



Subject: ADMINISTRATIVE CONTROL OF FUNDS AND BUDGET
EXECUTION POLICY

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2-10-00 PURPOSE

This chapter establishes policy and prescribes a system for the administrative control of funds in the Department that complies with General Accounting Office (GAO) accounting standards, the statutory requirements, and guidelines established by the Office of Management and Budget (OMB). It is intended to accomplish the following:

- o Establish Departmental policy with regard to administrative control of funds.
- o Prescribe a system for positive administrative control of funds, designed to restrict obligations and disbursements against each appropriation or fund to the amount available.

- o Enable the Operating Division (OPDIV), Agency and Office of the Secretary (OS) Heads to fix responsibility for overobligation and overdisbursement of appropriations, apportionments, and allotments, as well as violations of any nonstatutory restrictions imposed.
- o Provide procedures, to include reporting requirements, for dealing with violations of the Antideficiency Act, and with administrative violations.

From the guidance given herein, each OPDIV/Agency/OS will add supplemental implementing procedures to accommodate its own unique, organizational requirements and conditions.

Discussion of violation and critical fund control matters is repeated in several sections for continuity and emphasis.

2-10-10 AUTHORITY

Following are the provisions in law and other regulations that pertain to the control of funds:

- o Money and Finance, Title 31 U.S.C.:
 - Sections 1341 -1342, 1349 -1351, 1511 -1519 (part of the Antideficiency Act, as amended).
 - Sections 1101, 1104 -1108, 3324 (part of the Budget and Accounting Act, 1921, as amended).
 - Sections 1501 -1502 (part of Section 1311 of the Supplemental Appropriations Act of 1950).
 - Sections 1112, 1531, 3511 -3512, 3524 (part of the Budget and Accounting Procedures Act of 1950).
 - Public Law 101-510, amending Subchapter IV.
- o Title X of P.L. 93 -344, found at 2 U.S.C. 681 -688.

- o Federal Credit Reform Act of 1990, Title V of the CBA of 1974, as amended by Section 13201 of the Omnibus Budget Reconciliation Act of 1990.
- o OMB Circular No. A -34, "Instructions on Budget Execution", and related OMB Guidelines.
- o Title 2, GAO Policy and Procedures Manual, Chapter 2, Appendix I, F 50, Fund Control.

2-10-20 SCOPE

All provisions of the chapter apply to HHS employees who are responsible for: systems for administrative control of funds; the budget execution and reporting prescribed in OMB Circular

A-34; the issuance and control of funds authorizations; incurrence of obligations, and/or authorization of disbursements; and the identification and reporting of statutory and nonstatutory fund control violations.

The procedures apply to all accounts that OMB apportions and, as appropriate, those accounts that are excluded from apportionment.

Each OPDIV/Agency/OS will specify in its implementing procedures those accounts which are exempt from apportionment.

Each year a list of all appropriations and funds for which the OPDIV/Agency/OS is responsible will be furnished the Deputy Assistant Secretary, Finance for consolidation and submission to OMB by August 1. The list will be divided as follows:

- | | | |
|----------|--------------------------|--|
| Part I | Account symbol and title | Accounts that are apportioned. |
| Part II | Account symbol and title | Accounts that are exempt from apportionment. |
| Part III | Account symbol and title | Accounts that are automatically apportioned. |

The account symbol will include the agency designator "75", the period of availability, and the basic fund symbol.

2-10-30 DEFINITIONS, TERMINOLOGY AND CONCEPTS

Terminology and use of terms in this chapter are consistent with those in OMB Circular A -34 and other Treasury and GAO regulations, as should all implementing instructions of OPDIV/Agency/OS offices. In addition to these standard terms, the following are used in fund control and budget execution processes:

A. Allowance

A classification of obligational authority below the allotment level. It is not a sub-allotment and is not subject to Antideficiency Act penalties unless an administrative violation causes a statutory violation of the related allotment. It is subject to strict fund control procedures.

Allowance is standard HHS terminology and will be used in lieu of other descriptive terms. See Exhibit 2 -10-A for format and instructions.

B. Strict Fund Control Procedures

A check for available funds to cover the commitment and obligation document prior to official release of such documents. This is normally an automated systems control feature, but which may be performed manually where necessary. Each holder of obligational authority will be provided positive information as to availability of funds against which obligations may be incurred thereby precluding over-obligation of the obligation authority. In addition, the automated system must flag all valid transactions which exceed the obligational availability so that corrective stop-action can be taken.

C. Financial Operating Plan

A one year plan, sometimes called a Budget Execution Plan, that is developed by all components of the Department having responsibility for administrative and program resources. It is developed in advance of the apportionment process on the basis of anticipated and actual funding levels. It must ultimately be modified to be consistent with available

obligational authority. This plan, which reflects total budgetary resources to be used, will generally be broken into quarters. Quarterly amounts will be developed in accordance with seasonal or similar variations in fiscal requirements. Approved financial operating plans and the obligational authority available will determine the allotments and allowances to be issued.

Information subsequently provided by the accounting records must clearly support the levels of detail projected in the Budget Execution Plan and the Obligation Based Operating Plan for comparisons and variations.

The Department does not prescribe a standard format or process for a financial operating plan. OPDIV/Agency/OS offices should design and implement systems to satisfy the uniqueness of their programs.

D. Obligation Based Operating Plan (OBOP)

The OBOP is a detailed plan that is used by allowance holders and persons in subordinate organizations to estimate the resources needed for the fiscal year. OBOPs combined at a higher level comprise an organization's Financial Operating Plan. When organizations are managed under a cost concept their cost based operating plans will be bridged to obligations at the allowance level for fund control purposes. After allotments and allowance are issued, the plans are modified to the obligation or cost authority granted within the approved allowance. Each plan is then used to control the incurrence of obligations and is subject to strict fund control procedures. Operating plans are not subject to Antideficiency Act penalties unless an administrative violation causes a statutory violation of the related allotment.

2-10-40 RESPONSIBILITIES AND FUNCTIONS OF INDIVIDUALS

Various persons play a role in the financial management of an organization, and all interact in some way in handling the transactions and documents that effect the appropriation and fund balances.

A. Allottee

An allottee is a person who receives an allotment and is charged with the responsibility of: (1) administering the allotted funds for the purpose allotted, (2) conforming to any limitations included in the allotment and applying the limitations of the appropriation act and other governing law, (3) complying with the antideficiency statute, and (4) ensuring that obligations are prevalidated for fund availability prior to release. The allottee is subject to the penalties imposed for any violation of the terms of the allotment.

It is preferable that an allottee be an operating official who has responsibility for program performance of an entire program, a specific identifiable portion of a program, or a distinct operation and who is in a position to determine relative essentiality of various desirable expenditures to carry out the assigned mission. The authority of the allottee to incur obligations does not, however, give the allottee the authority of a contracting officer, personnel officer, etc.

It is normally not desirable to make staff officers (i.e., the accountant, the personnel officer or the general services officer) the allottee. These staff officers play an important role in fund control, the incurrence of obligations and in support of the operating officials requirements but normally they do not have responsibility for determining relative essentiality of expenditures. Rather, they facilitate carrying out the determinations of the operating officials.

B. Allowee

An allowee is a person who receives an allowance and in this capacity acts for and is responsible to the allottee. The responsibilities include (1) administering the funds according to the stated purpose of the allowance and (2) conforming to any limitations of law or other restrictions specified by the allottee. The allowee is subject to administrative discipline for any violation of the terms of the allowance.

The allowee occupies a position that is functionally similar to that of the allottee, i.e., he or she is an operating official.

Normally, the allowee is assigned to a headquarters, regional or field organization that is subordinate to the allottee's organization.

C. The Budget Officer

The budget officer is responsible for requesting apportionments and, when designated, for issuing allotments within the limits of apportioned funds. These actions must be taken in a timely manner since they precede other actions in the fund control process. The budget officer is also subject to statutory penalties for fund control violations in which allotments issued exceed apportionments and reapportionments.

D. The Accounting and Finance Officer

The accounting and finance officer plays an important part in fund control by: (1) ensuring the recording of all financial transactions in a systematic way, (2) furnishing to allottees, allowees and other persons involved in financial management current and frequent reports, summarizing financial transactions to show the status of funds to include used and unused balances of allotments and allowances, (3) promptly notifying the allottee and allowee whenever it appears the allotment or allowance is likely to be exceeded, and (4) certifies the year -end analysis of appropriations and fund balances required by OMB and the Treasury.

The officer or a designated accountant may be administratively charged with the responsibility of prevalidating obligation documents as to availability of funds. If such is the case, the accountant determines that adequate balances exist to finance each transaction before the obligation is incurred. This is an important safeguard in the control of funds in that it tends to prevent over-obligation, but it is not a substitute for financial planning by the allottee.

E. The Personnel Officer

The personnel officer is frequently the contracting officer for personal services and, as such, plays an important part in facilitating the operating officials' requirements. This person classifies positions, assists in selecting personnel, employs the personnel and sees that the laws, rules, regulations and policies governing personnel are adhered to. The personnel officer is not normally charged with the responsibility for determining which of several positions is the more important in carrying out a particular program or whether the employment of personnel or purchasing other resources is the most prudent expenditure of limited funds.

The personnel officer assures that all requests for personnel actions are prevalidated for fund availability before taking final action.

F. The General Services, Purchasing or Contracting Officer

This person frequently has the responsibility for purchasing and contracting and, in this capacity, actually incurs the obligation. This person plays an important part in facilitating program operations through purchasing and contracting acts. In assisting the program official in determining needs, he or she is responsible for compliance with the laws, regulations and policies governing this work. Like the personnel officer, this person does not make a determination of needs relative to program accomplishment, but does in addition to functional responsibilities assure that all requests for purchasing and contracting are prevalidated for fund availability before taking final action.

G. The Official Authorizing Travel

Authority to authorize travel may be delegated to a person other than the operating official to whom funds are allotted or allowed. Often this authority is given to an administrative official at a level in the organization where it is possible to review all requests for the purpose of travel, to coordinate trips to single locations and to obtain a uniformity of travel practices. This travel authorization

is similar in many respects to the personnel and purchasing function, but it often involves a greater degree of control.

The person who authorizes travel should assure that travel requests are prevalidated as to the availability of funds before final action is taken.

H. The Obligation Control Point (OCP)

This person acts as a link between the allottee/allowee and the accountant. The OCP reviews each obligating document to make sure it is properly prepared and signed and has all the financial information required for recording and payment before the document is released. This person is also responsible for assuring that each document is recorded in the accounting system in the month in which the obligation is incurred. The function of certifying for fund availability may be combined in this position since both entail a detailed examination of the obligating document. See Chapter 2 -35 for further details.

I. The Certifying Officer

The certifying officer is not concerned with the control of funds, but has the responsibility to preaudit documents to assure that the voucher is legally payable, correctness of facts that the goods and services were received in accordance with the terms of the contract or agreement, correctness of the computations in the voucher, and that purchases are being charged to the appropriate fund account.

Thus, it can be seen that several specialists, working together within an organization, play major roles in the planning and execution of the allottee's mission. The allowee plays a specially critical role because of his relationship to the allottee and as "first line" controller of obligation incurrence.

The allottee, however, has the ultimate responsibility for carrying out the mission and for controlling the funds made available for that purpose.

2-10-50 RELATIONSHIP TO THE ACCOUNTING SYSTEM

Fund control means the measures taken to control use of fund authorizations and is an integral part of the HHS accounting system. In particular, Chapters 2 -30 and 2 -35 describe the control and recording of commitments and obligations. Chapter 3-00 describes the flow of transactions and related accounting from the point of authorization through apportionment, allotment, obligation and disbursement for funds subject to apportionment, as well as those not subject to apportionment. This chapter also illustrates the type of fund reservation and obligation control register to be maintained for each allottee.

Chapters 4 -20 and 4 -40 specify the proforma entries and general ledger accounts for each transaction effecting budgetary accounts. These and other parts of the manual will assist the OPDIV/Agency/OS offices in developing techniques to achieve an acceptable degree of control, which will ensure that:

- o All apportionments and other subdivisions of funds are promptly issued and recorded at the beginning of the period in which they become available. Credit accounts will be handled in the same manner as non-credit accounts.
- o Obligating documents are certified for availability of funds and cleared by the Obligation Control Point prior to release.
- o All valid obligations are promptly recorded in the applicable reporting period, whether funds are available or not.
- o All reimbursable orders received and earned are promptly recorded.
- o Fund availability reports (status of fund authorizations) are produced from the accounting system and given to all allottees and allowees at frequent intervals (at least once each week) to preclude the need for supplementary records. Only when the accounting system does not record commitments, or the

status reports are not timely, should there be a need for memorandum or "cuff" records.

- o The accounting system must be designed to promptly "report" a transaction that exceeds a recorded statutory limitation or a nonstatutory restriction.

Each person who has a part in the fund control processes shall be made aware of his/her responsibilities for the above actions. In addition, it is the responsibility of the Chief of each accounting and finance office to make sure that newly appointed allottees and allowees understand:

- o Procedures for processing commitment and obligation documents.
- o Obtaining certification of fund availability.
- o Using the fund availability reports.
- o That fund authorization, fund reservation, and obligational documents must be periodically reconciled to the fund availability reports, and any differences promptly brought to the attention of the accounting office.

In addition to the required reconciliation of documents to official records (see Chapter 2 -40), the Chief of each accounting and finance office will prepare the year -end analytical reports of appropriations and fund balances required by Part 2, Chapter 4200 of the Treasury Fiscal Requirements Manual and OMB Circular A-11 (see Chapter 5 -70).

2-10-60 DELEGATION OF RESPONSIBILITIES

A. Apportionment Requests

Responsibility for apportionment requests is shared by the OPDIV/Agency/OS and the Assistant Secretary for Management and Budget (ASMB).

Heads of OPDIV/Agency/OS, as administrators of HHS programs, will designate in writing the persons they hold responsible for the development of apportionment and reapportionment requests and submission to the ASMB. These instructions will be included in implementing instructions.

The Secretary of HHS has delegated to the ASMB the authority to act on his/her behalf on all budget and accounting matters, which includes the authority to request apportionment and reapportionment of funds from the OMB. In turn, the ASMB has authorized the Deputy Assistant Secretary, Finance, or his/her designee, to sign the Apportionment and Reapportionment Requests, SF-132, and the Apportionment and Reapportionment Requests for Direct and Guaranteed Loan Programs and Financing Accounts, SF-142. However, requests which include the need for a deficiency or supplemental appropriation shall be approved by the Secretary prior to submission to OMB and the Congress.

The fact that requests are prepared by OPDIV/Agency/OS staff, who are also responsible for the administrative control of funds procedures, in no way causes the ASMB's authority over the administration of these funds to be relinquished or diminished.

B. Appropriation Reports

Reports on Status of Budget Execution, SF -133, and ExecutionReports for Direct and Guaranteed Loan Program and Financing Accounts, SF-143, may be signed by any responsible person having administrative supervision or jurisdiction over the accounting and finance office that maintains the records upon which the report is based. See Chapter 5 -55 for further details on report content and routing instructions.

C. Allotment Authority

Normally, the budgetary official designated responsible for apportionment requests will also issue allotment documents based upon the approved apportionment, reapportionment or other statutory authority which makes funds available for

obligation. The authority to issue allotments may be extended to other persons in the organization, in writing, provided the designated person is fully aware of the amounts to be made available and all legal and administrative restraints to be applied.

The allotment authority must be transmitted in writing. Until a standard allotment form is developed for the Department, allotters will ensure that each allotment document clearly indicates:

- o The authority to incur obligations.
- o The amount that can be obligated within a specified period of time.
- o Any statutory limitation on the funds.
- o Any administrative restrictions on the funds.
- o The responsibility for adhering to Antideficiency Act limitations.
- o Purposes for which obligations may be incurred.
- o The control of reimbursable authority.
- o The guaranteed loan commitments supportable by the subsidy budget authority being allotted.
- o The name and organizational title of the allottee.

D. Allowance Authority

Allottees may delegate all of their authority, except the responsibility for violation of Section 1517(a) of Title 31.

U.S.C., to officials designated as allowees at headquarters, regional and field levels. This gives the operations person the needed authority to incur obligations for a specific program, segment of a program, or administrative activity

within the framework of higher level controls, i.e., apportionments and allotments.

Allowance authority is transmitted by the issuance of the HHS standard allowance document, HHS Form 626, or computer generated equivalent. See Exhibit 2 -10-A. In completing this form the allottee will clearly specify:

- o Any statutory limitation on the funds.
- o Any administrative restrictions on the funds.

E. Operating Plan Authority

Allowees may, in turn, assign further fund control to lower level organizations through the use of obligation based operating plans or cost based operating plans that are bridged to obligations. These plans are viewed as a practical means of providing for the use of funds below the allowance level, i.e., responsibility centers, cost centers and for elements of expense within the organizational structure. The authority is transmitted by the acceptance and approval of the Operating Plan. The plans themselves do not relieve the allowee of responsibility for fund control. Establishment and execution of operating plans must be closely monitored for substantial deviations which could cause an overobligation of the allowance and thence of the allotment.

F. Antideficiency Act Responsibilities

In delegating responsibilities for fund control and budget execution appointed officials at each level should clearly understand the relationship of the granted authority to accountability for violations of the Antideficiency Act. Responsibilities for acts of violation are fixed as follows:

- o Apportionment/Reapportionment

Violating Act: Allotting funds in excess of the approved apportionment and reapportionment, for either direct funds or estimated reimbursements.

Responsible: The designated allotter.

o Estimated Reimbursements

Violating Act: Incurring obligations against estimated reimbursable budgetary resources in excess of goods or services furnished when there is entitlement, valid orders received within the government, and advances received for orders outside the government.

Responsible: The designated allotter, allottee and the allowee if implementing instructions so provide.

o Allotment

Violating Act: Incurring obligations or authorizing disbursements in advance of the allotment; and incurring obligations or authorizing disbursements in excess of an allotment, to include in excess of any statutory limitation or restriction.

Responsible: The allottee and the person authorizing the advance action; and the allottee and offending person or persons at the operating level for the exceeding actions.

o New Guaranteed Loan Commitments

Violating Act: Making commitments to guarantee loan principal by private lender in excess of apportioned guaranteed loan level.

: Permitting the liability for the Federal share of new commitments to exceed the Federal share supportable by loan subsidy.

: Permitting the contingent liability for the Federal share of the loans outstanding with the private lender, end of period, to exceed the Federal share supportable by loan subsidy. This is limited to guaranteed principal only.

Responsible: The person designated to control the loan commitments to the lender.

o Personal Service Clause

Violating Act: Employment in excess of that authorized by law (when specified).

Responsible: The person authorizing the employment.

o Voluntary Service Clause

Violating Act: Acceptance of voluntary services except in emergencies (see FPM 311.4), or where statutory authority permits.

Responsible: The person accepting the service for the government.

2-10-70 GENERAL PROHIBITIONS

Certain basic actions are prohibited by the Antideficiency Act. The Department interprets and applies the application of the prohibitions in this way:

- o Obligation or disbursement in excess of the amount available within an appropriation or fund including

obligation or disbursement in excess of a statutory limitation (31 U.S.C. 1341(a)).

- o 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 or disbursement for any purpose specifically prohibited by statute (31 U.S.C. 1341(a)).
- o Obligation or disbursement from each loan program, financing, and liquidation account in excess of:
(1) the amounts available for administrative expenses, direct and guaranteed loan subsidies, direct and guaranteed loan levels, and any limitation specified by law, or (2) the amounts apportioned for the amounts specified above, whichever is the lower (Title V CBA of 1974).
- o Acceptance of voluntary service (31 U.S.C. 1342).
- o Employment of personal service in excess of that authorized by law (31 U.S.C. 1342).
- o Obligation or disbursement in excess of an apportionment or reapportionment, including limitations placed in supporting documentation and footnotes, unless otherwise specified on the SF -132 or SF-142 (31 U.S.C. 1517(a)).
- o Obligation or disbursement in excess of an allotment (31 U.S.C. 1517(a)).

Violation of any of these prohibitions is subject to penalties imposed by the Antideficiency Act. Below the allotment level other administrative restrictions (nonstatutory prohibitions) may also be imposed. This means that the allowee or the holder of an operating plan will be subject to administrative discipline should the amount of the obligational authority, or any statute limitation or administrative restriction that is placed upon the document, be exceeded. In the event the terms of the allowance or the operating plan are violated and the overobligation or

overdisbursement causes a statutory violation of the allotment, the person or persons responsible for the actions will assume statutory responsibilities along with the allottee.

2-10-80 PENALTIES FOR VIOLATIONS

Sections 1518 and 1519 of Title 31 U.S.C. concerns the penalties for violating the Antideficiency Act. Key points are:

- o Penalties apply to any officer or employee who knowingly and willingly cause a violation.
- o Upon conviction, a person may be fined not more than \$5,000 or be imprisoned for not more than two years, or both.
- o Depending upon the circumstances of the violation, a person may receive administrative discipline which may lead to suspension from duty without pay or removal from office.

The penalties imposed by the Antideficiency Act apply to holders of obligational authority at the apportionment and allotment levels, although another person acting under delegated authority may have caused the overobligation or overdisbursement of an appropriation, apportionment or allotment. That person as well as the allottee and allotter, as appropriate, should be cited in the statutory violation report and be disciplined according to the severity of the charge.

Administrative discipline may be imposed for violations other than the statutory violations. This would apply to persons who overobligate or overdisburse the amount of an allowance or exceed the limitation or administrative restriction placed on the allowance, as well as those who exceed operating plans. Officials of OPDIVS/Agencies/OS will take appropriate disciplinary measures which may consist of:

- o Letter of reprimand or censure for official record.
- o Unsatisfactory performance rating.
- o Transfer to another position.

- o Monetary penalty such as forfeiture of step increase, grade reduction or suspension from duty without pay.
- o Removal from office.

2-10-90 APPORTIONMENTS

A. Apportionment Control

Apportionment of funds is a formal distribution by the OMB of amounts available for obligation in an appropriation or fund account. The funds so apportioned limit the amount of allotments and obligations that may be incurred either by total appropriation or by any limitation included in the approved apportionment. This prevents obligation of an account in a manner that would require a deficiency or supplemental appropriation, and achieves the most effective and economical use of amounts available. Controls are imposed in two ways: by time periods (Category A) or activities, projects, and/or objects (Category B). Controls based on time periods will apply only to Category A apportionments.

All accounts will be apportioned other than those specifically exempted by 31 U.S.C. 1511(b) or other laws; accounts whose budgetary resources are available only for transfer to other accounts, whose resources have expired for obligational purposes or whose resources have been fully obligated before the beginning of the fiscal year, and those exempted by OMB under authority of 31 U.S.C. 1516. Transfers to other agencies or accounts must be apportioned by the parent agency and must be consistent with the budget presentation or other transferring authority specified by law.

For loan programs Category B funds may be further apportioned according to loan subsidy, default claims, interest to Treasury, administrative expenses, capitalized costs, interest supplements, payments to receipt accounts, and other categories as specified in SF 143 schedules.

For guaranteed loan programs, the loan level will be apportioned based upon new loan commitments supportable by

the subsidy budget or, in the case of a negative subsidy, the amount authorized by the appropriation act.

B. Basis for Apportionment Action

In addition to the basic legal requirement for apportioning funds (preventing the necessity for deficiency or supplemental appropriations), apportionments must also (1) consider any other legal restrictions imposed by the Congress, and (2) be a part of the organization's annual financial operating plan based upon a careful forecast of obligations. Apportionment and reapportionment documents will be supported by sufficient data to justify amounts on various lines of the requests. Total amounts requested for programs, over the period of availability, must conform to the amounts appropriated as presented in the budget documents. Exceptions to this will occur when reprogramming is approved or when reimbursable work results in activity which is more or less than initially expected. Examples of supporting data that could accompany apportionment and reapportionment requests are:

- o Sources and projected applications of reimbursements.
- o Identification of programs for which prior year unobligated funds will be used.
- o Explanation and identification of programs and amounts of changes to budget estimates resulting from Congressional actions.
- o Identity of transfers in and out.
- o Basis for development of Category A apportionment amounts (i.e., resources apportioned by time periods.)
- o List of activities, projects, and/or objects that support a Category B apportionment.
- o Data on risk categories or financing tranches for loan programs, when required by OMB.

- o Other data specified by OMB, or others, that would assist in analyzing the amounts requested.

When supplemental or deficiency appropriations are necessary, apportionment requests must reflect the need for the additional funds. OMB's approval of the request, however, does not authorize issuance of allotments and incurrence of obligations beyond existing laws.

Designated budget officials should be prepared to furnish OMB with the current year operating plan and other supporting information as requested by OMB examiners to assist in their quarterly review of apportionments required by 31 U.S.C. 1513.

In compliance with the requirements of Public Law 101-510, a footnote should be appended to each apportionment containing appropriation realized as follows: "Pursuant to 31 USC 1553(b), not to exceed 1% of the total appropriations for this account is apportioned for the purpose of paying legitimate obligations related to cancelled appropriations."

C. Requests for and Timing of Apportionments and Reapportionments

Requests for apportionment and reapportionment will be initiated by designated budget officials on behalf of the Heads of OPDIV/Agency/OS. Subsequently, Departmental finance and budget officials will review the requests and supporting documents to determine accuracy of data and conformance with budget presentations and justifications, and special supporting data requirements desired by the OMB. The Deputy Assistant Secretary, Finance (or his/her designee) as the delegate for the Secretary will sign and forward all requests to OMB.

Initial apportionment requests for the fiscal year must be submitted to OMB by either (1) August 21, preceding the fiscal year for accounts wherein all or a portion of the budgetary resources do not result from current action by the Congress, or (2) within ten days after approval of the

appropriation or substantive acts providing new budget authority or by August 21, whichever is later.

Reapportionments will be required whenever amounts in approved apportionments are no longer appropriate because of a change in amounts available for obligation, including supplemental acts, or the occurrence of unforeseen events. (See OMB Circular A -34 for specifics.)

D. Deferrals

A deferral is an action or an inaction that temporarily withholds or delays the obligation or disbursement of authorized funds authority. A deferral can take place prior to or following apportionment. The action may be taken by OMB on its own initiative or at the request of an agency. Several kinds of delaying or deferring actions may occur in the Department. Following are examples of typical actions and the resultant reporting that is required for each:

- o There are routine financial management or procurement actions that affect the timing of obligation of funds. These internal management decisions do not affect the apportionment process and are not classed as deferrals for reporting to Congress.
- o Policy decisions may be made by officials to obligate apportioned funds provided for a specific purpose or project at a pace significantly slower than intended by the Congress. The "agency deferrals" are not required to be reflected in the apportionment schedules, but must be reported to Congress via special message.
- o Actions may be taken to defer obligations for programmatic reasons, i.e., providing for contingencies or achieving savings made possible by or through changes in requirements or greater efficiency of operations (Anti -deficiency Act.) These actions are reflected in the apportionment process and must be reported to Congress via special message.

Any withholding of budget or other obligational authority received through a continuing resolution covering only part of a year will be reported as a deferral, even if proposed for the duration of the resolution. Funds withheld from a continuing resolution providing funds for a full fiscal year may be reported as either a deferral or a rescission, depending upon the nature of the withholding.

When a multi-year apportionment is approved, the normal rules apply for the withholding of funds and sending of messages, i.e., a deferral is a temporary withholding of funds while a rescission is a withholding with the intention not to use the funds before they elapse. Deferral actions may not be taken for any period beyond the end of the fiscal year of the message. Deferrals for subsequent years must be reported at the beginning of each such fiscal year.

In determining which actions are to be reported, the primary criterion is the intent of the Congress in providing the funds. Pending Congressional action, obligating authority will be withheld and no obligations will be incurred that apply to the deferred funds.

The Congress may act to overturn the deferral by passing an impoundment resolution. In that event, positive action will be taken to release the funds and obligate according to Congressional intent. When funds have been deferred through the apportionment process, a reapportionment must be submitted the day following the passage of the resolution. When Congress does not take action to disapprove reported deferrals, the funds may be released by another special message or may be deferred until the end of the fiscal year. Annual accounts and the last year of multi-year accounts, however, may be deferred only part of the year. As the fourth quarter approaches these accounts, as well as the other deferrals, should be reviewed and a decision made to either release the funds for use in the current year or propose that the funds be rescinded. (See OMB Circular A for specifics.)

E. Rescissions

A rescission is enacted legislation that cancels budget authority previously provided by the Congress before its authorized time for obligation has expired. Rescissions are proposed when the President determines that all or part of approved budget authority is not required to carry out the objective or scope of the program, and when all or a part of budget authority is to be reserved for the entire fiscal year. Congress may also propose rescission of approved budget authority.

At the time a departmental rescission is proposed, apportionment forms must be submitted to OMB if the funds had been previously apportioned. While the rescission is under consideration, obligating authority will be withheld and no obligations will be incurred that apply to these funds. If Congress takes affirmative action on the exact amount proposed by the President, no further action is required (unless reapportionment action is requested for other reasons.) If the amount rescinded by the Congress differs from the amount proposed, reapportionment requests must be promptly submitted to OMB. Actions to be taken on Congressionally proposed rescissions will vary depending upon the status of the initial apportionment request. (See OMB Circular A -34 for specifics.)

If Congress does not complete action on the Presidential proposals within 45 calendar days of continuous session, any funds covered by the proposed rescission must be made available for obligation. In this case, reapportionment requests must be promptly submitted to OMB.

As can be seen by this dialogue, action to defer or rescind the use of funds may be initiated by the OPDIV/Agency/OS, the Department, OMB or the Congress. In any event, the appropriate HHS budget official must initiate the related documents and follow the same routing instructions described for apportionments.

F. Reprogramming

An approved reprogramming of funds results in a change to one or more limitations of an enacted appropriation. Such limitations are not restricted to those expressly written in appropriation language but may include changes to the bases on which an appropriation amount or programs were developed by Congress. An approved reprogramming will not result in transfers between two or more appropriations, but is limited to changes within an account.

A reprogramming proposal must be signed by the Secretary before going to the Chairman of the appropriate House Appropriations Subcommittee and Chairman of the Senate Committee on Appropriations. These letters are worded as requests for approval and are forwarded by the OPDIVs to the Assistant Secretary for Management and Budget in accordance with guidance issued annually by the Deputy Assistant Secretary, Budget who establishes reprogramming policies.

2-10-100 APPROPRIATION WARRANTS

Although the warrant process is not considered to serve a legal function in the administrative control of funds, it is described here to lend continuity to the funding cycle. Warrants are issued on TFS Form 6200, pursuant to law, by the Secretary of the Treasury to establish the amount of monies authorized to be withdrawn from the Treasury. Requests for temporary warrants are initiated by OPDIV/Agency/OS budget officials. Further processing and monitoring the issuance actions through Treasury, as well as the distribution to performing HHS organization, is done through the Deputy Assistant Secretary, Finance. Authenticated copies of the warrant are furnished to the performing organization.

For definite appropriations from the general fund of the Treasury, warrants are automatically issued in the full amount as stated in the appropriation acts. For indefinite appropriations and in special instances such as borrowing from subsequent year's appropriations, when authorized by law, warrants must be requested at the beginning of the period for which the need

exists. These latter warrants require adjustment, as necessary, to agree with actual obligations or disbursements.

For appropriations under a continuing resolution which provides temporary obligational authority, temporary warrants are issued in accordance with the provisions of the resolution. Within such guidelines, HHS must request temporary warrants for annualized levels of appropriations from Treasury based on the funding levels as approved by OMB in apportionments. See TFM 2 -2040.25 for information to be submitted with these requests.

All agency requests for warrants must be cleared by OMB prior to submission to Treasury unless instructed otherwise. Any differences between warranted amounts and apportioned amounts must be reported to OMB.

2-10-110 ALLOTMENTS

It is the policy of the Department that allotments will be issued at the highest practical level within the fund availability authorized by continuing resolutions, appropriation acts and fund limitations contained therein, apportionment schedules and limitations within the apportionment, and Section 601 of the Economy Act advance or reimbursement agreements. The objectives are to (1) finance each allottee with a single allotment for each appropriation or fund affecting that person, and (2) keep allotments at the major budget activity level, if it is practical to do so. In no case will multiple allotments be made to the same allottee from the same budget activity level unless it is necessary to comply with appropriation and apportionment limitations or interagency agreements. A violation of the terms of the allotment is subject to provisions of the Antideficiency Act.

In developing allotment structures within the Department, the following criteria will be maintained:

- o Allotments will be issued after the apportionment and reapportionment or other statutory authority notification is received, except as noted below. Annual allotments will be issued on the first day of

the fiscal year. Quarterly allotments will be issued on the first day of the quarter.

- o Allotments will be issued in accordance with an approved, financial operating plan, and will be revised as necessary to stay within the totals of amounts appropriated by the Congress and within the amount of apportionments and reapportionments.
- o Allotments will be made to officials charged with the responsibility for directing a departmental program/operation, or a significant portion of a program/operation. The allotment may be made to a regional or field organization when the program is placed at that level.
- o Allotments will be issued to cover programs that are under a continuing resolution (apportionments may not be processed for these programs or appropriations). If there are no apportionments the limit on authority to incur obligations will be as stated in the continuing resolution act.
- o A formal allotment document must be prepared in all circumstances even when, for example, the organization Head is both the allotter and the allottee.
- o When more than one allotment per appropriation or fund is issued, the allotter must make sure that controls are established in the accounting system, or manually, to ensure that the sum of all allotments, and any statutory limitations, do not exceed the amount apportioned for that appropriation or fund.
- o A separate allotment is not required to control a legal limitation. The Departmental accounting system has been designed to establish intermediate controls within the allotment for that purpose.
- o A separate allotment will be issued for orders and projects placed under Section 601 of the Economy Act where obligations can be distinctly identified and are

incurred after definite agreements have been established. Joint funded projects should have a single allotment covering all the participating agency funding agreements. Reimbursable and appropriated funds may be merged into a single allotment in areas such as hospital operations, audit agency services, etc., where obligations cannot be clearly segregated between the two sources of funds at the time of incurrence, and where a cost finding system is available to ultimately enable correct reporting and/or billing under the reimbursable agreements.

- o Allotments for estimated reimbursements apportioned, anticipated receipts or transfers will be issued after the actual agreement is reached between the parties unless it is not practical to do so. When an organization furnishes numerous reimbursable services, the allotment may include the value of both signed agreements and those anticipated within the allotment period. The amounts will be separately annotated on the allotment document as a caution to the allottee not to obligate funds against unsigned orders. If actual new agreements do not reach the estimated level, an adjustment must be made in the allotment as soon as the fact is known. If the amount apportioned for use from any appropriation or fund includes unrealized reimbursements or other anticipated receipts, these will not be allotted unless there is reasonable assurance that such items will be collected, to the extent permitted by law or departmental regulation, and deposited to the credit of the appropriation involved. Together, the allotter and the allottee must make this determination before permitting unrealized amounts to be used as a basis for incurring obligations. When it is known that such amounts will not be realized, the allotment will be adjusted accordingly.
- o The use of funds for obligation or disbursement must at all times be preceded by an allotment. There will be occasions when the administrative processes preclude having signed apportionments and warrants before it is necessary to issue the authority to incur obligations.

Under these circumstances (e.g., pending approval of apportionments from OMB while under a continuing resolution or immediately after enactment of an appropriation act) and if approval is expected, tentative allotments must be issued in sufficient time to permit incurrence of obligations. If there is no doubt that OMB will approve the requested apportionment amount, the tentative allotment may be issued in the amount of the request. However, if doubt exists, the tentative allotments should be issued at a safe level (in consultation with the Deputy Assistant Secretary, Finance). Upon receipt of the approved apportionment schedule, the tentative allotments must be promptly revised for any difference between amounts requested for apportionment and those approved for obligation.

- o The allotting official must ensure that a copy of the allotment document reaches the appropriate accounting and finance office. This must be done simultaneously with the issuance to the allottee.
- o No allotment will be made for the sole purpose of securing accounting information or maintaining control by object class. Allottees should make full use of the accounting system and its reports to obtain information that is useful in managing funds provided by the allotment.
- o When the allottee wishes to revise the amount of the allotment, a justifying letter, with a revised financial operating plan for substantial changes, will be sent to the allotting official. Only in an emergency will fund authorizations be requested or approval given by telephone or other rapid communication means; and in all instances, a formal document will be prepared concurrent with the informal approval. Both the allotter and the allottee must keep a record of the informal communication and attach it to the follow-on document as supporting evidence of the prior approval.

2-10-120 ALLOWANCES

An allowance is a classification of obligational authority below the allotment level. This term is to be used uniformly throughout the Department in lieu of any other terminology. Allowances will be issued at the highest practicable level for those programs and activities set forth in the schedules of the Budget Appendix to operating officials at headquarters, regional and field offices.

The strict fund control procedures of the allotment apply equally to the allowance. A violator of the allowance is subject to administrative discipline. In the event a violation causes the related allotment to be overobligated or overdisbursed, the violation is also subject to the provisions of the Antideficiency Act.

For the application of allowances within the Department, the following criteria will be followed:

- o HHS 626, Advice of Allowance, is the standard document to be used. See Exhibit 2 -10-A for format and instructions.
- o At least one allowance will be issued for each allotment.
- o Allowances will be issued in accordance with an approved financial operation plan, and will be revised as necessary to never exceed the amount of funds allotted.
- o Tentative allowances will be issued at the beginning of each quarter pending approval of plans on newly enacted appropriations or continuing resolutions, and in sufficient time to permit incurrence of obligations. These allowances will be adjusted, as necessary, to bring obligational authority into agreement with any amendments to allotments following receipt of approved apportionments.

- o Allowances for program funds will be issued immediately following receipt of or continuation of the allotment authority for the program.
- o Allowances for salaries and expenses and direct operations activities issued quarterly or annually will be issued immediately following receipt of or confirmation of the allotment authority.
- o The allottee must be sure that controls are sufficient to preclude the issuance of allowances in excess of the allotment received.
- o Funds will not be obligated or disbursements made before issuance or confirmation of the allowance authority. If the allowance document is delayed, for any reason, the allowee will contact the allottee and authorization approval may be given by telephone or other rapid communication means; in all instances, a formal document will be prepared concurrent with the informal approval and both the allottee and the allowee must keep a record of the informal communication and attach it to the follow -on document as supporting evidence of prior approval. This is an emergency procedure only, not the usual means of communicating allowance authority.
- o Legal limitations and administrative restrictions may be placed on the allowed funds; these must be entered in the Purposes and Limitations block of HHS Form 626.
- o The allowance may be distributed by object class and Common Accounting Number (CAN) for guidance only. This distribution does not infer that a limitation or restriction is placed upon the obligational authority at these levels. The exception would be the statutory restriction at object class level, which must be clearly identified in the Purposes and Limitations block.
- o Allowances for salaries and expenses to regional, district and field offices will provide fund authority

for all object classes required to support their operations.

2-10-130 OBLIGATION BASED OPERATING PLAN (OBOP)

The OBOP is developed by holders of obligational authority and is the basis for constructing the allottee's financial operating plan. After the apportionment, allotment and allowance steps, it is used to assign funds to and control operations of organizations at and below the allowance level. When consolidated the adjusted plans (to include cost based operating plans bridged to obligations) will not exceed the total of the allowance from which they are derived. The OBOP is time -phased to set forth anticipated obligations for a fiscal year and it is compared throughout the year to actual obligations incurred. The plans are developed by the allowee and staff responsible for any defined segment of and allowance. They are approved by the allowee and the allottee, as appropriate.

The holder of an operating plan must not exceed the approved plan. Violations may be cause for administrative discipline. In the event such a violation leads to a statutory violation of the related allotment, the operating plan holder will be cited with the allowee and allottee and will be penalized according to the provisions of the Antideficiency Act.

2-10-140 OBLIGATIONS AND DISBURSEMENTS

Section 1501 of Title 31 U.S.C. describes the criteria for valid obligations. HHS policy and detailed procedures on responsibilities and requirements for recording and reporting obligations are in Chapter 2-30 of this manual. Heads of OPDIV/Agency/OS will ensure that all persons responsible for fund control adhere to the following requirements for obligations and disbursements.

All publications on control of funds must include these items:

- o Obligations and disbursements will not exceed the amount of the obligational authority made available.
- o For loan programs, obligations and disbursements will not exceed: (1) the amount of authority made available for loan subsidies. Modifications of direct or guaranteed loans will not exceed apportioned

unobligated balances of subsidy amounts, (2) the amount of the credit program supportable by the enacted subsidy, whether the subsidy is positive or negative, (3) the amount appropriated for administrative expenses, and (4) obligations and disbursements may not be incurred against lapsed unobligated balances for loan subsidies, except to correct mathematical or data errors in calculating subsidy amounts.

- o The allottee and the allowee are responsible to ensure the validity and accuracy of all obligations and disbursements.
- o Each person having obligational authority is responsible for promptly submitting documents to the appropriate Obligation Control Point (OCP) residing in the accounting and finance office. Following OCP clearance, each accounting and finance office will promptly record the obligations and subsequent disbursements into the official accounting records. See Chapter 2 -35 on Clearing and Recordation of Obligations.
- o Budgetary resources made available by estimated reimbursements are not available for obligation until (a) goods or services have been furnished and there is entitlement, (b) valid orders have been received, or (c) an advance has been received for orders from outside government.
- o Obligations must be identified with the CAN which includes the component coding for the appropriation or fund, at the time incurred. In the event an allotment or allowance is revised that would require change in the CAN, obligations previously recorded must be promptly reclassified to the amended CAN or CANs.
- o Obligations and disbursements are to be promptly recorded and reported at the earliest possible time.
- o The recording of an obligation must not be delayed because there is a lack of funds.

- o If a recorded obligation exceeds funds available, the Chief of the accounting and finance office will immediately notify the appropriate obligating official and allottee that an apparent violation of Section 1341(a)(i) of Title 31 U.S.C. has occurred and that further obligations should not be incurred.
- o Status of funds reports to the allottee will clearly indicate the available balance of the allotment. The available balance will reflect unliquidated fund reservation documents if the HHS organization's accounting system does commitment accounting; otherwise the allottee must take into account the current reservations to properly control the funds. Although commitments may be accumulated in the records for strict fund control purposes, as are actual obligations, amounts committed are reported on the SF 133 and SF 143, Reports on Budget Execution, along with other balances of apportioned and available funds.

2-10-150 SPECIAL SITUATIONS

A. Questionable Violations

Sometimes an event will occur that will appear to be a prohibited or questionable action, but which upon investigation can be attributed to clerical error or failure to follow proper procedures. While some situations may not be reportable offenses, all should be thoroughly investigated for correction of the fault:

- o Commitments/Obligations . For purposes of effective financial planning and fund control, commitments may be systematically accumulated in accounting records in advance of their becoming valid obligations. When these records are used to prepare official reports on obligations incurred, appropriate adjustments must be made so that the amounts reported represent valid obligations as defined by law. Failure to do so could cause the appearance of an overobligation, although it is unlikely that a commitment or reservation entry

would exceed the available amount. Obligations shall be recorded at the earliest possible time after the transaction has been consummated and without regard to the availability or unavailability of funds. In no event will the recording be withheld pending receipt of additional fund authority.

- o Errors. An error does not establish a bona fide obligation even though the accounting record may indicate otherwise. An error, however, can lead to an actual violation. For example, an overobligation incurred because an error led to the belief that sufficient funds were available is a violation. Actual violations, even though caused by errors, must be reported.
- o Deobligation. Procedures require the accounting and finance office to periodically review the records to make sure that only obligations meeting Section 1311 of the Supplemental Appropriations Act of 1950 criteria remain. Other amounts should be deobligated. However, arbitrary deobligation action is taken at the risk of a future violation if subsequent payment or charges should result in a deficiency of fund authority.
- o Transmission of Fund Authorizations. Procedures require that fund authorizations be made in a specific amount in writing. Any other means of more rapid communications (telephone, ADP terminal, telecopier, etc.) should be limited to emergency circumstances only. Written authorizations shall be prepared concurrently with less formal communication and promptly transmitted to the recipient. The recipient will fully document the communication and have it posted to the record. Upon receipt the formal authorization will be attached to the documentation used for recording purposes.
- o Overobligations and Overexpenditures Resulting from Inaccurate Estimates of Obligations. In some cases, it is difficult for officials to estimate the ultimate liability of indefinite price contracts and other

open-ended obligations. The allottee must establish obligations at a level that will ensure that sufficient funds are available for complete liquidation and, yet, avoid the impression of creating a reserve or restricting the use of authorized funds. Any other solution might not stand the test of "incurring obligations in anticipation of subsequent appropriations".

- B. Out-year Commitments . In the event an OPDIV/Agency/OS's financial plan extends beyond the fiscal year, for instance in plans for construction and capital projects and multi - year grants, commitments made in anticipation of future funding must be controlled not to exceed the financial plan. These planned commitments will be maintained in memorandum records until funds are provided and the commitment is formally recorded in the accounting system.
- C. Limitation on Payments Related to Cancelled (prior year) Obligations. Chapter 3-50 outlines the policy on accounting for expired appropriation balances. During a five year period unliquidated obligations may be adjusted and disbursements made, but no new obligations made. Following the five year period all remaining obligations and unobligated balances are cancelled and associated funds withdrawn. Recording of further valid obligations or payment of previously cancelled obligations must be funded and paid from current year unexpired appropriations (for the same general purpose), subject strict fund control limitations:
- o obligations and payments related to cancelled balances are limited to 1% (cumulative for all cancelled accounts) of the current year unexpired appropriation (not total budgetary resources), and
 - o cannot exceed the cancelled account's original appropriation, apportionment, and allotment unexpended balances.

2-10-160 VIOLATIONS AND REPORTS

When it appears that an Antideficiency Act violation has occurred, all pertinent facts must be gathered to prepare the violation report required by Section 1351, 31 U.S.C. Initially, each obligation and disbursement transaction which exceeds amounts available must be examined to determine why the violation occurred and to name the person or persons who were responsible.

Actions that are later taken to correct the cause of the violation do not negate the fact that a violation has occurred and must be reported. The amount of the violation is not a factor in determining whether a report must be submitted. All violations must be reported immediately upon discovery.

Administrative fund violations that occur through use of allowances and lower level operating plans within the allowance must also be examined and administratively reported. This is essential because loss of control or overt neglect of operational guides may ultimately lead to a legal violation. Administrative violations are subject to examination and reporting each time cumulative obligations or costs exceed the total amount of the allowance or plan and each time a restriction, such as a program limitation or object class target, is exceeded. Again, the amount of the violation is not factor and all violations must be reported upon discovery.

2-10-170 INTERNAL REPORTING OF VIOLATIONS

Chiefs of the accounting and finance offices where official accounts are maintained or any other employee who is aware of an apparent violation, either legal or administrative, should report the apparent violation in writing. Some automated accounting systems may be designed to issue a special message when an HHS account balance indicates that an investigation is in order. Otherwise, a review at least monthly of the status of allotment and allowance accounts and comparative operating plan reports will reveal apparent violations. Headquarters' offices of the OPDIV/Agency/OS will also make monthly reviews to determine whether appropriations, or apportionments, allotments and allowances have been exceeded. An investigation of the facts will reveal whether the excesses are to be classed as a legal or administrative violation.

Initial reports of all violations will be forwarded through the usual administrative channels to the Head of each OPDIV/Agency/OS.

A copy of those which appear to be legal violations will also be sent to the Deputy Assistant Secretary, Finance. Based upon the facts in the report, the OPDIV/Agency/OS will issue instructions for further investigation. After investigation a final report will be made at which time administrative discipline will be taken, where warranted, and amended procedures will be implemented if needed.

Reports will be prepared in accordance with Part III of OMB Circular A -34 except that administrative violations will be addressed to the Head of each OPDIV/Agency/OS and signed by the principal investigator.

2-10-180 EXTERNAL REPORTING OF VIOLATIONS

When it has been substantiated by the final report of the investigator that an Antideficiency violation has occurred, the Head of the OPDIV/Agency/OS will IMMEDIATELY send the report for the President and the Congress to the Deputy Assistant Secretary, Finance. He will review the report and forward it to the Secretary for his signature.

In addition to reports of violations discovered within the operating components of the Department, reports will also be made on violations not previously reported which are included in findings of the HHS Inspector General or the GAO in connection with audits and investigations. In these cases, the reports should explain why the violation was not discovered and previously reported. If the Department does not agree with the GAO that a violation has actually occurred, a letter explaining the HHS point of view should be prepared for the Secretary's signature and transmitted through normal channels to the Comptroller General with a copy to the Director of OMB.

Reports on violations relating to allocation accounts will be prepared by the agency administering the account and provided to

the parent of the account for submission to authorities as described above.

2-10-190 IMPLEMENTATION

The Head of each OPDIV/Agency/OS are responsible for issuing any instructions deemed necessary to implement this system of administrative control of funds within their respective organizations. To ensure that implementing instructions are consistent with the provisions of this chapter, they will be sent to the Deputy Assistant Secretary, Finance for review and approval prior to their promulgation. Thereafter, organizations should review the instructions annually for current applicability. Events which may require a revision to the instructions are:

- o Reported violations.
- o Change in organizational structure.
- o Change in operating procedures.
- o Change in statutory requirements.
- o Advancement in management technique.

GENERIC EXAMPLE OF HHS FORM 62 6, ADVICE OF ALLOWANCE

NOT AVAILABLE ELECTRONICALLY

INSTRUCTIONS - ADVICE OF ALLOWANCE

<u>TO</u>	Name, title, organization and address of the individual issued obligational authority by the specific allowance advice.
<u>DATE</u>	Date authority is issued.
<u>APPROPRIATION</u>	Treasury Assigned symbol.
<u>FISCAL YEAR</u>	Fiscal year of the authority.
<u>ALLOTMENT NO.</u>	2 digit number assigned the Allotment Advice in the Accounting Internal Machine Number file (CAN Table).
<u>ALLOWANCE NO.</u>	3 digit number assigned the Allowance Advice in the Accounting Internal Machine Number file (CAN Table). Number the initial allowance XXX followed by a sequential number -1; number subsequent increments, increases or decreases, XXX-2, XXX-3, XXX-4, etc.
<u>ALLOWANCE</u>	
Previously Authorized:	The sum of previous issuances in the fiscal year. To be used when amending an annual allowance, and to bring forward the quarterly amounts of the allowances issued.
Original or Increase:	The initial allowance and any subsequent increment during the fiscal year.
Decrease:	A reduction in the amount of the allowance during the fiscal year.
Revised Amount:	The amount adjusted by an increase or decrease in the Allowance. The revised Total should agree with the cumulative amount recorded in the Accounting Allowance File. Cumulative commitments and obligations should not exceed the revised amount.

INSTRUCTIONS - ADVICE OF ALLOWANCE (Continued)

COMMON
ACCOUNT
NUMBER
DETAIL

7 digit number assigned to indicate a sub-division of an appropriation or fund at which obligations, costs and expenditures will be maintained; the number is a cross-reference to the data elements represented by the Internal Machine Number (CAN Table). Distribution to more than one CAN is for informational purposes or for specific direction concerning the obligation of funds.

OBJECT
CLASS

Only for an open rating Expense Allowance. "Other" may be detailed by object or sub-object class

DETAIL

code. Distribution does not dictate explicit limitation within the allowance.

PURPOSE
AND
LIMITATIONS

Federal Catalog Number and name of assistance program, or other purpose, qualification or contingency the allottee wishes to convey concerning the authority.

NAME, TITLE &
ORGANIZATION

Signatures of the Allottee and the Budget Official.

DISTRIBUTION

Original to Allowee, 1st copy to Accounting and Finance Office (OPDIV/Agency or Region), 2nd copy to Budget Office (OPDIV/ Agency or Region), 3rd copy to Program Office and 4th copy to retained by Allottee.

HHS FORM 626, ADVICE OF ALLOWANCE

EXAMPLE OF ANNUAL ALLOWANCE BROKEN INTO QUARTERLY INCREMENTS

NOT AVAILABLE ELECTRONICALLY

HHS FORM 626, ADVICE OF ALLOWANCE
EXAMPLE OF ADJUSTMENT TO ANNUAL ALLOWANCE
NOT AVAILABLE ELECTRONICALLY

HHS FORM 626, ADVICE OF ALLOWANCE
EXAMPLE OF QUARTERLY ALLOWANCE ISSUED AT BEGINNING OF FY
NOT AVAILABLE ELECTRONICALLY