

Department of the Interior

Departmental Manual

Effective Date: 11/27/91

Series: Budget

Part 328: Administrative Control of Funds

Chapter 1: Statute, Responsibility, Violations

Originating Office: Office of Budget

This chapter has been given a new release number. ** No text changes were made.

328 DM 1

1.1 Purpose. The purpose of these instructions is to establish an Administrative Control of Funds system that will: (a) fix responsibility for the creation of any obligation or the making of any expenditure in excess of an appropriation, statutory limitation, apportionment, reappropriation, allotment or suballotment and any other administration subdivision pursuant to subsections (g) and (h) of section 3679 of the Revised Statutes, as amended (31 U.S.C. 1514 and 1517, the Antideficiency Act), (b) ensure that the Department of the Interior programs are executed and funds expended in accordance with the intent of the Congress in enacting authorizations, and (c) require bureaus and offices to operate an administrative control of funds system to restrict obligations and expenditures against each appropriation or fund to the amount available therein and, for appropriations required to be apportioned, restrict obligations and expenditures to the amount of approved apportionments or reappropriations made for such appropriation, and any allotment or suballotment thereof.

1.2 Scope. The instructions in this Part apply to all organizations, including the head of each bureau and office and any other organization receiving funds, allotments, apportionments, etc., subject to the Antideficiency Act. The instructions shall also apply to all funds, including revolving funds, management funds, and trust funds that may not be subject to apportionment.

1.3 Statutory Requirements and Administrative Regulations.

A. 31 U.S.C. 1514 and 31 U.S.C. 1517 codify subsections (g) and (h) of section 3679 of the Revised Statutes, as amended (the Antideficiency Act) and provide as follows:

"1514. Administrative Division of Apportionments --

(a) The official having administrative control of an appropriation available to the legislative branch, the judicial branch, the United States International Trade Commission, or the District of Columbia government, and, subject to the approval of the President, the head of each executive agency (except the Commission) shall prescribe by regulation a system of administrative control not inconsistent with accounting procedures prescribed under law. The system shall be designed to --

(1) restrict obligations or expenditures from each appropriation to the amount of apportionments or reappropriations of the appropriation; and

(2) enable the official or the head of the executive agency to fix responsibility for an obligation or expenditure exceeding an apportionment or reappropriation.

(b) To have a simplified system for administratively dividing appropriations, the head of each executive agency (except the Commission) shall work toward the objective of financing each operating unit, at the highest practical level, from not more than one administrative division for each appropriation affecting the unit."

"1517. Prohibited Obligations and Expenditures --

(a) An officer or employee of the United States Government or of the District of Columbia government may not make or authorize an expenditure or obligation exceeding --

(1) an apportionment; or

(2) the amount permitted by regulations prescribed under section 1514(a) of this title.

(b) If an officer or employee of an executive agency or of the District of Columbia government violates subsection (a) of this section, the head of the executive agency or the Mayor of the District of Columbia, as the case may be, shall report immediately to the President and Congress all relevant facts and a statement of actions taken."

B. Portions of the Antideficiency Act, as amended, codified at 31 U.S.C. Sections 1341-1342, 1349-1351, 1511-1513, 1515-1516, 1518-1519.

C. Budget and Accounting Act of 1921, as amended, codified at 31 U.S.C. Section 1101, 1104-1108, 3324.

D. Federal Managers' Financial Integrity Act (P.L. 97-255).

E. Portions of section 1311 of the Supplemental Appropriations Act of 1955, codified at 31 U.S.C. 1501-1502.

F. Portions of the Budget and Accounting Procedures Act of 1950, codified at 31 U.S.C. Sections 1112, 1531, 3511-3512, 3524.

G. Congressional Budget and Impoundment Control Act of 1974, codified at 31 U.S.C. 1102 and 2 U.S.C. 681-688.

H. Office of Management and Budget (OMB) Circular No. A-34, "Instructions on Budget Execution," and related OMB guidelines.

I. Sections 101 and 102, General Provisions, Department of the Interior, Department of

the Interior and Related Agencies Appropriations Act; and Sections 201 and 202, General Provisions, Department of the Interior, Energy and Water Development Appropriations Act.

J. Departmental issuances in the form of directives or information memoranda.

1.4 **Definitions.** All definitions, concepts, and terminology in OMB Circular No. A-34 apply. In addition the following terms are defined:

A. Appropriations. An authorization by an act of Congress that permits Federal agencies to incur obligations and to make payments out of the Treasury for specified purposes. An appropriation usually follows enactment of authorizing legislation.

B. Apportionment. A distribution made by OMB of amounts available for obligation in an appropriation or fund account into amounts available for specified time periods, activities, projects, objects, or combinations thereof. The amounts so apportioned limit the obligations that may be incurred.

C. Reapportionment. A revision approved by OMB of a previous apportionment for an appropriation or fund account. This approved revision would ordinarily cover the same period, activities, projects, or objects covered in the original apportionment.

D. Allotment and Suballotment. The formal administrative subdivision of an appropriation representing the authority delegated by the bureau or office head or any other authorized employee of the bureau or office to incur obligations within a specified amount pursuant to OMB apportionment or reapportionment action or other statutory authority making funds available for obligation. The incurring of obligations in excess of the amount specified in an allotment or suballotment is a violation of the Antideficiency Act.

E. Resource Distributions. The distribution of funds beneath the level of allotments and suballotments to the various budget activities, subactivities, or projects as specified in the Appropriations Committees reports (reprogramming levels) within the limitations of apportionments or reapportionments approved by OMB. The head of each bureau or office is responsible for determining that the approved resource distributions are within the amounts of apportioned funds. A copy of the approved resource distribution will be submitted to the Director, Office of Budget with each request for apportionment of funds by OMB. An obligation made in excess of a resource distribution is not considered a statutory violation unless it causes the total of all resource distribution amounts within an appropriation, statutory limitation, apportionment, reapportionment, allotment, or suballotment to be exceeded. The employee responsible for an obligation in excess of a resource distribution could be subjected to administrative discipline.

F. Reprogramming of Funds. The shifting of funds within an appropriation account, generally from one activity or project to another, for purposes other than those outlined in the budget justifications and expressed as Congressional intent in the appropriation bill reports. Reprogramming of funds is guided by non-statutory, informal arrangements between the Department of the Interior and the Appropriations Subcommittees. The reprogramming

guidelines have been provided in committee reports and provide for notification of the Subcommittees in advance of certain reprogrammings. OMB approval is required in advance of submitting reprogramming notices to the Subcommittees.

The Secretary, pursuant to the General Provisions of the Department of the Interior and Related Agencies Appropriations Act and the Energy and Water Development Appropriations Act, may under certain circumstances and for certain specified purposes transfer funds from one appropriation to another without the express approval of the Congress. If such a transfer of funds causes obligations to exceed the appropriation, statutory limitation, apportionment, reapportionment, allotment, or suballotment from which funds were transferred, a violation of the Antideficiency Act will occur.

G. Allocation. The amount of obligational authority transferred from one agency, bureau, or account that is set aside in a transfer appropriation account (also known as an allocation account) to carry out the purposes of the parent appropriation or fund.

H. Administrative Subdivision. The allotment and suballotment of an appropriation or other fund. Any other distribution of funds below the allotment and suballotment level will be considered a resource distribution and will not be considered for purposes of determining violations of the Antideficiency Act.

I. Bureau or Office Limitation. See Resource Distributions (328DM1.4E). Such limitations are established for internal control purposes only. Obligations in excess of such limitations are not subject to the provisions of the Antideficiency Act.

J. Reimbursements and Other Income Earned. This is the amount of filled customers' orders from another Federal Government account and from the public. (Orders from the public will be filled only to the extent accompanied by an advance, unless otherwise permitted by law.) Stated in accounting terms, this includes:

- (1) cash received as a reimbursement for orders that have been filled;
- (2) cash received as advances from the public or another Government account for an order that has been filled; or
- (3) an accounts receivable but only to the extent that both of the following apply:
 - (a) a valid obligation has been incurred against the account; and
 - (b) either the ordering account is a Federal account or there is specific authority in law to use an order from the public as a budgetary resource.

K. Anticipated Reimbursements. In the case of transactions with the public, estimated collections comprising advances expected to be received and reimbursements expected to be earned. In transactions between Government accounts, anticipated reimbursements consist of orders expected to be received but for which no orders have been accepted. The inclusion of

anticipated amounts in determining the amounts available for apportionment in no way authorizes an agency to obligate or make expenditures in excess of the budgetary resources available for obligation from such sources at the time the obligation or expenditure is made.

1.5 Responsibilities.

- A. The Secretary has overall responsibility for proper fund controls and reporting of violations of such controls.
- B. The Assistant Secretary-Policy, Management and Budget, as the Chief Financial Officer of the Department, has been delegated by the Secretary the responsibility for proper fund controls and reporting of violations of such controls.
- C. The Director, Office of Budget, is the Department's official authorized to approve requests to OMB for apportionment and reappportionment of appropriated and other funds available to the Department's bureaus and offices.
- D. The head of each bureau or office is responsible for the allotment or suballotment of funds at the highest practicable level, and for the distribution of resources to the various budget activities or projects (if in lieu of activities) at the levels specified in the Appropriation Committee reports (reprogramming) within the limitations of apportionments or reappportionments approved by the Director of Budget and OMB.
- E. The head of each bureau or office shall be responsible for determining that the amounts distributed to activities or projects (resource distributions) are within the amounts of apportioned funds and for determining when transfers between such activities or projects require submission of a reprogramming to OMB and the Appropriations Committees.
- F. The head of each bureau or office shall designate appropriate officials to be responsible in connection with the subdivision of funds below the resource distribution level and the control of obligations within the amounts of such subdivisions. This responsibility shall be clearly defined, and the affected individuals shall be appropriately notified in writing of the extent of their responsibility.
- G. The head of each bureau or office shall ensure that designated officials are charged with individual responsibility for any over obligation or any expenditure in excess of allotments or suballotments thereof and further each of them shall ensure that:
 - (1) Allotments or suballotments thereof are not made in excess of the amounts of approved apportionments or reappportionments.
 - (2) Obligations are not incurred or expenditures made unless funds therefore have been apportioned, reappportioned, allotted, suballotted, or otherwise authorized as when operating under a Continuing Resolution of the Congress.
 - (3) Obligations or expenditures are not made in excess of the amount actually

available for obligation at the time the obligation or expenditure is made. Obligations against allotments or suballotments involving reimbursements, transfers, income, etc., are restricted so as not to exceed the amounts which will actually be realized. Furthermore, even though anticipated reimbursements are apportioned, they are not to be considered budgetary resources available for obligation unless (a) valid orders (including written agreements) have been received, or (b) goods or services have been furnished and there is entitlement (the reimbursements have been earned), or (c) in the case of orders from the public, advance payment has been received.

(4) Obligations are not incurred in excess of available resources in revolving funds, management funds, and trust funds even though the funds may not be subject to apportionment by OMB.

(5) No obligation shall be incurred until the obligating document has been cleared with the official responsible for determining the availability of funds, unless prevalidation of obligations or commitment accounting is in effect in the bureau or office to provide such assurance.

(6) Each obligation shall be correctly identified with a specific appropriation or fund at the time the obligation is incurred.

(7) No amount shall be recorded as an obligation of the Government of the United States unless it is supported by documentary evidence of:

(a) a binding agreement in writing between the parties thereto, including Government agencies, in a manner and form and for a purpose authorized by law, executed before the expiration of the period of availability for obligation of the appropriation or fund concerned for specific goods to be delivered, real property to be purchased or leased, or work or services to be performed;

(b) a valid loan agreement, showing the amount of the loan to be made and the terms of repayment thereof;

(c) an order required by law to be placed with a Government agency;

(d) an order issued pursuant to a law authorizing purchases without advertising when necessitated by public exigency or for perishable subsistence supplies or with specific monetary limitations;

(e) a grant or subsidy payable (1) from appropriations made for payment of or contributions toward, sums required to be paid in specific amounts fixed by law or in accord with formulae prescribed by law, or (2) pursuant to agreement authorized by, or plans approved in accord with and authorized by, law;

(f) a liability which may result from pending legislation;

(g) a liability of employment or services of persons or expenses of travel in accord with law, and services performed by public utilities;

(h) any other legal liability of the United States against an appropriation or fund legally available therefor.

In connection with the submission of all requests for proposed appropriations to OMB, the head of each Federal agency shall report that any statement of obligations furnished therewith consists of valid obligations as defined in 328 DM 1.5G(7) above. Agencies may rely on statistical sampling to support such certificates. See General Accounting Office Manual Title 7, Subsection 3.8.

H. Over obligations or over expenditures of activity and/or project amounts (resource distributions) and over obligations or over expenditures of further bureau subdivisions of such funds are nonstatutory violations. However, they are reportable as violations of the Antideficiency Act if the total amount of the appropriation, apportionment or reappropriation, or the allotment or suballotment is over obligated or over expended.

1.6 Statutory Violations. A violation of the Antideficiency Act subjects employees to appropriate administrative discipline including when circumstances warrant, suspension from duty without pay or removal from office. An employee who shall knowingly and willfully violate the statute shall upon conviction be fined not more than \$5,000 or imprisoned for not more than two years, or both. OMB Circular No. A-34 provides for the reporting to the President, through the Director of OMB, and to the Congress information on violations of the Antideficiency Act of the following character:

A. "Any case where an officer or employee of the United States has made or authorized an expenditure from or created or authorized an obligation under any appropriation or fund, including revolving funds, in excess of the amount available therein. (For expired accounts, the amount available therein includes amounts available for restoration to the account.)

"Any case where an officer or employee of the United States has involved the Government in a contract or other obligation for the payment of money for any purpose in advance of appropriations made for such purpose, unless such contract or obligation is authorized by law.

"Any case where an officer or employee of the United States has accepted voluntary service for the United States or employed personal services in excess of that authorized by law, except in cases of emergency involving the safety of human life or the protection of property.

"Any case where an officer or employee of the United States has authorized or created an obligation or made an expenditure in excess of an apportionment or reappropriation. This includes adjustments that cause obligations in expired accounts to exceed the apportionment for the year in which such obligations were incurred.

"Any case where an officer or employee of the United States has authorized or created an obligation or made an expenditure in excess of the amount permitted by the prescribed and approved administrative control system." (See 328 DM 1.1 and Appendix 1 thereto.)

Violations of the above nature that are one-half dollar or less and that are apparently absolved through rounding need not be reported.

Violations involving allocation accounts will be reported to and governed by the procedures of the agency that administers the allocation account.

B. It is the responsibility of any individual with knowledge of a possible violation of the Antideficiency Act, or of this Part, to report it. When a suspected violation of the Antideficiency Act does occur, the responsible bureau or office head shall furnish within thirty days a report in the form of a letter from the Secretary (through the Office of Budget for review); to the President, through the Director of OMB; and the presiding officer of each House, i.e., the Speaker of the House of Representatives and the President of the Senate. The Secretary (with advice of legal counsel and the Assistant Secretary - Policy, Management and Budget) shall determine whether a violation did occur. (The report to the President shall contain a statement to the effect that identical reports are being furnished to the Congress.) The opening sentences of the letter will identify it as " * * * a report on a violation of the Antideficiency Act." The letter will set forth the following data in the sequence outlined:

(1) The title and Treasury symbol (including the fiscal year) of the appropriation or fund account, the amount involved for each violation, and the date on which the violation occurred;

(2) The name and position of the officer(s) or employee(s) responsible for the violation;

(3) All the pertinent facts of the violation, including the type of violation (e.g., over obligation of allotment or suballotment, over obligation of apportionment, or over expenditure of an appropriation), the primary reason or cause, any statement of the responsible officer(s) or employee(s) with respect to any circumstances believed to be extenuating, and any germane report by the Inspector General and/or Solicitor;

(4) A statement of the administrative discipline imposed and any further actions taken with respect to the officer(s) or employee(s) involved in the violation, or an explanation as to why no disciplinary action is considered necessary;

(5) In the case where an office or employee is suspected of willfully and knowingly violating the Antideficiency Act, confirm that all information has been submitted to the Department of Justice for determination of whether further action is needed;

(6) A statement regarding the adequacy of the system of administrative control prescribed by the Department of the Interior and approved by OMB. (If changes in the regulations are needed, in the judgment of the head of the bureau or office, proposals therefor will be submitted to the Assistant Secretary - Policy, Management and Budget);

(7) A statement of any additional action taken by, or at the direction of, the head of

the bureau or office, including any new safeguards provided to prevent recurrence of the same type of violation; and

(8) If another agency is concerned, a statement concerning the steps taken to coordinate the report with the other agency.

1.7 Nonstatutory Violations. Violation of the Department's approved resource distribution plan will be reported to the responsible bureau or office head (with a copy to the Director of Budget) setting forth the same information as required for a statutory violation, except that the activity or subactivity involved will be cited in addition to the appropriation symbol and title. It is expected that the administrative discipline imposed by a bureau or office will be no less than a letter of reprimand for inclusion in the employee(s) personnel file or an explanation as to why no letter of reprimand is considered necessary. Repeated violations by the same employee should be dealt with accordingly.

1.8 Department Federal Financial System and Bureau Implementation. The administrative control of funds system prescribed herein will be fully integrated with a bureau's formal accounting system. The bureau implementation of the Department's core Federal Financial System (FFS), will require, among other matters, that all transactions are to be recorded accurately and on the same day executed, specific criteria under which transactions are to be recorded as valid obligations, validation and year-end analysis of source documents, and the showing of current fund status of amounts available, prior to obligation. The bureau implementation will also enable accounting for funds at the activity, subactivity, project, or object level specified in the Appropriations Committees reports on the Department of the Interior Appropriations Acts (Department of the Interior and Related Agencies, and Energy and Water Development).

1.9 Approval of Bureau System of Administrative Control of Funds Directives. Each bureau or office will use the requirements of this Departmental Manual release to develop its directives containing the basic funds control principles and concepts which are to be followed. Copies of bureau or office directives or any substantive change in such directives are to be submitted to the Director, Office of Budget for review and approval.

1.10 Approval of System of Administrative Control of Funds by OMB. The system of administrative control of funds as prescribed herein was approved by the Director of OMB on, November 6, 1990 as required by the Antideficiency Act, 31 U.S.C. 1514.

328 DM 1
Appendix 1

DEPARTMENT OF THE INTERIOR
MANAGEMENT CONTROL GUIDELINES
FOR
ADMINISTRATIVE CONTROL OF FUNDS EVALUATIONS

Introduction

This guideline is being made available as an aid in reviewing current fund control procedures and also as a guide for newly created bureaus and offices to use in implementing a system of administrative control of funds or for bureaus and offices who wish to improve or revise their procedures.

Bureaus and offices are expected to develop their own controls to accommodate internal organization requirements and conditions. The Department issues broad, general guidelines allowing bureaus and offices considerable latitude in interpreting overall Departmental policy and allowing them to draft their own implementing procedures. In some bureaus and offices, a more general approach than that suggested by this guideline may be appropriate and not all items in this guideline may be required; however, funds control procedures should be reviewed for consistency with this guideline.

The Office of Budget (POB) approval of a bureau's or office's system of administrative control of funds does not signify that the system must remain unchanged. Bureaus and offices should periodically review their funds control regulations and procedures to ensure that they reflect current organization, operating procedures, legal requirements, and that they conform to the latest regulatory requirements of agencies such as the General Accounting Office and the Office of Management and Budget (OMB).

Management Control Evaluations

Departmental Manual, Part 340, Management Control Systems, and related guidance sets forth the Department's policy and procedures for conducting control evaluations. Bureaus are to carry a component for the Administrative Control of Funds on their Management Control Plans. The component's management controls are reviewed by the use of a management control review (MCR), an alternative management control review (AMCR), or a Department wide functional review (DFR).

Administrative control of funds systems in the Department are evaluated under the purview of bureau budget offices through the use of MCR's or AMCR's for the budget office area of responsibility. The fund accounting aspects of the administrative control of funds system are evaluated under the purview of bureau finance offices through the use of annual accounting system compliance reviews (ASCR's). A complete evaluation of a bureau's Administrative Control of Funds System should consider the results of both its last MCR or AMCR (including DFRs) and its latest ASCR. Such an evaluation would entail a review of the system's operations including manuals and guides, written directives, policies and procedures, delegations of authority, any reports of violation, audit reports or other similar studies, organization charts, and position descriptions to see what is supposed to be done and by whom. Then the review should focus on the actual controls by looking at records, talking with those performing the functions, observing actual operations, and making systems tests as appropriate. Finally, the reviewer(s) should prepare a control evaluation report as provided for in 340 DM 2.7C together with the summary sheet (page 8) in this Appendix.

The control evaluation report will contain identified control weaknesses and planned corrective

actions with scheduled dates for completing such actions.

The elements of an effective system of administrative control of funds which should be reviewed are discussed below.

1. ***Directives.*** Based on the Departmental guidelines, each bureau or office should have a directive or series of directives containing basic fund control principles and concepts which are to be followed. These should accomplish the following:

- a. Establish policy for administrative control over funds.
- b. Prescribe a system for positive administrative control of funds designed to restrict obligations and expenditures (disbursements) against each appropriation or fund to the amount available therein.
- c. Enable the bureau or office head to fix responsibility for expenditures and overobligations of appropriations, apportionments, allotments, and suballotments (all of which are subject to provisions of the Antideficiency Act), as well as violations of nonstatutory limitations imposed by the agency.
- d. Provide procedures for dealing with and reporting violations of the Antideficiency Act as well as administrative violations.
- e. State that all organizations and funds within the bureau or office are subject to the provisions of this regulation unless specifically exempted. Any exemptions should be listed and procedures stated for control of these exemptions.

2. ***Legal Requirements and Administrative Regulations.*** All persons involved in the control system should be aware of and have available to them the various legal provisions and other regulations included in 328 DM 1.3.

3. ***Responsibilities and Functions.*** Each bureau or office should have in writing a statement describing by title or position those individuals within the bureau or office charged with responsibility for the administrative control of funds. It should include the following:

- a. A list of the positions and a description of the fund control responsibilities of each.
- b. An explanation of the responsibilities of each position for investigating, reporting, and following up on Antideficiency Act violations, as well as violations of Departmental, bureau, or office limitations.

4. ***Delegation of Authority.*** Although control over funds is required to be established at the highest practical level, it is often necessary to fix this responsibility at lower operating levels. Written delegations of authority should indicate the extent to which fund control authority is delegated and should include a clear explanation of how the funds are to flow from the apportionment level down to the lowest obligation level.

Delegations of obligational authority and responsibility as required by the Antideficiency Act should be clearly spelled out. It should be clearly stated which positions have responsibility for control of obligations at the appropriation level, apportionment level, and at the allotment or suballotment levels, if any. Delegations of authority for controlling obligations against limitations not subject to the Antideficiency Act (e.g., resource distributions, targets, allowances, operating budgets) should also be in writing. Procedures should be described for identifying and reporting violations of any of these limitation levels.

5. ***Relationship to the Accounting System.*** The administrative control of funds system is differentiated from but should be fully integrated with the accounting system and should be consistent with legally prescribed accounting procedures. The control system should include the following elements:

a. **Recordkeeping.** The records should provide complete, accurate and timely budgetary and financial data for each account, including:

(1) Total budgetary resources available for obligation within each control level: apportionment, allotment, suballotment, activity, subactivity, or project levels specified in Appropriations Committees reports, or other internal limitation.

(2) Total valid obligations incurred to date against each control level (regardless of whether sufficient funds are available to liquidate these obligations).

(3) Restrictions contained in appropriation acts or other statutes.

(4) Total obligations incurred to date against such restrictions.

(5) Estimated reimbursements including amounts estimated and orders received to date.

(6) Amounts earned and collected to date.

b. **Availability of funds.** There should be a clearly defined method by which officials assure themselves that funds are available prior to incurring obligations and a general explanation of how supplemental records will be maintained for this purpose.

c. **Reconcilement.** Officials should be required to periodically reconcile funds control records with those accounting records or other fund status reports which are used to determine availability of funds.

d. **Year-end review.** Year-end analyses of source documents should be performed to ensure that all transactions affecting the appropriation and fund balances have been recorded properly, accurately, completely, and on a timely basis. All estimated obligations should be reviewed for reasonableness and appropriateness, and adjustments should be made as necessary.

6. ***Apportionments.*** An essential element of the funds control system which should be

reviewed is procedures for requesting apportionment of funds. The following aspects should be explained in writing:

- a. Procedures for requesting the apportionment of funds; list showing title and/or position responsible for each action.
- b. Citation of the basic internal directives covering the apportionment of funds for regular and supplemental appropriations, reprogrammings, transfers between accounts, and for deficiency apportionments. Specific requirements for reimbursements and withholdings (deferrals and rescissions) are covered in this guideline in paragraphs 10 and 11.
- c. Policies that apply specifically to revolving funds, management funds, and trust funds, including those that are not apportioned. If there are any such funds which are not subject to apportionment, the procedures used to control them should also be described.

7. ***Allotments and Suballotments.*** The administrative control system may, but is not required to, include allotments or suballotments within the limit of the apportionment. Responsibility for budget control should be placed at the highest practical organizational level consistent with effective and efficient management. For example, a single allotment within the amount apportioned for an appropriation provides an appropriate basis for monetary control, without further allotting the funds below the apportionment level. Allotment or suballotment control levels are administrative subdivisions of funds and are subject to the provisions of the Antideficiency Act. The funds control system should have established criteria by which the allotment structure may be changed and should identify the positions which have the authority to approve such changes.

Multiple allotments or suballotments by object class are not to be employed, except for compelling reasons or legislative requirements, which should be clearly described.

The administrative funds control system dealing with allotments and suballotments should:

- a. Make clear the function and purpose of allotments and suballotments.
- b. Define restrictions as follows:
 - (1) The total of allotments issued shall not exceed the apportionment.
 - (2) The total of suballotments issued shall not exceed the allotment.
 - (3) Allotments and suballotments shall be fixed in amount and changed only when authorized by the authority who issued the subdivision initially.
 - (4) Congressional restrictions contained in appropriations acts shall be adhered to.
 - (5) Other restrictions which the Department, bureau, or office may establish with respect to administrative subdivisions shall be covered.

c. Establish criteria under which estimated amounts of reimbursements and other income may be allotted. OMB Circular No. A-34 states that an apportioned amount containing estimated reimbursements of other anticipated amounts will not be allotted unless there is reasonable assurance that such items will be collected. This statement, however, does not preclude establishing more stringent requirements for the allotment of estimated reimbursements and other anticipated amounts. (See paragraph 10 for a more detailed discussion of estimated reimbursements.)

d. State that allotment procedures require the use of formal documents, specify who will issue and who will receive the documents, and list the basic information the documents should contain. At a minimum, the following should be included on the allotment form:

(1) Amount available.

(2) Time period of availability.

(3) All Congressional and legal restrictions on the obligation and/or disbursement of the allotted funds.

(4) Name of the individual with prime responsibility for ensuring that the terms of the allotment are not exceeded.

(5) Amount of estimated reimbursements contained in the allotment (to be separately controlled), and the conditions to be met before obligations may be incurred against these estimates.

8. ***Limitations Below the Allotment and Suballotment Level.*** Specific policies should be defined for establishing and maintaining limitations below the statutory level of allotments/suballotments. These limitations are not subject to the provisions of the Antideficiency Act. However, if this lower-level limitation is exceeded causing the overobligation of an allotment/suballotment, then a violation of the Antideficiency Act has occurred.

9. ***Obligations and Disbursements.*** The criteria by which transactions are recorded as valid obligations (31 U.S.C. 1501) should be clearly defined. The funds control system also requires:

a. Reporting obligations and disbursements at the earliest possible time.

b. Never delaying the posting of an obligation because it is discovered there is a lack of funds.

c. Assuring the validity of all obligations and disbursements.

d. Specifying by title or position who is responsible for recording obligations and disbursements in the accounts.

10. ***Estimated Reimbursements as Budgetary Resources.*** The treatment of estimated reimbursements should be stated in very specific terms. The system of apportionment provided for under OMB Circular No. A-34 permits inclusion of these items in determining the amounts available for apportionment. Once apportioned, however, anticipated reimbursement will not be allotted unless there is reasonable assurance that such items will be collected. Furthermore, even though these estimates have been apportioned and allotted, they will not be considered budgetary resources available for obligation unless they meet one of the following criteria:

- a. Valid orders (including written agreements) have been received.
- b. Entitlement has been earned based on goods or services furnished.
- c. In the case of orders from the public, advance payment has been received or such receipt has been exempted by law.

The regulations should contain a requirement that all officials who receive allotments containing estimated reimbursements or other anticipated amounts must maintain constant and careful oversight to ensure that these reimbursements and other income are earned as planned. If actual earnings are less than anticipated, the regulation should require that appropriate funding adjustments be made or other action, including reapportionment, be taken.

11. ***Withholdings.*** The funds control system should contain basic policy with regard to the reporting of deferrals and proposed rescissions. Overall procedures are outlined in OMB Circular No. A-34.

12. ***Reprogramming of Funds.*** The administrative control of funds system should enable the bureau to track obligations at the activity, subactivity, or project levels specified in the Appropriations Committees reports (reprogramming levels). Bureaus should comply with the reprogrammings guidelines and procedures established by the House and Senate Appropriations Committees in their reports and with implementing instructions of the Department's Budget Office.

Reprogrammings are not subject to the provisions of the Antideficiency Act and, therefore, are not subject to statutory control. Reprogrammings are subject to Appropriations Committees' reprogramming rules as implemented within the Department.

In addition to reprogrammings subject to the rules of the Appropriations Committees, the Secretary, pursuant to the General Provisions of the Department of the Interior and Related Agencies Appropriations Act and the Energy and Water Development Appropriation Act, may under certain circumstances and for certain specified purposes, make appropriations available for expenditure or transfer without the express approval of the Congress. However, if such expenditures or transfers cause an allotment, suballotment, or apportionment to be exceeded, a violation of the Antideficiency Act would occur. The funds control system should identify those accounts with sufficient unobligated balances to cover such expenditures or transfers prior to requesting the Secretary's approval to charge or transfer the funds in those accounts.

13. **General Provisions.** The control system should clearly state in written form all actions prohibited by law as well as any nonstatutory requirements imposed by the Department, bureau, or office on obligation and disbursement of funds.

a. The primary source of legal restrictions on funds control is the Antideficiency Act (31 U.S.C. 1514 and 1517). Actions prohibited are:

(1) Obligations or disbursements in excess of the amount available within an appropriation. Note: This includes obligation or disbursement in excess of a Congressionally-imposed limitation contained in an authorization or appropriation act, thereby restricting by law the amount that can be obligated or expended for a particular program or activity.

(2) Obligation or contract for payment of money for any purpose in advance of appropriations made for such purpose, unless specifically authorized by law. This includes obligation of funds for a purpose specifically prohibited in the authorization or appropriation act.

(3) Acceptance of voluntary service, except in emergencies.

(4) Employment of personal service in excess of that authorized by law.

(5) Obligation or disbursement in excess of an apportionment or reapportionment.

(6) Obligation or disbursement in excess of a subdivision of funds below the apportionment level in cases where the bureau or office requires the holder of the obligational authority to assume statutory responsibility under the Antideficiency Act, for example, overobligation or overdisbursement of an allotment or suballotment.

b. All nonstatutory restrictions and requirements imposed by the Department, bureau, or office should be clearly explained in writing.

14. **Penalties for Violations.** All individuals involved in administrative funds control should be made aware of penalties under the law for violation of the Antideficiency Act, as well as any penalties for violations of limitations and requirements which the Department, bureau, or office has imposed which are not subject to provisions of the Antideficiency Act

15. **Reporting Violations.** The following policy guidance on the reporting of violations should be included in the administrative control system:

a. All violations, regardless of amount, must be reported to the head of the bureau or office immediately upon discovery.

b. All statutory violations must be reported by the Secretary (through the Office of Budget for review); to the President, through OMB; and to the Congress.

c. Any individual with knowledge of a possible violation has the responsibility to report

it. The regulation should specify to whom notification is to be given.

d. Subsequent actions taken to correct the cause of a violation do not eliminate that violation--it is still required to be reported.

e. Reporting responsibilities should be outlined as follows:

(1) Identify individual(s) responsible for initiating internal reports of violations (e.g., holders of obligation authority, allotment holders, the comptroller, etc.).

(2) Specify internal routing requirements, including the format and contents of internal reports.

(3) Describe investigation and follow-up requirements.

Outline the format, content, and submission requirements for reports of statutory violations to the President and to the Congress (refer to Part III Sect. 32.2 OMB Circular No. A-34 for detailed guidance).

SUMMARY SHEET

Management Control Guidelines for Administrative Control of Funds

Degree of Bureau/Office Compliance with Referenced Control (Check one:)

<u>Control</u>	<u>Reference</u>	<u>Full Compliance</u>	<u>Partial Compliance</u> *	<u>Non- Compliance</u> *	<u>Comments</u>
1.	Directives	.	.	.	.
2.	Legal requirements / administrative regulations	.	.	.	.
3.	Responsibilities/functions	.	.	.	.
4.	Delegation of authority	.	.	.	.
5.	Accounting system	.	.	.	.

6.	Apportionments	.	.	.	.
7.	Allotments/suballotments	.	.	.	.
8.	Other limitations	.	.	.	.
9.	Obligations/disbursements	.	.	.	.
10.	Reimbursements	.	.	.	.
11.	Withholdings	.	.	.	.
12.	Reprogrammings	.	.	.	.
13.	General provisions	.	.	.	.
14.	Penalties for violations	.	.	.	.
15.	Reporting violations	.	.	.	.

*Note: A check mark in either the partial or noncompliance column requires an explanation in the comments section. Use as many pages as are necessary to cover each of the 15 items in the guideline.

**

11/27/91 #3413

Replaces 11/27/91 #2925