Period of Performance

Presented by: VRTAC-QM

Vocational Rehabilitation Technical Assistance Center on Quality Management





Objectives

- 1. Identify all of the definitions of elements in Period of Performance.
- 2. Establish "when" a Financial Obligation occurs.
- 3. Determine how the Financial Obligation is charged.
- 4. Create a way to track and report the liquidation of the Financial Obligation.
- 5. Understand why RSA cares. What's the big deal?

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Unpacking the Concept

Let's look at key definitions:

- Period of Performance
- Budget Period
- Federal Fiscal Year (FFY) of Appropriation
- Financial Obligations
- Unliquidated Financial Obligations
- Unobligated Balance
- Carryover

Period of Performance

The **TIME** during which the recipient must perform and complete the work authorized under the Federal award.

It is the time interval between the start and end date of a Federal award, which may include one or more budget periods.

The period of performance does not commit the Federal agency to fund the award beyond the currently approved budget period. 2 C.F.R. §200.1

* It's all about TIMING

Budget Period



The time interval from the start date of a funded portion of an award to the end date of that funded portion, during which recipients are authorized to incur financial obligations of the funds awarded, including any funds carried forward. 2 C.F.R. §200.1

The Budget Period is referenced in Box 6 of the Department's Grant Award Notification (GAN).

Federal Fiscal Year (FFY) of Appropriation

The year Congress appropriates funds to the Department to award program grants, which covers the period from October 1 through September 30.

For example, the FFY 2024 State Vocational Rehabilitation (VR) Services grants are for the 2024 FFY of appropriation (October 1, 2023, through September 30, 2024).

Visually

「October 1, 20XX → September 30, 20XX] Potentially September 30, 20XX +1

Period of Performance

Planned End Date —

Carryover*

Budget Period

Authorized to Expend —

Carryover*

FFY of Appropriation

* Carryover if qualifications are met

Financial Obligation

Orders placed for property and services, contracts and subawards made, and similar transactions that require payment by a recipient or subrecipient under a Federal award that result in expenditures by a recipient or subrecipient under a Federal award.

2 C.F.R. §200.1

Note: The VR Program does not permit sub-awarding.

Unliquidated Financial Obligations



Financial obligations incurred by the recipient but not paid (liquidated) for financial reports prepared on a cash basis.

For reports prepared on an accrual basis, these are financial obligations incurred by the recipient but not recorded.

2 C.F.R. §200.1

Unliquidated Balance

The amount of funds under a Federal award that the recipient has not obligated.

The amount is computed by subtracting the cumulative amount of the recipient's unliquidated financial obligations and expenditures of funds under the Federal award from the cumulative amount of the funds that the Federal awarding agency authorized the recipient to obligate. 2 C.F.R. §200.1

Carryover



Section 19(a) and (b) of the Rehabilitation Act of 1973, as amended (Act), permits States to carry over Federal funds, which were not obligated or expended during the FFY of Appropriation (including funds received during reallotment), for obligation and expenditure during the subsequent FFY provided the States complied with applicable non-Federal share requirements.

This means that States may carry over the unobligated balance of Federal funds for one FFY beyond the FFY of Appropriation so long as they have satisfied applicable match requirements.

When a Financial Obligation Occurs



When does the "cha-ching" occur?

The Education Department General Administrative Regulations (EDGAR) at 34 C.F.R. §76.707 provide a chart specifying when financial obligations are considered made.

This chart is used as a basis for "assigning" financial obligations to VR funding.

* State VR agencies must also follow their State laws, regulations, and policies and procedures, as applicable.

When does the "cha-ching" occur? (2)

- 1. Acquisition of **real or personal property** On the date the State or subgrantee makes a binding written commitment to acquire the property (34 C.F.R. § 76.707(a)).
- **2. Personal services** by an employee of the State When the services are performed (34 C.F.R. § 76.707(b)).
- **3. Personal services by a contractor** who is not an employee of the State On the date on which the State makes a binding written commitment to obtain the services (34 C.F.R. § 76.707(c)).
- **4. Performance of work other than personal services** On the date on which the State or subgrantee makes a binding written commitment to obtain the work. (34 C.F.R. § 76.707(d))
- **5. Public utility services** When the State receives the services (34 C.F.R. § 76.707(e)).
- **6. Travel** When the travel is taken (34 C.F.R. § 76.707(f)).
- **7. Rental of real or personal property** When the State uses the property (34 C.F.R. § 76.707(g)).

How the Financial Obligation is Charged



Where is it charged?

That "depends".

Does Period of Performance only include the initial FFY of Appropriation or;

Are the criteria for the Carryover Period met that allows one subsequent year of Period of Performance for financial obligations and expenditures?

Recap of Carryover Requirements



The State has an Unobligated Balance of Federal funds at September 30, the end of the FFY of Appropriation.

The State has satisfied the applicable non-Federal share or "match" requirement for:

- The Federal funds obligated or liquidated during the FFY of Appropriation; and
- The unobligated balance of Federal funds to be carried over to the subsequent FFY
 year "two" of Period of Performance.

Period of Performance = One Year

If the State **has not met** the requirements to carry over Federal funds, financial obligations **must** be incurred by the end of the FFY of Appropriation (4th quarter) and liquidated not later than 120 calendar days after the end of the FFY of Appropriation, as specified on the GAN. 2 C.F.R. §200.344

In this instance, the Period of Performance and the FFY of Appropriation are the same because they both end on September 30 of that FFY. Period of performance = one year.

Period of Performance = Two Years

If the State has met the carryover requirements by the end of the FFY of Appropriation, the Period of Performance will be extended to include the carryover year. The State can then incur new financial obligations against Federal award funds during the carryover year in accordance with section 19 of the Act.

The budget period in Box 6 will be revised on the GAN to reflect the carryover year, extending the Period of Performance for that grant award.

In this circumstance, the period of performance = two FFYs (the FFY of appropriation plus the carryover year).

The Fundamental Challenge

When a State uses the Carryover Period (and most States do), keep in mind the FFY of Appropriation's new grant award has begun and runs parallel to the Carryover Period.

In effect, the State will manage "two" Federal awards simultaneously at a minimum during the FFY.

The State will manage "three" awards from October through January when the oldest carryover grant award is in the 120-day liquidation period.

Managing Multiple Grant Years and Fund Sources

How do you know where to charge expenditures?

FFY23 Carryover	FFY24 Grant Year	State Fiscal Year
?	?	? State Fiscal Year End
		?

A Way to Track, Report & Liquidate the Financial Obligation



The Overarching Requirement

All expenditures incurred against a financial obligation must be documented, tracked and reported by the States in terms of when the financial obligation was "incurred", **not when the liquidation occurs**, meaning when the payment is made.

Where the Rubber Meets the Road

A State must track each individual financial obligation with a clear "audit trail", meaning, an auditor or RSA must be able to identify:

- When the obligation was made
- To which Federal award it was assigned
- Any amendments, modifications to or cancellation of the obligation
- Associated payments made against the obligation
- Obligation balance at any time

Proper management of the Federal award is critical. The ability to maximize technology systems is favored over manual processes for accuracy and efficiencies.

Liquidation Requirements

A state must have proper policies, procedures, and internal controls in place to ensure "each" financial obligation is liquidated from the proper Federal award, even if the State operates on a cash basis.

Liquidation Requirements (2)

Policies, procedures, and internal controls should address management of financial obligations at the end of the FFY of Appropriation.

Note: The total cost of a contract may be obligated to a Federal award if "some" of the contract services will be performed after the Period of Performance ends, provided liquidation requirements are met.

Liquidation Requirements (3)

Non-Federal obligations that are cancelled during the carryover year, or otherwise liquidated after the FFY of Appropriation, may not be used toward satisfying the match requirement.

Non-Federal funds that fail to liquidate may NOT be re-obligated for expenses incurred during the carryover year.

In this instance, the State must adjust its records either to show other allowable expenditures that can count as match or to reflect a lower match amount on their 4th quarter financial report, which could affect the amount of Federal funds eligible to be carried over.

Why Does RSA Care?



Why it is Important

- VR agencies cannot ensure they are reporting accurate SF-425/RSA-17 data without tracking obligations and liquidations correctly.
- RSA uses the financial information reported by States to determine compliance with matching and maintenance of effort requirements.
- If States are not assigning obligations and expenditures to the correct FFY, in accordance with the Period of Performance requirements, RSA is unable to determine, with certainty, the State's compliance with these Federal requirements.

Why it is Important (2)

- Correctly tracking, reporting and liquidating obligations also ensures the agency has accurate financial information for program planning purposes.
- Knowing what the financial position at all times.
- Calculating appropriate match requirement.
- Establishing historical trends for analysis.
- Determining the number of individuals who may be served (OOS).
- Potential waste if financial obligations are not managed timely as those funds may have been used to serve other individuals.

Knowledge Test

- A. The "We're so AWESOME" State is fortunate to have legislative support to secure 90% of their required match through State general revenue funds, because ... "They're so AWESOME".
- B. They used the match calculator generously offered through RSA's website so they know precisely the amount of match they need to obligate for the current Period of Performance.
- C. The Federal award is managed in accordance with carryover provisions in order to extend the Period of Performance one year beyond the Federal Fiscal Year of Appropriation.
- D. The State sports a state-of-the-art case management system that tracks all of their financial obligations and is so sophisticated, it creates the 78.7%/21.3% Federal/State split for each individual financial obligation and pays from the appropriate funds.

Knowledge Test (2)

Which of the following is most true:

- A. Period of Performance is managed effectively and in accordance with applicable laws, regulations, and sub-regulatory guidance while maximizing the amount of Federal funds available.
- B. A direct 78.7%/21.3% split for each obligation could indicate a potential loss of funds and questionable management of Period of Performance.
- C. RSA allows States to assign financial obligations in aggregate instead of by individual obligation, so the "We're so AWESOME" State is micro-managing Period of Performance award and therefore wasting resources.
- D. Without knowing where the other 10% of required match is coming from, no determination may be made regarding appropriate management of Period of Performance.

You made it! Thank You!

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References & Resources

- The Rehabilitation Act of 1973, as amended by title IV of the Workforce Innovation and Opportunity Act (WIOA)
- 34 CFR Part 361: State Vocational Rehabilitation Services Program
- 34 CFR Part 363: State Supported Employment Services Program
- 2 CFR 200: Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
- 34 CFR Part 76: Education Department General Administrative Regulations (EDGAR)
- RSA Sub-Regulatory Guidance
- RSA: Period of Performance for Formula Grant Awards FAQs (3.21.2017)
- CSAVR 2018 Fiscal Conference Presentation: Period of Performance