

Comptroller General
of the United States

Washington, D.C. 20548

Decision

AF

Matter of: Secretary of the Senate Processing and
Accounting for "de minimis" credits

File: B-250953

Date: December 14, 1992

DIGEST

This Office has no objection to agencies accepting a credit and applying it against a current year invoice in order to effect a refund of prior year payments in lieu of requiring a vendor to issue a refund check, unless the method of making the refund is specifically governed by a law, regulation, or contract. If the credit is for a "de minimis" amount of \$100 or less, this Office also has no objection to agencies accepting the "de minimis" credit without adjusting the prior year accounts to reflect the credit as a refund to the accounts.

DECISION

This decision responds to a request from Stuart Balderson, Financial Clerk of the Senate, Office of the Secretary of the Senate, asking whether a "de minimis" (\$100 or less) credit, which represents a refund of prior year payments, may be accepted and applied against a current year invoice in lieu of requiring a refund check from the vendor. We understand Mr. Balderson to also be asking whether such a credit may be accepted without adjusting the prior year accounts to reflect the credit as a refund to the accounts. For the reasons given below, we have no objection to agencies treating such "de minimis" credits in the manner suggested.

Mr. Balderson states that current procedures prohibit the credit from being applied to an invoice for a current fiscal year and require the vendor to issue a check in lieu of the credit. The check is then processed via SF 215 "Deposit Ticket" and credited to the fiscal year and account initially charged with the government payment via the SF 1220 "Statement of Transactions, According to Appropriations, Funds, and Receipt Accounts." Mr. Balderson argues that the cost involved to the vendor and the government to convert a "de minimis" credit into a refund check and process the check deposit exceeds the amount of the credit. Mr. Balderson further argues that accepting "de minimis" credits for prior fiscal years and applying them to

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the current year would result in cost savings to the government.

Normally, when the government pays an amount that is charged to a particular fixed period appropriation account, and the government subsequently receives a refund of a portion of the amount originally paid, the refund is deposited to the credit of the appropriation initially charged with the payment. If the appropriation account has expired for purposes of incurring new obligations, but has not yet closed, the refund is deposited to the credit of the expired account. See generally, GAO, Policy and Procedures Manual for Guidance of Federal Agencies, title 7, § 5.4 (TS 7-42, February 12, 1990), 65 Comp. Gen. 600 (1986). A purpose of these "account integrity" procedures is to prevent unauthorized augmentation of current year accounts and to permit determinations of compliance with the requirements of the Antideficiency Act.¹

Mr. Balderson's request involves consideration of two separate issues: (1) the method of making a refund to the government and (2) the proper accounting for the refund. Regarding the first issue, we are unaware of any current law or regulation that is so inflexible as to require agencies to receive refunds from vendors only in the form of a check and not by a credit against a current invoice. We see no reason why the necessary adjusting entries could not be made after applying the credit against a current invoice when proper accounting for the refund requires that it ultimately be credited to a prior year account rather than the current year account. Accordingly, except to the extent the method of making a refund is specifically governed by a law, regulation, or contract, we have no general objection to agencies receiving a refund in the form of a credit against a current invoice instead of having a vendor issue a refund check.

Regarding the second issue, we do not believe that an agency's application of a "de minimis" credit against a current year invoice without adjusting prior year accounts will have more than an insignificant impact on the agency's account integrity. In view of the cost savings, we also do not believe that such an insignificant impact should be treated as an unauthorized augmentation of current year accounts and a violation of the Antideficiency Act. Consequently, we would not object to an agency accepting a

¹The Antideficiency Act, 31 U.S.C. § 1341, provides that an officer or employee of the United States Government may not make or authorize an expenditure or obligation exceeding an amount available in an appropriation or fund for the expenditure or obligation.

"de minimis" credit to current year invoices in order to effect a refund of prior year payments without also adjusting the prior year accounts to reflect the credit as a refund to the accounts.

Milton J. Howler

Comptroller General
of the United States

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