

AMS Directive 2100.1

2/12/99

ADMINISTRATIVE FUND CONTROL SYSTEM FOR
APPROPRIATIONS AND FEE-SUPPORTED FUNDS

I. PURPOSE

This Directive:

- A. Establishes the Administrative Fund Control System for appropriations and fee-supported funds in the Agricultural Marketing Service (AMS).
- B. Sets forth policy and responsibilities under the system for restricting, controlling, and reporting for appropriations and fee-supported funds, apportionments, allotments, allocations, obligations, receipts, and reimbursements.
- C. Sets forth responsibility for investing fee-supported funds in interest-bearing accounts.
- D. Outlines the liabilities for violations of the system.

II. REPLACEMENT HIGHLIGHTS

This Directive replaces AMS Directive 406.1, Administrative Fund Control System for Appropriations and Fee-Supported Funds, dated 7/11/94.

III. POLICY

All AMS organizations and funds, user fee and appropriated, are subject to the provisions of this Directive.

IV. AUTHORITIES

The Administrative Fund Control system is required by the following statutes and regulations:

- A. 31 U.S.C. 1341, 1349-1351, 1501-1557 (prescribes violations subject to disciplinary action), commonly known as the Anti-Deficiency Act.
- B. 31 U.S.C. 21 (requires agencies to provide Office of Management and Budget (OMB) with data OMB requires, and gives OMB access to books, documents, papers, or records).
- C. 31 U.S.C. 200 (requires documentary evidence of obligations).
- D. 31 U.S.C. 1020 (specifies that the fiscal year will be from October 1 through September 30 of the following year).

E. 31 U.S.C. 1400-1407 (contains deferral and rescission of budget authority).

F. Departmental Budget Manual, Chapter 4 (includes Budgetary Administration and Reporting, Section 2, Administrative Fund Control System).

G. OMB Circular No. A-34 (contains Instructions on Budget Execution, and related OMB guidelines).

V. DEFINITIONS

A. An Administrative Fund Control System (1) restricts obligations or disbursements to the amount of each appropriation or user fee fund and any OMB-required apportionment or reapportionment; (2) fixes responsibility for the creation of any obligation that exceeds an appropriation or user fee fund, or OMB-required reapportionment; and (3) provides procedures for handling violations of the Anti-Deficiency Act, administrative violations, and reporting requirements.

B. An allocation is the Administrator's (or his/her designee's) notification to each Deputy Administrator, Staff Director, or Agency Official of the amounts available for obligation by activity (including reimbursements or receipts) for each Program Area, Staff, or other designated organizational unit during the current fiscal year.

C. An allotment is the Department Head's (or his/her designee's) authorization to a designated Agency Official to incur obligations. Allotments may include quarterly limitations for funds subject to apportionment. Allotments are issued for funds made available by an appropriation or other statutory authority. An allotment shall not be subdivided into sub-allotments.

D. An apportionment is the Office of Management and Budget's (OMB) approval of the annual amount available for obligation in an appropriation or user fee fund. An apportionment may be adjusted for changes in reimbursements, actual unobligated balances, and recoveries of prior year obligations without further approval by OMB.

E. An appropriation is an Act of Congress authorizing obligations and payments from the Treasury for authorized purposes within established limits.

F. Obligations are amounts of orders placed, contracts awarded, services received, and similar transactions that will require payments. Obligated amounts shall include any disbursements not preceded by recorded obligations and shall reflect adjustments for differences between obligations and the actual disbursements. Obligations must be supported by documentary evidence (see Section VI., below).

G. Operating budget plans are documents prepared by the individual or organization to whom an allocation is given. Operating budget plans serve as a benchmark for comparison to actual obligations during the year. Plans are also used by the Budget Officer to develop the Agency's portion of the President's Budget.

H. Receipts are amounts earned and collected which are earmarked by law, agreement, or statute for purposes authorized by legislation. Receipts are considered usable when actually collected. Receipts to be collected include accounts receivable, receipts earned but not billed, and amounts anticipated for the remainder of the year.

I. Reimbursements are amounts earned and collected (other than refunds of obligations) for work performed, sale of personal property, or services furnished between appropriations or to an individual,

firm, corporation, or State or local government. Reimbursements, by law, may be credited to an appropriation or fund. Reimbursements to be collected include accounts receivable, reimbursements earned but not billed, and amounts anticipated for the remainder of the year.

J. A rescission is the amount of budget authority that the President determines will not be required to carry out the full objectives or scope of programs for which it is provided. Proper Congressional notification is required.

K. User fee, trust and special funds are permanent authorizations under which funds become available through fund operations without further Congressional action. This includes all fee-supported funds.

L. A Treasury Warrant is the official document issued by the Secretary of the Treasury that establishes the amount of money an agency may withdraw from the central accounts maintained by the Treasury. An Appropriations Act authorizes the Secretary of the Treasury to issue a warrant.

VI. DOCUMENTARY EVIDENCE AND REPORTING OF OBLIGATIONS

The provisions of 31 U.S.C. 200 require that:

A. No amount shall be recorded as an obligation of the U.S. Government 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 availability for obligations 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; or
2. A valid loan agreement showing the amount of the loan to be made and terms of repayment thereof; or
3. An order required by law to be placed with a Government agency; or
4. A grant or subsidy payable:
 - a. From appropriations made for payment of, or contributions toward, sums required to be paid in specific amounts fixed by law, or in accord with the formula prescribed by law, or
 - b. Pursuant to agreement authorized by or plans approved in accord with and authorized by law; or
5. An order issued pursuant to a law authorizing purchases without advertising when necessitated by public exigency or for perishable subsistence supplies, or within specific monetary limitations; or
6. A liability which may result from pending litigation brought under authority of law; or
7. Employment or services of persons or expenses of travel in accord with law and services performed by public utilities; or
8. Any other legal liability of the United States against an appropriation or fund legally available therefor.

B. Obligations reported on the Year End Closing Statement (TFS-2108) prepared as of September 30 shall be supported by certifications of the officials designated by the Office of Budget and Program Analysis. The certifications and records shall be retained in the Agency according to records retention regulations. The officials designated by the Office of Budget and Program Analysis to make certifications may not re-delegate the responsibility.

C. No appropriation or fund which is limited for obligation purposes to a definite period of time shall be available for expenditure after the expiration of such period (except for liquidation of amounts obligated). No such appropriation or fund shall remain available for expenditure or liquidation adjustments to expired accounts for any period beyond that otherwise authorized by law.

D. Any statement of obligation of funds furnished by any Agency of the Government to the Congress or any committee thereof shall include only such amounts as may be valid obligations as defined in paragraph A., above.

VII. RESPONSIBILITIES UNDER THE SYSTEM

A. The Administrator through the Associate Administrator(s) and the AMS Budget Officer, shall:

1. Restrict and control obligations within total allotments and apportionments. Obligations may not be incurred at any time in excess of the total annual amount available, or the applicable cumulative amount available under any allotment or apportionment.
2. Restrict obligations incurred for reimbursable/receipt activities to the extent that such estimated amounts will actually be realized.
3. Carry out executive and congressional intent in the programming, reprogramming, allocation, and use of funds. Significant changes in the use of funds, or the need for additional funds, will be brought to the attention of the Office of Budget and Program Analysis.
4. Fix responsibility for violations (see Section VIII., below) to Agency officials who are responsible for allotment and obligation controls. The responsibilities in connection with the allotment of funds and control of obligations under allotments are required under the Anti-Deficiency Act.

B. The AMS Budget Officer

1. Prepares apportionment and reapportionment schedules as required by OMB.
2. Is delegated responsibility for issuing allotments and for limiting allotments under each appropriation or fund to the lesser of appropriations, user fee funds, reimbursements, or approved apportionments.
 - a. Allotments shall be made on an annual basis with specific quarterly limitations for any appropriation or fund subject to apportionment. Quarterly limitations contained in allotments shall be within approved apportionments or other authorized administrative limitation on funds.
 - b. Allotments shall be limited to the extent practicable to one allotment for each appropriation or fund, with the Administrator named as allottee. An allotment shall not be divided into sub-allotments.
3. Prepares for approval by the Administrator and Associate Administrator(s), the annual financial management plan containing the proposed allocations by appropriation and user fee fund (including

reimbursements and receipts). Allocations will be prepared for both direct and distributed activities. The sum total of these allocations will not exceed enacted appropriations or written receipts and reimbursement estimates supplied by Deputy Administrators and Staff Directors. However, allocations for fee programs may exceed written receipts and reimbursements estimates if the respective fee program has sufficient reserve balances to cover the excess expenditures. If, during the year, receipts estimates or reimbursements estimates decline or increase, allocations for those fee programs must be reduced or increased correspondingly unless sufficient reserves are available.

4. Develops and maintains an allocation table that:

a. Lists availability by appropriated budget project and each respective fee program. Availability numbers for fee programs must be changed on the table to reflect the most current Form AD-706, Statement of Estimated Reimbursements or Receipts.

b. Lists all distribution percentage formulas.

c. Lists all direct and distributed allocations by appropriated budget project and each fee program.

5. Prior to the beginning of the fiscal year, prepares and distributes to the Deputy Administrators and Staff Directors, operating budget instructions and planning allocations. The planning allocations for appropriated funds will be based on the best estimate of funds to be enacted. Planning allocations for fee accounts will be based on written receipts and reimbursements estimates submitted by Deputy Administrators and Staff Directors. The operating budgets submitted by Deputy Administrators and Staff Directors will be summarized at an agency level to ensure they do not exceed available funds as listed in the allocation table.

6. Issues approved allocations for salaries and administrative expenses to Deputy Administrators and Staff Directors. These allocations authorize the Deputy Administrators and Staff Directors to incur obligations.

7. Ensures that the National Finance Center (NFC) maintains an appropriate AMS accounting code structure, general ledger, and a series of accounting reports that are useful to program managers.

8. Ensures that NFC maintains a complete, accurate, and timely record of valid obligations incurred to date, and the total budgetary resources available for obligations.

9. In cases involving reimbursements from another Federal account, ensures that a properly executed agreement is in place as the minimum assurance that the receivable will be realized.

10. Reviews monthly accounting reports from the NFC Accounting System to ensure that cumulative obligations are within amounts available under each applicable apportionment, allotment, appropriation, or fund limitation, and that receipts and reimbursements are properly reported.

11. Reviews with Programs, Staffs, and other allocation holders the current and projected financial status of programs and funds to ensure compliance with existing allocations. Accumulates the results of these separate reviews into Agency-level obligation and budgetary forecast reports. Presents the Agency financial status to the Administrator and Deputies at least quarterly.

12. Annually reviews all fees and charges for services provided by AMS. The specific scope and method of these reviews are described in AMS Directive 407.1, Fee-Supported Programs -- User Fee Charges

and Funding for Shutdown Expenses.

13. Invests available Trust, User Fee, and Perishable Agricultural Commodities Act Fund cash balances in interest bearing accounts as described in appropriate authorizing legislation. AMS investment policies are described in AMS Directive 2210.2, Investment of Public Funds.

14. Reviews all financial reports to determine if any violations are subject to liabilities prescribed in Section VIII., below, and prepares, for approval by the Administrator, any reports of violations (see Section VIII., paragraph A.2.).

15. Prepares rescission and/or supplemental appropriations proposals as required for submission to Congress.

16. Monitors and controls staff year usage within annual staff year ceilings or targets received from the Office of Budget and Program Analysis.

17. Periodically reviews the Administrative Fund Control System and recommends or initiates changes where necessary.

C. Deputy Administrators, Staff Directors, and Program Officials:

1. Develop and maintain a system of accurately estimating industry demand for AMS services. This data will be used for preparing receipts and reimbursements estimates. These estimates of workload must be reviewed and updated on a quarterly basis.

2. Maintain constant and careful oversight of estimated receipts and reimbursements to ensure that they are collected. If workload estimate changes result in significant changes in estimated receipts, allocation holders are required to notify the AMS Budget Office in writing within 30 days of the change in the estimate.

3. Prepare and submit to the AMS Budget Officer, Form AD-706, Statement of Estimated Reimbursements or Receipts. This form will initially be prepared each spring for the preparation of planning allocations and operating budgets. If receipts and reimbursements estimates materially change, a revised Form AD-706 must be prepared and submitted within 30 days of the change.

4. Prepare operating budgets for each program's allocation showing estimated monthly obligations for each appropriate sub-organizational unit.

5. Notify the person in charge of each sub-organizational unit of the amount budgeted for that unit for use as a guide for conducting operations under the operating budget. The sum total of sub-organizational unit operating budgets shall not exceed the total annual allocation.

6. Operate assigned programs within the amounts authorized in their respective allocation. Any changes to funding allocations must be requested in writing from the AMS Budget Officer. Violation of this requirement may result in disciplinary action as described in Section VIII.

7. Establish procedures and controls to ensure that all financial documents are prepared and processed promptly, and then forwarded to NFC for inclusion in Accounting System reports. This includes, but is not limited to, time and attendance reports, travel vouchers, purchase orders, and the reconciliation of credit card and motor pool accounts. Compliance with this requirement is crucial to ensuring the

accuracy of the NFC Accounting System reports and the overall fund control system of the Agency.

8. Within 30 days of receiving the monthly NFC Accounting System reports, notify the AMS Budget Officer, and the Washington Financial Services Branch, Animal and Plant Health Inspection Service, of material revenue, obligations, and other financial data that are not accurate or are not appropriately charged.

9. Compare obligations incurred and receipts and reimbursements earned against the operating budgets to analyze the program's financial status at least quarterly.

E. Office Directors and Unit Managers:

1. Operate programs within the assigned operating budget.

2. Notify the allocation holder of anticipated obligations which will exceed the operating budget, and obtain approval of such obligations prior to expenditure.

3. Ensure that all financial documents are prepared and processed promptly, and then forwarded to NFC for inclusion in Accounting System reports. This includes, but is not limited to, time and attendance reports, travel vouchers, purchase orders, and the reconciliation of credit card and motor pool accounts. Compliance with this requirement is crucial to ensuring the accuracy of the NFC Accounting System reports and the overall fund control system of the agency.

4. Submit documents, vouchers, and plans as required.

5. Review within 30 days of receipt, all financial reports provided by NFC to ensure that all revenue, obligations, and other financial data are accurate.

6. Inform the responsible Program Area or Staff person of any discrepancies between actual data submitted and the data included in the NFC reports. Ensure that all discrepancies are resolved.

VIII. REPORTING VIOLATIONS SUBJECT TO DISCIPLINARY ACTION

Certain violations are subject to disciplinary action. The AMS Budget Officer shall report to the Administrator and Associate(s) the following violations:

A. Violations Subject to the Anti-Deficiency Act.

1. Types of violations:

a. Any case where an officer or employee of the United States has made or authorized a disbursement from, or created or authorized an obligation under, any appropriation or fund (including revolving funds) in excess of the amount available therein.

b. 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.

c. 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.

d. Any case where an officer or employee of the United States has authorized or created an obligation, or made a disbursement, in excess of an apportionment or reapportionment.

e. Any case where an officer or employee of the United States has authorized or created an obligation, or made a disbursement, in excess of the amount permitted by the prescribed and approved Administrative Fund Control System as outlined in this Directive.

2. Method of Reporting.

a. The AMS Budget Officer shall report violations to the Administrator, and Associate(s), and, in accordance with the Anti-Deficiency Act, prepare the necessary notification letters for signature by the Secretary. These letters will be routed through the Office of Budget and Program Analysis, and addressed to the President, the Speaker of the House of Representatives, and the President of the Senate. For information to be reported, see paragraph C., below.

b. The letter to the President, forwarded through the Director of OMB, shall be an original and three copies. The opening sentence of the letter will identify it as "a report on a violation of 31 U.S.C. 1341 (a)."

c. Identical letters will be addressed to the presiding officers of the House of Representatives and the Senate. One copy of the letters will be submitted to OMB with the letter to the President, unless the letters to the presiding officers and the letter to the President are substantially the same.

3. Reports on General Accounting Office (GAO) Findings. Reports should also be made on violations not previously reported which are included in findings of GAO in connection with audits and investigations. In these cases, the report should contain an explanation as to why the violation was not discovered and previously reported by the Agency. If the Agency does not agree with GAO that a violation has actually occurred, the report required by OMB Circular No. A-50 should explain the reason for its point of view.

4. Liabilities for Violations. Any officer or employee who violates any of the provisions of subparagraphs A.1. and 3., above, shall be subject to appropriate administrative discipline in accordance with established Departmental procedures including, when circumstances warrant, suspension from duty without pay or removal from office. In addition, any officer or employee who shall knowingly or willfully violate any of those provisions shall, upon conviction, be fined not more than \$5,000 or imprisoned for not more than 2 years, or both.

B. Violations Not Subject to the Anti-Deficiency Act.

1. Types of Violations:

a. Exceeding the amounts specified in a Program Area, Staff, or other designated unit allocation under any appropriation or fund, without obtaining prior written clearance from the Budget Officer.

b. Exceeding the amounts specified in the guidelines for an operating budget plan without obtaining administrative clearance under the Program Area, Staff, or other designated unit allocation.

2. Method of Reporting. The AMS Budget Officer shall submit reports of violations to the Administrator

and Associate(s) in the form of a memorandum. For information to be reported, see paragraph C., below.

3. Liabilities for Violations. Any officer or employee who violates any of the provisions in subparagraph B.1., above, shall be subject to appropriate disciplinary action imposed by the Administrator.

C. Information To Be Reported. The reports of violations described in paragraphs A. and B., above, shall include the following information as applicable:

1. The title and 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 or employee responsible for the violation.
3. All the pertinent facts relating to the violation, including the type of violation (e.g., overobligation of allotment, apportionment, or an overexpenditure of an allocation, etc.), the primary reason or cause, and any statement of the responsible officer or employee with respect to any circumstance he/she believes to be extenuating.
4. A statement of the administrative discipline recommended or imposed, or any other administrative action taken, with respect to the officer or employee, or an explanation as to why no disciplinary action is considered necessary.
5. A statement of any additional action taken by, or at the direction of, the Administrator, including any new safeguards provided to prevent recurrence of the same type of violation.
6. A statement regarding the adequacy of the Administrative Fund Control System.
7. If two or more agencies are concerned, a statement concerning the steps taken to coordinate the report with the other agencies.

/s/

Enrique E. Figueroa, Ph.D.

Administrator

Distribution: ML-30, ML-33

Originating Office: C&A