
Reference: Training and Employment Guidance Letter (TEGL) No. 28-10, May 27, 2011

Expenditures – Charges made to the project or program in support of its authorized activities, also referred to as outlays.

- For grantees using a cash accounting system, expenditures are actual cash disbursements for charges for goods and services and payments made for indirect expenses incurred.

Accruals – “The charges incurred by the grantee during a given period requiring the provision of funds for: (1) goods and other tangible property received; (2) services performed by employees, contractors, sub-grantees, subcontractors, and other payees; and (3) other amounts becoming owed under programs for which no current services or performance is required, such as annuities, insurance claims and other benefit payments.”

- Accrued expenditures include costs where the services have been received, but not yet billed. Specific examples include:
 - The cost of training that has been received but has not been invoiced
 - The salaries and benefits earned by employees for work performed but not yet paid
 - The cost of services received by clients/participants for which the grantee has a legal requirement to pay

Obligations – “.....the amount of orders placed, contracts and subgrants awarded, goods and services received, and similar transactions during a given period that will require payment by the grantee during the same or a future period.”

- An obligation references actions where there is a legal commitment to pay. Specific examples include:
 - Subgrant agreements
 - Purchase orders
- “Obligations do not include such actions as projected staff time, future or projected rent payments, future or projected training, or items that are budgeted during the period of the grant award.”
- Obligations should not be confused with encumbrances.