granted in the State agency budget approval (Form SSA-872)--places a cumulative limit on the amount of obligational authority available to the State agency. The obligational authority--

which remains available for six months after the close of the Federal fiscal year--must not be exceeded for the Federal fiscal year without SSA regional office written approval.

#### 4. Unliquidated Obligations

Unliquidated obligations represent obligations for which payment has not yet been made. Unpaid obligations are considered unliquidated whether or not the goods or services have been received. Examples of unliquidated obligations include:

- **EXAMPLE 1 - Delivered Orders**

Examples include the unpaid amounts of salaries and wages earned by personnel during the accounting period; consultative examination (CE) and medical evidence of record (MER) reports received for which the costs have not been paid; and equipment, supplies, and services received for which the costs have not been paid.

- **EXAMPLE 2 - Undelivered Orders**

Examples include CE and MER ordered where the reports have not been received, and equipment, supplies, and maintenance services ordered but not received.

#### 5. Disbursements

A disbursement is the liquidation of an obligation by the issuance of a check, warrant or cash payment.

## Section History

Go To [Transmittal](#) or [Action Item Explanation](#)

#### Prior Versions of Section

Effective Date	Title
04/21/1995 - 03/11/2002	<u><a href="#">The Funding Process</a></u>

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