



**U.S. DEPARTMENT OF THE INTERIOR
OFFICE OF SURFACE MINING
RECLAMATION AND ENFORCEMENT**

DIRECTIVES SYSTEM

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Subject: Administration Control of Funds

Approval:

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Title:

Director, Office of Surface Mining
Reclamation and Enforcement

1. Purpose. This directive establishes a system for the administrative control of funds and prescribes the procedures for delegation of fund authority and responsibilities concomitant with a decentralized management environment in the Office of Surface Mining and Reclamation Enforcement (OSMRE), and to ensure that:

a. programs are executed and funds expended in accordance with the intent of the Congress in granting such authorizations;

b. funds are expended in, and do not exceed the appropriate budget activity accounts;

c. obligations and expenditures are restricted to the total amounts apportioned or reapportioned for each appropriation;

d. responsibilities for the creation of any obligation or expenditure in excess of an appropriation or allotment pursuant to subsections (g) and (h) of section 3679 of the Revised Statutes, as amended (31 U.S.C. 1514, the Anti-Deficiency Act) are clearly identifiable; and,

e. any violation of section 3679 of the Revised Statutes, as amended, is immediately reported.

2. Scope. These procedures include two methods for the delegation of fund responsibility; i.e., allotments and allocations. Each represents a separate level of responsibility and sanction.

a. Allotments: Authority delegated by the Director of OSMRE to the Deputy Director, Administration and Finance, to incur obligations within a specified amount appropriated by Congress and pursuant to apportionment or reapportionment by the Office of Management and Budget (OMB), or other statutory authority making funds available for obligation. Allotments convey personal legal responsibilities and sanctions under the Anti-Deficiency Act for amounts, timing, and purpose of such allotments.

b. Allocations: Administrative subdivisions of funds by the Deputy Director, Administration and Finance, assigned to Assistant Directors and/or other managers responsible for their proper expenditure subject to administrative penalties under the Act.

3. Statutory Reference and Administrative Regulations. The provisions in law and other regulations that pertain to the administrative control of funds are as follows:

a. Subsections (g) and (h) of Section 3679 of the Revised Statutes (31 U.S.C. 665), Anti-Deficiency Act as amended, provide as follows:

"(g)...The officer having administrative control of any such appropriation available to the...head of each agency, subject to the approval of the Director, OMB, shall prescribe by regulation, a system of administrative control (not inconsistent with any accounting procedures prescribed by or pursuant to law) which shall be designed to (1.) restrict obligations or expenditures against each such appropriation to the amount of apportionment or reapportionments made for each appropriation, and (2.) enable such officer or agency head to fix responsibility for the creation of any obligation or the making of any expenditure in excess of an apportionment or reapportionment."

"(h) No officer or employee of the United States shall authorize or create any obligation or make any expenditure (1.) in excess of an apportionment or reapportionment, or (2.) in excess of the amount permitted by regulations prescribed pursuant to subsection (g) of this section."

- b. Budget and Accounting Act of 1921, as amended (31 U.S.C. 1104).
- c. Federal Managers' Financial Integrity Act (P.L. 97-255).
- d. Section 1311 of the Supplemental Appropriations Act of 1955 (31 U.S.C. 1501).
- e. Congressional Budget and Impoundment Control Act of 1974 (31 U.S.C. 1102 and 2 U.S.C. 681-688).
- f. OMB Circular No. A-34, "Instructions on Budget Execution," dated August 26, 1985, and related OMB guidelines.
- g. General Provisions of the Department of the Interior and Related Agencies Appropriations Acts.
- h. Department of the Interior. Departmental Manual, Part 328; Administrative Control of Funds.
- i. Office of Budget issuances in the form of directives, handbooks, or information memoranda; an example of which is the Department of the Interior Budget Handbook.

4. Definitions.

a. Official Accounting System, ABACIS. The official accounting system of record is called the Advanced Budgeting and Accounting Central Information System (ABACIS). These records are maintained by the Division of Financial Management at the Denver Federal Center and are the official accounting records by which fund accountability compliance shall be measured.

b. Accounts. Official units of management authority identified for the purpose of delegating fund responsibility by allocating funds and recording obligations in the accounting system. In ABACIS, each account is assigned a nine digit code number. The first two digits represent the appropriation and the budget activity; the next four represent

the organizational unit and location, and the last three are work elements for use of program managers. The common use of the term "account number" at OSMRE is in reference to the organizational unit's four digit code. However, all nine digits must be used on each obligating document or ABACIS will not accept the entry. (For example: the nine digit code 11-4421-000 can be read as follows: the first digit "1" is the Appropriation for Regulation and Technology, the second digit "1" is the first budget activity listed in the Regulation and Technology appropriation, the following four digits mean; "4" Deputy Director, Operations and Technical Services; "4" Assistant Director, Western Operations; "2" Division of Program Support; "1" State Regulatory Grants.)

c. Allotment. Appropriations by Congress are made to heads of Departments or Agencies. An allotment is an official delegation of such fund authority from the head of a Department or Agency to other officials in their respective organizations. At OSMRE, funding authority is delegated to the Deputy Director, Administration and Finance. This delegation includes the authority to incur obligations within a specified amount pursuant to Office of Management and Budget apportionment or reapportionment action or other statutory authority making funds available for obligation. Allotments may be divided into Suballotments and further delegated to lower levels. An allotment carries legal responsibilities and penalties under the Anti-Deficiency Act for amounts appropriated by Congress.

d. Suballotment. The further delegation of funding authority and responsibility by the Deputy Director, Administration and Finance, to a specific official who assumes legal responsibilities and sanctions under the Anti-Deficiency Act for the amounts included in the delegation. This authority may not be further redelegated or reassigned.

e. Allocation. The administrative subdivision of funds below the allotment level delegated to a specific official (e.g., a Field Office Director). Obligations incurred for amounts in excess of the amounts designated for such allocations by specific account number are subject to administrative penalty rather than the statutory provisions of the Anti-Deficiency Act.

f. Apportionment. Approval from the Office of Management and Budget to use funding authority made available through appropriation, recovery or transfer in a specified time period; such as a quarter or a fiscal year.

g. Budget Activity. The first level subdivision of an appropriation (often referred to as a budget line item) as identified and described in the President's Budget Justifications to Congress. Budget activities are identified within the accounting system (ABACIS) by the first and second digits of an account number. The first digit identifies the Appropriation and the second identifies the activity within it (e.g., 12 is Federal Regulatory Programs in the Regulation and Technology Appropriation, and 22 is Federal Reclamation Programs in the Abandoned Mine Lands Appropriation).

h. Budget Officer. Each Department and Agency has an individual who is recognized as the chief budget expert for that governmental unit; and who is referred to as the Budget Officer. At OSMRE the Chief, Division of Budget, Planning, and Management Analysis is the official agency budget officer.

i. Certification of Funds. The act of determining, from official accounting records, the availability of specific amounts in a particular account, budget activity or appropriation for the purpose of obligating funds for a specific transaction and attesting to their availability by signing on the face of the document the statement "FUNDS CERTIFIED AVAILABLE". For purposes of this directive the prevalidation of fund availability by individual program managers shall constitute fund certification. (See 6.,g.)

j. Certification of Payment. The process of attesting to the legality, propriety and correctness of bills for payment from Appropriated Funds. Accountability for improper certification of funds for payment rests personally with the certifying officer. Anti-Deficiency Act violations which are a result of improper certification of funds subjects the certifying officer in addition to the allottee, to legal sanctions under the Act.

k. Certifying Officer for Proper Payments. An individual appointed by the Assistant Director, Finance and Accounting or the Chief, Division of Financial Management who is authorized to sign Treasury disbursement schedules certifying that payments are legal, proper and correct, and for ensuring that the proper documentation of transactions releasing funds for expenditure have been provided.

l. Financial Plan. A plan for the utilization of funds over a period of time (usually divided into quarterly targets to coincide with OMB apportionments) to implement program activities. The term financial plan is sometimes used synonymously as the operating budget. (See definition for operating budget plan)

m. Operating Budget Plan. A financial resource plan for the cost of operating in the current fiscal year, indicating amounts required for the year by object classification of expenditure; such as personnel salaries, benefits, travel, or supplies.

n. Prevalidation Official. Officials designated by the Deputy Director, Administration and Finance responsible for certifying that funds are available in the appropriate account on an individual obligation basis.

o. Prevalidation of Funds. For the purposes of this Directive, the act of prevalidating funds (approving obligating documents) on the face of procurement requests and other obligating documents by officials delineated in part 5; POLICY of this directive shall constitute certification of fund availability. Certification authority may be preempted for purposes of year-end closeout in order to assure avoidance of Anti-Deficiency Act violations.

p. Reprogramming of Funds. The transfer of funds from one appropriation or budget activity (or finer level of detail below the activity level when displayed in either Appropriation Committee report) to another. A reprogramming also consists of any significant departure from the program described in the budget justifications, including proposed

reorganizations which do not require a transfer of funding. All reprogramming must be initiated by the Agency Budget Officer and approved by the Deputy Director, Administration and Finance.

Reprogramming violations are not subject to the provisions of the Anti-Deficiency Act and therefore not subject to statutory control. However, the employee responsible for an obligation that causes a violation of the reprogramming guidelines of Appropriation Subcommittees on Interior and Related Agencies is subject to administrative discipline.

q. Statutory Violation. Personal legal sanctions apply to any employee who shall knowingly and willfully violate the Anti-Deficiency Act and shall, upon conviction, be fined not more than \$5,000, or be 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 Act.

r. Administrative Violation. Administrative sanctions of the Anti-Deficiency Act subjects employees to appropriate administrative discipline, including, when circumstances warrant, suspension from duty without pay or removal from office.

5. Policy. It is the policy of OSMRE to fix responsibility for the obligation or expenditure of funds at the highest possible level and to hold accountable any officer who creates or allows any obligation or expenditure in excess of an appropriation, apportionment, allotment, allocation, or budget activity.

6. Procedures.

a. Official written budget allotments, based on appropriations and apportionments, shall be issued to the Deputy Director, Administration and Finance who shall acknowledge receipt and responsibility by signing and returning the original allotment document to the Division of Budget, Planning and Management Analysis. Each allotment shall be set out in writing and be signed by the Director or other authorized official and shall specify the amount available, time period of availability, and name of the individual with legal responsibility.

b. The Deputy Director, Administration and Finance may issue suballotments where circumstances warrant (See Attachment A). Such suballotments shall be made to the Assistant Directorate level and shall include the transfer of all statutory authority and punitive sanctions under the Act to the individual suballottee in the same manner as is found in an allotment. The authority and responsibility transferred in a suballotment may not be further reallocated by the suballottee.

c. The incurring of obligations in excess of the amount specified in an allotment or suballotment is a statutory violation of section 3679 of the Revised Statutes (the Anti-Deficiency Act). Any further division or subdivision of funds below the allotment or suballotment level (such as allocations given to a Division Chief or a Field Office Director) will not be considered an appropriate level for purposes of determining statutory violations of the Act.

d. Each Deputy Director and Assistant Director shall designate appropriate officials to be responsible for the further subdivision of such funds (allocations) 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 on the face of each allocation and suballocation.

e. Suballottees (Assistant Directors) in most instances, will redelegate funding authority by the use of administrative allocations or suballocations. Such allocations or suballocations must not exceed budget activity totals allotted or allocated by the Deputy Director, Administration and Finance, and shall be issued in writing, on the appropriate forms designated for that purpose (See Attachment B); include the amounts available in each account (or subaccount). Allocations or suballocations shall indicate the time period of availability; specify any restrictions which may apply to their purpose; shall bear the name of the individual who has been designated as the authorized person with the prime responsibility and be signed by that individual acknowledging accountability for their use. Copies of these allocations and suballocations must be furnished to the Division of Budget, Planning and Management Analysis for reconciliation.

f. The total of all allotments, suballotments, allocations and suballocations shall not exceed the total budget authority of the agency as reflected in the Director's allotment to the Deputy Director, Administration and Finance. The total fund authority of allotments from the Director shall not exceed the total budget authority created by appropriations, transfers and recoveries. Reconciliation with appropriations and apportionments shall be ensured by the Budget Officer.

g. Each Program Manager who is allotted or allocated funds is also delegated the authority of prevalidating funds for purposes of procuring goods or services against the appropriate accounts. This authority shall be exercised by signing individual obligating documents to indicate approval. Prevalidations will serve as fund certification for purposes of this directive. Managers allotted or allocated funds and delegated prevalidation authority are charged with individual administrative responsibility (for allocations) or individual legal responsibility (for allotments) for any over-obligation or expenditure in excess of their fund authority at the account level. An obligation made in excess of an allocation in a particular account or organizational unit is not necessarily considered a statutory violation unless it causes the total of all allocated amounts within an appropriation, budget activity, apportionment, reapportionment, or allotment to be exceeded. The employee responsible for an obligation in excess of a specific allocation at the account level is subject to administrative discipline however.

h. For purposes of an orderly year-end closeout of all accounting transactions and to ensure avoidance of possible Anti-Deficiency Act violations, special procedures during the last month of each fiscal year may be superimposed. Subject to these procedures and to avoid minor revisions to allocations at the end of a fiscal year, the Budget Officer may authorize additional obligations for certain accounts which may result in exceeding an approved allocation. However, such special procedures must still conform to approved allotments, apportionments and appropriations by budget activity.

1. Officially designated payment certification officers (within the Division of Financial Management, the Eastern and Western Administrative Service Centers and the Division of Management Services) who are responsible for verifying the legality, propriety and correctness of payments from Appropriated funds are personally accountable for these payments. If any certified payment is found to be illegal, improper, or incorrect, the certifying officer may be held individually responsible for reimbursing the Government for the amount of the payment.

7. Responsibilities. Responsibilities of designated OSMRE officials are as follows:

a. Director. Responsible for allotting the funding authority, derived from an appropriation(s) to the Director from the United States Congress, to the Deputy Director, Administration and Finance.

b. Deputy Director, Administration and Finance. Assumes statutory responsibility and authority from the Director (as allottee for the agency) for total agency funding. Reviews and approves agency financial plans (in terms of mandated and/or policy initiatives and to ensure that total resources allotted or allocated within each budget activity are consistent with appropriations) and issues resource allocations to senior management officials.

Appoints official Certifying Officers (for certification of payment documents) at the Eastern and Western Administrative Centers and in the Divisions of Financial Management and Management Services, Headquarters.

c. Deputy Directors. Develop program policy and funding guidelines for respective Directorates; provide internal funding target allocation determinations, review budget requests from respective Directorates and make adjustments where necessary or desirable; assume responsibility for suballotments and allocations made specifically to immediate office, and concur on allocations to respective Directorates.

d. Assistant Directors. Develop guidelines for the accomplishment of work; review and assess submitted subordinate financial plans for conformance with agency program goals; designate subordinate officials responsible for allocations (i.e., Division Chiefs, Field Office Directors, or office/Project Managers); assume responsibility for suballotments and allocations; suballocate administrative responsibility for specific program funding; and resolve internal funding issues.

e. Division Chief/Field Office Directors/Program Managers. Develop operating budgets for accomplishing agency work in respective areas of authority according to approved budget guidelines and instructions; acknowledge administrative responsibility for allocations; exercise prudent monitoring and control of allocated funds to prevent over-obligation, prevalidate funds for purposes of creating an obligation on all procurement actions, and report possible administrative or statutory violations of the Anti-Deficiency Act.

f. Budget Officer. Responsible for obtaining Warrants from Treasury, apportionments and reapportionments from OMB, and administrative ceilings from the Department. Prepares agency operating budget instructions; issues

tentative allocations; assists program planners with the development of their operating budgets; analyzes and reviews submitted requests; makes program funding recommendations; prepares and maintains official files on allotments, allocations and administrative ceilings; enters and maintains financial plan totals in ABACIS. Monitors budget execution and issues periodic management reports; conducts budget reviews and initiates program and funding adjustments, and coordinates fiscal year-end closeouts. Prepares agency budgetary documentation to the Department, Treasury and OMB; including the following:

Apportionment and Reapportionment Schedules (SF-132s),
Semi-Annual Report on Status of Appropriations (DI-522s),
Non-expenditure Transfer Authorizations (SF-1151s),
Expenditure Transfer Authorizations (SF-1081s),
Appropriation Warrant Requests; and,
Informal Reprogramming Reports.

g. Designated Payment Certification Officers. Legally responsible for assuring that an obligation has been established by a duly authorized official, that goods and/or services have been certified as received and accepted and that a proper invoice or voucher has been received, before certifying a payment as legal, proper and correct.

h. Prevalidation Official. The program officer responsible for approving obligating documents, by virtue of having received an allotment or allocation, and for ensuring that obligations are not created in individual accounts in excess of funding availability for that purpose. Only those officials designated in 5. POLICY (allottees and allocatees) are authorized to certify funds from their specific accounts for the purpose of incurring an obligation. The act of prevalidating funds is accomplished when a program manager approves a specific document which either commits or obligates the Agency to pay for goods or services when delivered. Documents which commit or obligate the Government to pay include Requests for Procurement, Travel Authorizations, Blanket Purchase Orders, etc.

This authority may be further delegated by the program official to an administrative officer or assistant for example, but such delegation must be in writing with copies to the Division of Financial Management and the Division of Budget, Planning and Management Analysis. The program official who further delegates this authority, however, remains responsible for implementing a system to manage control over the prevalidation of funds to ensure their proper use and the avoidance of overobligation and remains personally responsible for any over-obligation caused by an inaccurate certification.

i. Finance Officer. Ensure that each obligation is correctly identified with a specific account and appropriation or fund at the time the obligation is incurred; ensure that no amount is recorded as an obligation of the Government of the United States unless it is supported by documentary evidence of:

(1) 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 the 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;

- (2) an order required by law to be placed with a Government agency;
- (3) an order issued pursuant to a law authorizing purchases without advertising when necessitated by public expediency or for perishable subsistence supplies or with specific monetary limitations;
- (4) a grant or subsidy payable (a) from appropriations made for pay of or contributions toward sums required to be paid in specific amounts fixed by law or in accord with formula prescribed by law, or (b) pursuant to agreement authorized by, or plans approved in accord with and authorized by law;
- (5) a liability which may result from pending litigation brought under authority of law;
- (6) employment or services of persons or expenses of travel in accord with law, and services performed by public utilities; or,
- (7) any other legal liability of the United States against an appropriation of funds legally available thereof.

Anti-Deficiency Act violations which are the result of improper prevalidation and/or certification of funds for payment subject the responsible officers to legal sanctions under the Act. The Chief, Division of Financial Management is the officer responsible for maintaining current and accurate records of all agency financial transactions within ABACIS; and, the appropriate distribution of timely ABACIS reports.

8. REPORTING REQUIREMENTS ON VIOLATIONS.

- a. All violations, regardless of amount, must be reported to the Deputy Director, Administration and Finance, immediately upon discovery.
- b. All statutory violations must be reported to the President, through the Department, OMB, and to the Congress.
- c. Subsequent action taken to correct the cause of a violation does not eliminate the fact of a violation -- it is required to report it.
- d. Any individual with knowledge of a possible violation has the responsibility to report it to their respective Assistant Director and to the Deputy Director, Administration and Finance.
- e. Reporting responsibilities are as follows:
 - (1) Each manager who is allocated funding authority is responsible for initiating internal reports of violations or potential violations when and where they occur or may be reasonably anticipated or expected to occur.
 - (2) Such reports shall be in memorandum format addressed to the Deputy Director, Administration and Finance.

(3) Each such report shall be assigned by the Deputy Director, Finance and Accounting for investigation and follow-up.

9. EFFECT ON OTHER DOCUMENTS. This Directive supersedes OSMRE Directive, FIN-5 dated November 20, 1985 and FIN-5-1 dated November 24, 1986.

10. EFFECTIVE DATE. This Directive becomes effective on the date of approval.

11. CONTACT. Questions relating to the content of this Directive should be directed to the Chief, Division of Budget, Planning, and Management Analysis, Room 262, Interior South, or 343-4926.