

FEDERAL COMMUNICATIONS COMMISSION Washington, D.C. 20554 FCC DIRECTIVE	Title	
	Administrative Control of Funds	
	Directive Number: FCCINST 1036.4	Effective Date: July 2020

1. PURPOSE:

This directive sets forth the Federal Communication Commission's (Commission's) policies, procedures and responsibilities relating to administrative control of funds and budget execution. The directive also explains basic fund control principles and concepts. In particular, the directive:

- A. Prescribes a system for positive administrative control of funds designed to restrict obligations and expenditures (disbursements) to the amount available in each appropriation account or fund account.
- B. Restricts both obligations and expenditures from each appropriation or fund account to the lower of the amount of apportionments made by the Office of Management and Budget (OMB) or the amount available for obligation and/or expenditure in the appropriation or fund account.
- C. Enables the Chairman of the Commission to identify the person responsible for any obligation or expenditure exceeding the amount available in the appropriation or fund account, the OMB apportionment or reapportionment, the allowances made by the Commission, any statutory limitations, and any other administrative subdivision of funds made by the agency.
- D. Provides procedures for addressing violations of the Antideficiency Act (ADA) as well as violations of other administrative subdivision of funds that are not violations of the ADA.
- E. Enables the Chief Financial Officer (CFO) to determine responsibility for ADA violations and to take necessary corrective action.
- F. Ensures that funds shall be expended solely for the purposes for which they were appropriated, except as otherwise provided by law.
- G. Provides that obligations or expenditures shall not be authorized or incurred in excess of available funds or in excess of any legal or administrative limitations including but not limited to apportionments and reapportionments;
- H. Ensures that only valid obligations shall be recorded in the accounting records, and all obligations incurred shall be recorded accurately and promptly; and

- I. Provides that outstanding obligations shall be validated annually.
2. CANCELLATION: This instruction supersedes FCCINST 1036.4, FCC Directives System, dated July 2015.
3. SCOPE:

This Directive applies to all Bureaus and Offices of the Commission. Any exceptions to this Directive must first be approved by the CFO, Managing Director, Chairman and then by OMB.
4. AUTHORITY:
 - A. The Antideficiency Act of 1906, as amended (31 U.S.C. §§ 1341-1342, 1349-1351, and 1511-1519);¹
 - B. Budget and Accounting Act of 1921, as amended (31 U.S.C. §§ 1101, 1104-1108, 3324);
 - C. Budget and Accounting Procedures Act of 1950 (31 U.S.C. §§ 1531, 3511-3512, 3524);
 - D. Supplemental Appropriations Act of 1950 (31 U.S.C. §§ 1501-1502);
 - E. National Defense Authorization Act of 1990 (31 U.S.C. § 1552);
 - F. Congressional Budget and Impoundment Control Act of 1974 (2 U.S.C. §§ 681-688);
 - G. Federal Credit Reform Act of 1990, as amended (2 U.S.C. § 661); and
 - H. Instructions, procedures, guidelines, circulars, bulletins, memoranda, and definitions issued by the Office of Management and Budget (OMB), the United States Government Accountability Office (GAO), and the Secretary of the Treasury for agencies to follow in properly controlling their budget authority, including:
 - (1) OMB Circular No. A-11, "Preparation, Submission and Execution of the Budget" Revised December 2019;
 - (2) The Treasury Financial Manual;
 - (3) GAO, A Glossary of Terms Used in the Federal Budget Process, GAO-OS 734SP (September 2005); and

¹ In 2005, Congress granted the Universal Service Fund (USF) a one-year exemption from the Antideficiency Act for calendar year 2005. Universal Service Antideficiency Temporary Suspension Act. Pub. L. 108-494, title III, Dec. 23, 2004, 118 Stat. 3997. Congress has extended this temporary suspension in one-year increments. Consolidated Appropriations Act, 2020, Pub. L. 116-98 at § 501 (“Section 302 of the Universal Service Antideficiency Temporary Suspension Act is amended by striking ‘December 31, 2019’ each place it appears and inserting ‘December 31, 2020.’”).

- (4) FCC Financial Operations Policies and Procedures Manual, Chapter 2 (FY 2020 revision dated 04/20/2020)

5. POLICY:

It is the policy of the Chairman that standard practices be established and followed both at the Commission and reporting components that are, or may become subject to, the ADA to ensure compliance with the ADA, as set forth in this directive. Program and budget officials shall perform administrative funds control by planning, programming, and utilizing integrated budget and accounting systems to preclude ADA violations. The CFO shall investigate and determine responsibility for ADA violations. If deemed appropriate, an office may utilize local systems to complement and enhance the control, recording, and reporting of accounting and budgetary activities and the status of the budget.

6. DEFINITIONS/TERMINOLOGY/CONCEPTS:

The definitions are taken from the most recent edition of OMB Circular No. A-11. For terms or concepts not found in OMB Circular No. A-11, refer to GAO Glossary of Terms Used in the Federal Budget Process, GAO-05-734SP.

- A. Administrative Division or Subdivision of Funds — means apportionment or other distribution of an appropriation or fund made pursuant to the ADA. The appropriation may be divided or subdivided administratively within the limits of the apportionment (31 U.S.C. § 1513(d)). The expenditure or obligation of the divided or subdivided appropriation or fund may not exceed the apportionment.
- B. Allotments — are subdivisions of the apportionment that are made by the head of the agency. For the Commission, the sum of Allotments is equal to apportionment.
- C. Allowances — are subdivisions of allotments. The Commission uses the term allocations to designate sub-divisions of allowances.
- D. Antideficiency Act (ADA)— is a statute that prohibits the making or authorizing of an expenditure or creating or authorizing an obligation (i) in advance of an appropriation, (ii) in excess of amounts available in an appropriation or fund accounts unless specifically authorized by law, or (iii) in excess of an apportionment or reapportionment or in excess of other subdivisions made pursuant to 31 U.S.C. §§ 1513-1514, 1517. This statute also prohibits the acceptance of voluntary or personal services unless authorized by law, requires OMB to apportion appropriated funds and other budgetary resources to executive branch agencies, requires the head of each agency to prescribe a system of administrative controls, and specifies penalties for violations of the ADA.
- E. Apportionment — is a plan, approved by OMB, to spend resources provided by one of the annual appropriations acts, a supplemental appropriations act, a continuing resolution, or a permanent law (mandatory appropriations). Resources are apportioned by Treasury Account Fund Symbol (TAFS). The apportionment identifies amounts available for obligation and expenditure. It specifies and limits the obligations that

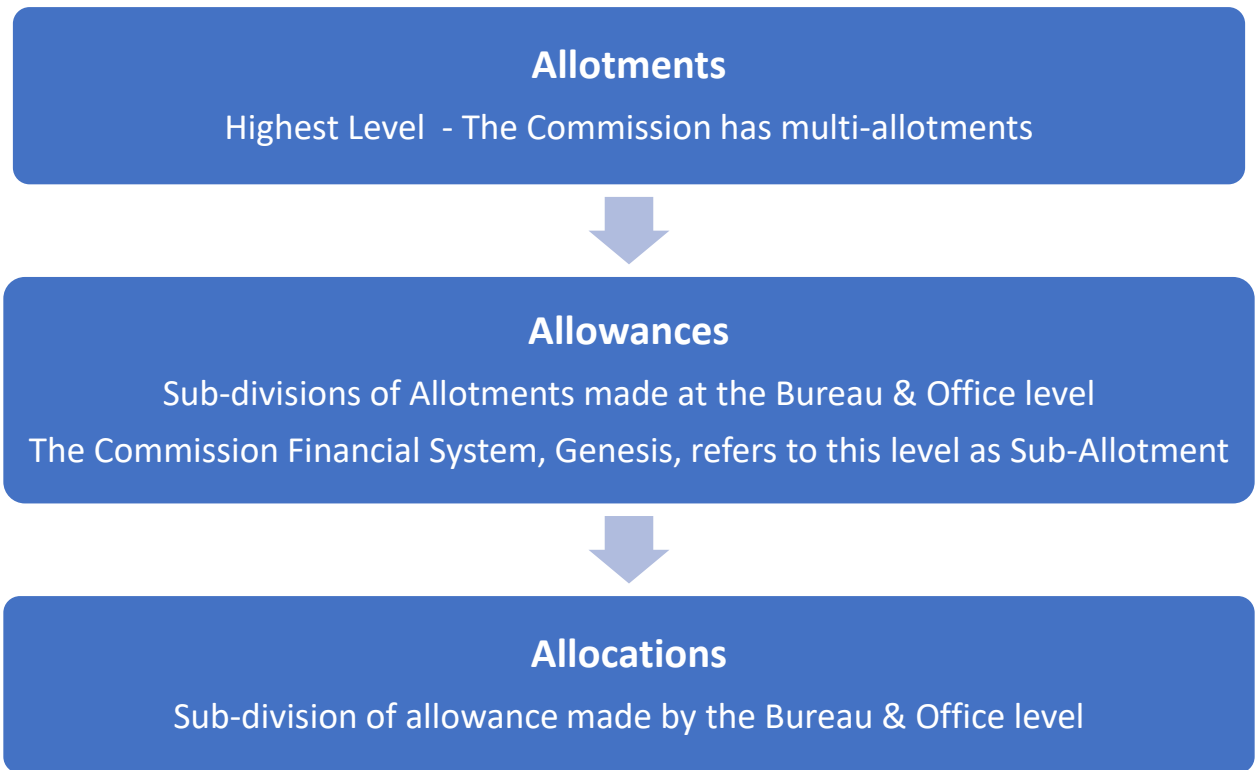
may be incurred, and expenditures made (or makes other limitations, as appropriate) for specified time periods, programs, activities, projects, objects, or any combination thereof. An apportioned amount may be further subdivided by an agency into allotments, sub-allotments, and allocations. The Commission uses the following terminology with respect to subdivisions of apportionment:

- i. The term allotment is a subdivision of apportionment;
 - ii. The term allowance means a subdivision of allotment;
 - iii. The term allocation means a subdivision of an allowance;
 - iv. The term "sub-allocation" is not used by the Commission in its funds control policies. The Commission's financial system, Genesis, however, refers to allowance as a "sub-allotment."
- F. Budget Authority — means the authority provided by law to incur financial obligations that will result in outlays. The specific forms of budget authority are appropriations, borrowing authority, contract authority, and spending authority from offsetting collections.
- G. Budgetary Resources — means amounts available to incur obligations in a given year. Budgetary resources consist of new budget authority and unobligated balances of budget authority provided in previous years.
- H. Commitment — means an administrative reservation of allotted funds, or of other funds, in anticipation of their obligation. As pre-obligations, commitments are internal actions that are not legally binding. However, for administrative control of fund purposes, commitments are treated as reductions in available budgetary resources. The use of the term "commitment" in the administrative control of funds process is consistent with the U.S. Government Standard General Ledger.
- I. Expenditure — is an outlay or disbursement.
- J. Obligation — means a binding agreement that will result in outlays, immediately or in the future. Budgetary resources must be available before obligations can be incurred legally.
- K. Outlay — means a payment to liquidate an obligation (other than the repayment of debt principal or other disbursements that are "means of financing" transactions). Outlays generally are equal to cash disbursements but also are recorded for cash-equivalent transactions, such as the issuance of debentures to pay insurance claims, and in a few cases are recorded on an accrual basis such as interest on public issues of the public debt. Outlays are the measure of Government spending.
- L. Rescission — means a proposal by the President to reduce budgetary resources (new budget authority or unobligated balances of budget authority) pursuant to the requirements of Title X of the Congressional Budget and Impoundment Control Act of 1974. Resources that are proposed by the President for rescission may be withheld from obligation for 45 calendar days of continuous session of the Congress (excluding an adjournment of more than three days on which either House is not in session)

pending congressional action on the proposal. The term is often used more broadly to refer to any legislative action taken by the Congress to reduce budgetary resources, including reductions that were not proposed pursuant to the Impoundment Control Act. Rescissions can either be temporary or permanent.

- M. Sub-allotment — An administrative subdivision of funds. Note: Sub-allotments are not used by the Commission. Instead, the Commission uses the term allowances (see explanation above).

The following diagram shows the different levels of fund control and the terminologies used at the Commission:



7. **RESPONSIBILITIES:**

The Chairman has overall responsibility for establishing an effective administrative control of funds process and the CFO is responsible for implementing and maintaining that process. Each Commission allowance holder is responsible for the proper management and control of funds in their respective allowance. All Commission employees who are involved in funds control are responsible for adhering to the Commission's policies for the administrative control of funds as described in this directive. It is the responsibility of any employee who has knowledge of circumstances that may lead to or constitute a possible violation of the ADA to provide this information to the CFO for consideration and appropriate action in accordance

with this directive. Additional positions within the Commission charged with funds control responsibilities are described below.

A. Chief Financial Officer:

- (1) Implements a financial system that supports Commission administrative control of funds that include recording financial transactions affecting: apportionments; reappportionments; Commission restrictions; spending plans; commitments; obligations; and expenditures; and anticipated, earned, and collected reimbursements;
- (2) Plans and structures new programs or activities to provide for administrative control of funds in accordance with this directive;
- (3) Ensures that reporting entities subject to the ADA have sufficient administrative control of funds in place to prevent and detect violations;
- (4) Provides guidance and training on policies and procedures for the administrative control of funds;
- (5) Designates certifying officers for oversight of payment controls and certification of payments processed by the Financial Operations Center;
- (6) Prepares and reconciles financial reports that display cumulative obligations and the remaining unobligated balances by appropriation and cumulative obligations by Bureau and Office and object class;
- (7) Provides reporting on the status of amounts committed, obligated, unobligated, expended or withheld, for management information and decision making; and
- (8) Investigates potential violations of the ADA, determines if actual violations have occurred, reports on any violations, and ensures that the Commission takes corrective action on any such violations, as well as violations of other administrative subdivisions of funds that are not violations of the ADA

B. Budget Officer:

- (1) Maintains an up-to-date inventory of apportionments, allotments and allowances;
- (2) Processes apportionment, reappportionment, allotment and reprogramming requests;
- (3) Monitors the budget formulation and appropriations process to identify changes to the Commission's budget authority that would warrant changes to apportionments and allowances;
- (4) Develops a spending plan for submission to Congress, when required;

- (5) Issues subdivision of apportioned funds as budget allowances to Bureaus and Offices to support program or administrative operations;
- (6) Processes allowance and allocation adjustment requests;
- (7) Monitors budget execution and advises allowance holders on funding use and needs;
- (8) Reports promptly to the CFO any unanticipated need for funds not budgeted at the beginning of the fiscal year;
- (9) Reports promptly to the CFO any potential violations of the ADA; and
- (10) Supports the CFO in the investigation, report, and follow-up actions of possible ADA violations and violations of Commission limitations that are not violations of the ADA.

C. Allotment Holder — Chairman's Chief of Staff:

- (1) Bears overall responsibility for funds allotted to them;
- (2) Reports promptly to the CFO any potential violations of the ADA; and
- (3) Supports the CFO in the review, resolution and reporting of possible ADA violations regarding funds allotted to them. [Note: At the Commission, there is only one allotment holder].

D. Allowance Holders — Central Account Managers — One for each Bureau or Office:

- (1) Bear overall responsibility for the funds allocated to them;
- (2) Manage and control commitments, obligations, and expenditures in accordance with the limitations of their allowances;
- (3) Report promptly to the CFO any potential violations of the ADA; and
- (4) Support the CFO and allotment holder in the review, resolution and reporting of possible ADA violations regarding funds allocated to them.

E. Bureau or Office Program and Administrative Staff Processing Requests for Commitments, Obligations, and Payments:

- (1) Identify the source, time period, and use of the budgetary resource associated with the funding action being requested;
- (2) Obtain required reviews and signatures to approve the requested funding action;
- (3) Obtain required verification of the availability of funds prior to making commitments, obligations, or payments;

- (4) Maintain documentation in support of all commitment, obligation, and payment events;
- (5) Validate the system's processing of requests for commitment, obligations, and payments; and
- (6) Report promptly to the CFO any potential violations of the ADA.

F. Office of General Counsel:

Resolve legal questions referred that involve the law of appropriations, such as availability of amounts appropriated with respect to purpose, time or amount; or that arise from financial statutes such as the ADA, giving careful consideration to provisions in specific appropriations laws as well as pertinent program authorization language.

8. ACTIONS PROHIBITED:

The Antideficiency Act is codified in 31 U.S.C., Chapters 13 and 15. The act prohibits:

- A. Making or authorizing an expenditure from, or creating or authorizing an obligation under, any appropriation or fund in excess of the amount available in the appropriation or fund unless authorized by law;
- B. Involving the government in any contract or other obligation for the payment of money for any purpose in advance of appropriations made for such purpose, unless the contract or obligation is authorized by law;
- C. Accepting voluntary services that could give rise to claims against the United States government or employing personal services in excess of that authorized by law, except in the cases of emergency involving the safety of human life or the protection of property;
- D. Making obligations or expenditures in excess of an apportionment, reapportionment, allotment or sub-allotment, or in excess of the amount permitted by agency regulations;

While all actions should be reviewed for potential ADA concerns, the following are often particularly problematic;

Multi-year contractual commitments — contracts for the purchase of supplies or services for more than one year (excluding options). Depending on whether the appropriation is "no-year" money or money with a definitive expiration, such commitments can be problematic;

Automatic renewals — contract or purchase order clauses that provide that the agreement will automatically renew upon its termination unless an action is taken. This type of provision is always problematic;

Indemnification clauses — contract or purchase order clauses that obligate the Commission to indemnify other parties against losses without limitation ("open ended" indemnification" clauses). This type of provision is never permitted; and

Unauthorized/Improper Purchases — FCC funded purchases of goods or services that are generally prohibited by appropriations law (e.g., personal items, mementos and similar presentation items distributed to either FCC employees or individuals outside the Commission, food and water, motor vehicles).

Note: For credit programs, OMB Circular A-11 provides that the FCC is required to report ADA violations for the over-obligation or over-expenditure of: (a) the subsidy, (b) the credit level supportable by the enacted subsidy, (c) the amount appropriated for administrative expenses, (d) the expired unobligated balance of the subsidy, and (e) the apportioned borrowing authority in a financing account.

9. PENALTIES:

- A. The criminal penalty for an officer or employee knowingly and willfully violating the Act is a fine of not more than \$5,000, imprisonment for not more than two years, or both.
- B. The administrative penalty for violations of the ADA, as noted in OMB Circular A-11, is appropriate administrative discipline, including, when circumstances warrant, a written reprimand, unsatisfactory performance rating, transfer to another position, suspension from duty without pay or removal from office. Corrective action and administrative discipline will also be taken, as needed for correction and prevention of other violations of administrative subdivision of funds that are not violations of the ADA. This would include not adhering to the policies and procedures as noted within this directive.

10. REPORTING VIOLATIONS:

The ADA provides that if an officer or employee of an executive agency violates its key provisions, the head of the agency shall report immediately, through OMB to the President and Congress and to Comptroller General all relevant facts and a statement of actions taken. OMB Circular A-11, Section 145, "Requirements for Reporting Antideficiency Act Violations," Subsection 7, "How do I report a violation?" describes the reporting process. Early reporting of any potential violation of the ADA can help avoid or curtail an actual violation and is therefore an important element of the administrative control of funds.

The Commission's CFO shall have authority to investigate potential or actual violations of the ADA and all other statutes and regulations related to the obligation and expenditure of funds in this or any other Acts. The CFO shall determine whether violations exist; and shall submit final reports on violations to the Chairman. The Commission's process for the disclosure, review, reporting, and action on potential and actual violations is as follows:

- A. Notification of Possible Violations. Any Commission employee having knowledge of a possible ADA violation must immediately notify the CFO about the activity in question. The employee should provide information and documents that support their belief that a possible ADA violation exists.
- B. Referrals. If the Office of Inspector General (OIG), OMB, or GAO informs the Commission that there may be a possible ADA violation, the CFO will consider the

information as a referral that needs to be investigated, and if determined to be a violation, will explain why he or she had not previously discovered and reported the violation prior to the external notification.

- C. Establishing a File and Review Team. The CFO will maintain a file on each alleged ADA violation that will include reports documenting action taken to review and address the issue. The CFO will assign employees to a review team that will investigate the potential ADA violation. The CFO will assist the review team in carrying out their responsibilities throughout the review process. The review team should consist of staff who are independent of the activity in question. The review team may consult with, or obtain the assistance of, the Office of General Counsel and such other officials as the review team determines necessary to carry out its duties. All Commission employees are required to cooperate with the review team in their investigations of potential ADA violations.
- D. Preliminary Assessment.
- (1) The CFO will conduct a preliminary assessment of any alleged violation and determine whether a possible ADA violation exists.
 - (2) Throughout the review process, the CFO will make every effort to ensure that no funding or disbursement actions are taken that might continue or compound any violation.
 - (3) If the preliminary assessment clearly determines that there is no violation, the CFO will document the file that an ADA violation was alleged, but a determination was made that there is no such violation, with the basis for the determination. If, however, the notification of violation comes from OIG, GAO or OMB, the agency must follow the reporting procedures detailed below even if the agency determines that there is no violation. In that event, the report will explain the basis for the agency's determination of no violation.
 - (4) Whenever the CFO's preliminary assessment identifies opportunities for improvements in funds control, the CFO's findings will be forwarded to all program areas concerned.
 - (5) After the CFO completes a preliminary assessment and determines that there is a possible ADA violation, the CFO will notify the Chairman of a possible violation in writing and explain the basis of the need for further review. A copy of the notification should be sent to the General Counsel.
- E. CFO Final Assessment to Determine Whether an ADA Violation Occurred.

The CFO will further review, gather additional information, and prepare a report that will serve as the Chairman's report under the ADA. If the review determines no violation occurred, the CFO will issue a report to the Chairman and General Counsel advising them of the finding and supporting facts. If, however, the notification of violation comes from OIG, GAO or OMB, the agency must follow the reporting procedures detailed below even if the agency determines that there is no violation. In that event, the report will explain the basis for the agency's determination of no

violation. If the review determines that a violation did occur, then the CFO will take three actions (may be concurrent) before it issues a final report. First, the CFO will provide due process to the official or officials viewed as responsible for the violation of the ADA, allowing them an opportunity to provide comments that may impact the final report of the investigation. Second, the supervisor(s) of the employee(s) responsible for a violation will be consulted on the violation to recommend disciplinary action to the CFO. Third, the CFO will provide a copy of the draft report to the Chairman and General Counsel to allow them an opportunity to review and provide comments.

The final report of the violation must describe all pertinent facts of the ADA violation, including the position of the employee¹ responsible (and any disciplinary action), and make recommendations on corrective actions that should be taken to preclude a recurrence. If the review determines that a violation did occur and possible criminal activity is suspected, the CFO will refer such activity to the Inspector General for a criminal investigation and the CFO will proceed with the review and report process in coordination with the criminal investigation of the Inspector General.

F. Final Report. The CFO shall submit a report on violations to the Chairman. The Chairman will send the final report to the President, OMB and the Congress in accordance with applicable statutes and OMB circulars. On the same date, the CFO will provide GAO, the General Counsel and any other appropriate officials with a copy of the final report. Any recommended penalties will be imposed on the person(s) determined to be responsible for the violation and any other recommendations or corrective actions in the final report will be implemented by the Commission.

11. ACCOUNTING SUPPORT FOR FUND CONTROL SYSTEMS: See Appendix B, *infra*.
12. APPORTIONMENT PROCEDURES: See Appendix A, *infra*.
13. POLICY ON ALLOTMENTS AND SUBALLOTMENTS: See appendix A, *infra*.
14. TREATMENT OF ANTICIPATED BUDGETARY RESOURCES ALREADY ENACTED INTO LAW: See Appendix A, *infra*.
15. DEFICIENCY APPORTIONMENTS: See Appendix A, *infra*.
16. EFFECTIVE DATE AND IMPLEMENTATION: This Directive is effective immediately and shall be implemented promptly upon distribution.



Mark Stephens
Managing Director

2. OMB Circular A-11, Section 145, was revised in 2015 to delete the requirement to identify the responsible individual by name in the final report.

APPENDIX A

APPORTIONMENT AND ALLOTMENT OF FUNDS

1. PURPOSE:

This Appendix describes the process and procedures for apportioning appropriated budgetary resources to the Commission and subsequently allocating those resources to the designated Commission allowance holders for use.

2. APPORTIONMENT OF FUNDS BY OMB:

Budgetary resources appropriated for the Commission by Congress are subject to "apportionment" to the Commission. The following considerations and requirements are part of the Commission's administrative control of funds:

- A. Apportionments are legally binding documents that specify amounts and purposes for which appropriated resources shall be used;
- B. Obligating or expending funds in excess of amounts provided by an apportionment is a violation of the ADA;
- C. OMB apportions budgetary resources to the CFO to administer the Commission's apportionment/subdivision processes;
- D. The Commission has 10 calendar days from the date of enactment of an appropriation to submit an apportionment request to OMB;
- E. OMB has 30 calendar days from enactment to approve or disapprove the apportionment request; and
- F. Before the Commission officials are authorized to use budgetary resources apportioned to the Commission, the resources must be allocated to them.

3. PROCEDURES FOR REQUESTING INITIAL APPORTIONMENTS:

Standard Form No. 132 (SF-132), "Apportionment and Reapportionment Schedule," is to be used by the CFO in requesting the apportionment of all budgetary resources of the Commission and reporting entities subject to the ADA. The CFO will abide by the following considerations and requirements in submitting and processing reapportionment requests:

- A. All apportionments expire at the end of each fiscal year unless otherwise provided by OMB;
- B. Before funds can be obligated in the following fiscal year, new apportionments must be requested, approved, and issued;
- C. The apportionment should include the amount of the new apportionment (if known) and a prudent estimate of unobligated balances available for carryover in each account;
- D. The CFO will review and approve the apportionment request and submit it to OMB; and
- E. Bureaus and Offices shall submit operating budget estimates in the form specified in the CFO's Call for Operating Plans.

4. BUDGETARY RESOURCES:

Budgetary resources provide the Commission with authority to enter into obligations that will result in outlays. All of the Commission's budgetary resources are subject to the apportionment and allocation process. The Commission has different types of budgetary resources, as documented on the top portions of the SF- 132:

- A. Unobligated balance from prior years.
 - (1) Balance brought forward, October 1.
 - (2) Net transfers of prior year balances.
 - (3) Anticipated transfers.
- B. Recoveries of prior-year obligations.
 - (1) Actual recoveries.
 - (2) Anticipated recoveries
- C. Budget authority.
 - (1) Appropriations realized.
 - (2) Borrowing authority — permanent indefinite.
 - (3) Net transfers.
 - (4) Other.
- D. Spending authority from offsetting collections
 - (1) Earned (collections or receivables from federal sources).
 - (2) Anticipated collections.

Some budgetary resources are temporarily or permanently unavailable and appear as negative amounts on the SF-132. Examples include:

- 1. Temporarily not available pursuant to Public Law,
- 2. Permanently not available pursuant to Public Law,
- 3. Cancellations of expired and no-year accounts, and
- 4. Enacted rescissions.

Budgetary resources apportioned to the FCC must be allocated to Bureaus and Offices to give them authority to use the resources.

5. COMMISSION ALLOTMENT OF RESOURCES:

- A. Function and purpose of allotments.
Allowances are subdivisions of allotments that are made by the Budget Officer. The function and pm-POSE of allowances are to provide threshold levels that the Bureaus and Offices are authorized to obligate and expend.

Note: For the Commission, the ADA rules are applied at the allotment level and not at the allowance and allocation levels.

- B. Policy.
Allotments will be established at the highest practical level. For example, the FCC's salaries and expenses account and auctions accounts represent separate allotments. Each operating unit will be financed from not more than one subdivision for each appropriation or fund. Allotment holders are designated by the Chairman. Allotments are subject to the provisions of the ADA. Because of the FCC's relatively small size and centralized management of its salaries and expenses, funds are not sub allotted.
- C. Restrictions.
The sum of allotment amounts will not exceed the apportionment. The amounts of allotments or other administrative subdivision will be fixed and will be changed only when authorized by the authority who initially issued the subdivision. Congressional restrictions contained in appropriations acts will be enforced.
- D. Form.
All allotments must be conveyed and include the amount available, funding source, time period of availability, the position and title of the allotment holder responsible and other agency limitations. Any requests for changes in allotments will include, in addition to the foregoing information, justification for the proposed changes.
- E. Manner in which Authority is Provided.
- (1) Allowances will nominally be made by the Budget Officer on at least the same basis as funds are apportioned. This does not preclude the Budget Officer from issuing allowances in greater detail than the apportionment.
 - (2) Where no appropriation act has been approved prior to October 1, a Continuing Resolution (CR) may be enacted to provide minimum funding until such time as the annual appropriation is enacted. In these instances, the Budget Officer will notify the allowance holders of the period of the CR, the amount of funds available to them during that period, and any special restriction placed on the use of funds by the CR.
 - (3) In the event that the Commission is operating under a CR, interim allowances may be issued by the Budget Officer by memorandum and will govern all activities pending the completion of appropriation action.
- F Availability of Allotments.
Allotted funds shall be available for use only during the fiscal year in which they are allotted. Allowance and changes in allowance for each allowance holder shall be sequentially numbered during the fiscal year.

6. CHANGES IN APPORTIONMENTS AND ALLOTMENTS DURING THE FISCAL YEAR:

Requests for changes in apportionments and allotments may be made whenever necessary. Initial apportionments and allotments of some budgetary resources are based on estimates or projections of resources, such as projected collection activity or estimated needs against a permanent indefinite authority. In those cases, it is incumbent on the CFO and his staff to

closely monitor and manage those activities, and as needed, to either request an increase in their authorized budgetary resources or to curtail or cease the obligation of funds to avoid a violation of the ADA. When a change in apportionment is needed, the CFO will initiate a reapportionment request, with input from the allotment holder, as needed. Upon approval of the reapportionment request by OMB, the Budget Officer will issue a revised reprogramming action to increase the allowance holder's funding authority.

7. APPORTIONMENT ACTION RELATED TO RESCISSIONS:

A. Policy.

Whenever the President determines that all or part of any budget authority will not be required to carry-out the full objectives or scope of programs for which it is provided, the President will propose to the Congress that funds be rescinded.

If all or part of any budget authority limited to a fiscal year is to be withheld for the entire fiscal year, a rescission will be proposed.

As a rule, amounts proposed for rescission will be withheld during the time the proposals are being considered by the Congress. When approved by OMB, funds may be proposed for rescission without being withheld.

Rescissions must be enacted into law. If the Congress does not complete action on a rescission proposed by the President within 45 calendar days of continuous session, any funds being withheld must be made available for obligation.

B. Procedures.

(1) Presidential Proposed Rescissions. At the time that a rescission is proposed, apportionment forms (SF-132) will be submitted to OMB showing that those funds are being withheld pending rescission.

- (a) If Congress rescinds the exact amount proposed, reapportionment action is not required to reflect the reduction in budget authority since it is already being withheld.
- (b) If Congress rescinds an amount different from that initially proposed, reapportionment requests will be submitted to OMB promptly upon completion of the Congressional action.
- (c) If Congress takes no action or a rescission proposal within 45 days following the receipt of the proposed rescission message, reapportionment requests reflecting the release of the affected amounts must be submitted to OMB. The CFO will keep appropriate offices informed of the status of rescission actions.

(2) Congressionally Proposed Rescissions.

- (a) Where initial apportionment action has not been completed before rescission action is taken and sufficient time exists to revise the

apportionment request (i.e., within 30 days after the date of enactment of the appropriations bill), either the FCC or OMB will make appropriate changes to the SF-132.

- (b) When there is insufficient time to adjust the initial SF-132, the Commission will submit a reapportionment request within five calendar days after the date of enactment of the reconciliation or rescission bill, ensuring that the reduced appropriation is not exceeded.

8. APPORTIONMENT OF ADVANCES, REIMBURSEMENTS, AND OTHER RECEIPTS:

Advances of funds to the Commission, reimbursements, and other anticipated receipts of funds are subject to apportionment. This includes advances, reimbursements, and other receipts that are the result of interagency agreements as well as those that may be generated from a continuing cycle of program operations. These anticipated funds must be apportioned to be available for obligation.

9. APPORTIONMENT OF RECOVERIES/RECAPTURES OF PRIOR YEAR (unexpired funds):

These recoveries/recaptures must be apportioned to be available for obligation.

10. APPORTIONMENTS REQUIRING DEFICIENCY ESTIMATES:

31 U.S.C. § 1515(a) allows an apportionment required under 31 U.S.C. § 1512 to be apportioned on the basis that indicates the need for a deficiency or supplemental appropriation to the extent necessary to permit payment of pay increases that may be granted pursuant to law to officers and employees, including prevailing rate employees whose pay is fixed and adjusted under subchapter IV of chapter 53 of U.S.C. Title 5. Except as provided in 31 U.S.C. §§1515(a), 31 U.S.C. § 1515(b) authorizes, using SF-132, an official to make, and the head of an executive agency to request, an apportionment under section 1512 of this title that would indicate a necessity for a deficiency or supplemental appropriation only when the official or agency head decides that the action is required because of:

- A. A law enacted after submission to Congress of the estimates for an appropriation that requires an expenditure beyond administrative control; or
- B. An emergency involving the safety of human life, the protection of property, or the immediate welfare of individuals when an appropriation that would allow the United States Government to pay, or contribute to, amounts required to be paid to individuals in specific amounts fixed by law or under formulas prescribed by law, is insufficient.

If an official making an apportionment decides that an apportionment would indicate a necessity for a deficiency or supplemental appropriation, the official shall submit immediately a detailed report of the facts to Congress. The report shall be referred to in submitting a proposed deficiency or supplemental appropriation.

Note that 31 U.S.C. § 1515 in no way authorizes the Commission to incur obligations in excess of the total amount of money appropriated for a period. It only provides an exception to the general apportionment rule set out in 31 U.S.C. § 1512(a) that an appropriation be

allowed so as to insure it is not exhausted prematurely. Section 1515 says nothing about increasing the total amount of the appropriation itself or authorizing the incurring of obligations in excess of the total appropriated. On the contrary, apportionment only involves the subdivision of appropriations already enacted by Congress. The sum of the spending/operating plans shall not exceed the total amount of the appropriation being apportioned.

11. COMMISSION ALLOCATION OF RESOURCES:

The approved budgetary resources provided in the OMB apportionment to the Commission are allocated as allowances to responsible Bureau and Office officials under the following conditions:

- A. That they not commit or obligate funding for amounts, purposes or periods other than those included in the allowance; and
- B. Where no appropriation act has been approved prior to October 1, a Continuing Resolution (CR) may be enacted to provide minimum funding until such time as the annual appropriation is enacted. In these instances, the Budget Chief will notify allowance holders of the period of the CR, the amount of funds available to them during that period, and any special restriction placed on the use of the funds by the CR.

APPENDIX B

PROCESSING COMMITMENTS, OBLIGATIONS, AND EXPENDITURES

1. PURPOSE:

This Appendix establishes policy and prescribes requirements for the commitment, obligation, and expenditure phases of the Commission's overall administrative control of funds process, in accordance with statutory requirements, guidelines established by the OMB, GAO, and the Secretary of the Treasury.

2. GENERAL POLICY ON COMMITMENTS:

The commitment of funds is an internal administrative accounting procedure that validates and ensures the availability of funds prior to entering into a legally binding obligation that requires an expenditure of Commission funds. All commitments shall be for the purpose authorized by law, within amounts authorized, and executed before the end of the period of availability of the appropriations. This process significantly reduces Commission's risk of an ADA violation.

3. PROCESSING COMMITMENTS:

A commitment transaction by an allowance holder must include the appropriate fiscal year, fund code, budget and cost code, budget object class code, and dollar amount. Commitment transactions shall be promptly recorded coincident to the occurrence of the events from which they originate. Commitments must be recorded against an approved and applicable allowance to enable the proper future obligation of these funds.

4. REVERSING COMMITMENTS AT FISCAL YEAR-END FOR ANNUAL APPROPRIATION:

Commitments that are recorded and remained unobligated at fiscal year-end are automatically reversed prior to the fiscal year-end closing process and become part of the unobligated carryover balance. If commitment amounts have not been obligated at the end of the fiscal year and they are available for expiring annual funds, they are no longer valid commitments and therefore, become part of the unobligated balance in the expired account. This unobligated balance is available only for upward adjustments of previously recorded obligations, where the correct amount of the valid obligation was not previously fully recognized. In this case, upward adjustments can be made in the respective expired accounts for a period of five years after the year of expiration. Committed multiple year funds become un-apportioned at the close of a fiscal year and must be apportioned in the new fiscal year in order to be re-committed.

5. COMMITMENT NUMBERING AND CONTROL:

For control purposes, each commitment should be assigned a unique sequential identification number that must be associated with any subsequent obligation. Commitment coding structure must conform to the structure established for recording commitments and obligations in the Commission accounting system.

6. MONITORING FUNDS AVAILABILITY AND NEED.

Any commitment made must be immediately captured in a central accounting or procurement system or individual control log that provides current and accessible data for the use of the appropriate allowance holder to enable them to either curtail activity or request allocation of additional funds when commitment levels exceed authorized funding limits. Close monitoring and management of commitment levels and authorized funding limits is required to ensure adequate funds control and avoid incurring an obligation that could result in an ADA violation.

7. GENERAL POLICY ON OBLIGATIONS:

All obligations of budgetary resources shall be for the purpose authorized by law, within amounts authorized, executed before the end of the period of availability of the appropriation, and supported by documentary evidence that is in writing and approved by a duly authorized official. Obligations should be limited to bona fide needs during a given period and should comply with applicable laws and regulations. An obligation may not be authorized before enactment of the applicable appropriation and the issuance of an apportionment, unless otherwise provided by law. Each obligation should be recorded in the appropriate accounts as it is incurred, in the appropriate source year accounts. Obligations should never exceed available funds.

8. INCURRING OBLIGATIONS:

Care must be taken to properly establish the legally binding point of obligation in a manner that protects the interests of the government and assures compliance with the limits of the Commission's authority on its budgetary resources, including any requirements that may be specified in statute or regulation. Whenever uncertainties exist, allowance holders should request the assistance of the Office of General Counsel to review the legal sufficiency of the point of obligation for funded activities and also to review the form and content of any proposed pre-obligation communications on pending activities to assure such communications will not prematurely obligate the government before all terms and conditions have been agreed to by the Commission and the other party(s).

While the point of legal obligation varies depending of the nature of the activity, it is generally upon the execution of an approval document. For personnel services, the point of legal obligation is usually the approval of a Standard Form (SF-52), Request for Personnel Action or the approval of an award. Other points of obligation include the approval of travel authorizations (GSA-87), travel vouchers (SF-1012), training form (SF-182), printing requisitions, small purchases (Optional Form (OF) 347), supplies and equipment (GSA-3542), insurance claims and indemnities (SF-95), jointly executed contracts (SF-26) and modifications (SF-30), and a work order and funding of an Interagency Agreement (FMS Form 7600B). Rent and utility expenses are obligated through inter-fund transfer via Treasury.

9. RECORDING OBLIGATIONS:

Allowance holders must ensure that their obligations are promptly recorded in the applicable funds control system when incurred and must reference any previously recorded commitment

of funds for the obligation. Obligations must be recorded against an approved budget with required classification elements. Obligations should never exceed available funds. Anyone discovering that an obligation has been incurred in excess of available funds should inform the CFO immediately, so that appropriate action may be taken to avoid or appropriately address a violation of the ADA.

When the amount of an obligation is not known at the time it is incurred, the best possible estimate shall be used to record the obligation. When an estimate is used, the basis for the estimate and the computation must be documented and approved by their allowance holder. Appropriate adjustments must be made when events permit a more accurate estimate of the amount of the obligation and when the actual obligation is determined.

The principles used in determining which fiscal year's appropriation are to be charged with obligations for any period within the fiscal year will also be used at the end of the fiscal year.

The recording of the obligation and expenditure of funds for personnel services occurs simultaneously in the accounting system based on information received from NFC after the Personnel Action has been processed.

10. OBLIGATING FUNDS FOR INDEFINITE QUANTITY CONTRACTS:

The Commission must properly obligate the required minimum purchase amount upon execution of any indefinite quantity contract. According to GAO appropriations law guidance, any required minimum purchase amount must be obligated when the contract is executed. Subsequent obligations occur as work orders or delivery orders are placed, and after the initial orders have fulfilled the minimum, are chargeable to the fiscal year in which the order is placed.

11. OBLIGATIONAL PERIOD:

31 U.S.C. § 1501 provides that the nature of an appropriation or fund determines its period of obligational availability:

- A. One-year accounts are available for incurring obligations only during a specified fiscal year;
- B. Multiple-year accounts are available for the specified multiple-year period;
- C. No-year accounts are available indefinitely;
- D. At the end of a fiscal year, unobligated balances in accounts carried forward may not be obligated in the following fiscal year without a new apportionment;
- E. The Commission maintains separate obligated and unobligated balances within an expired account until that account is cancelled at the end of the fiscal year; and
- F. Expired one-year (single year) or multiple-year funds that are five years old are cancelled at September 30 of each fiscal year.

12. DETERMINATION OF NEED:

The propriety of obligating funds for delivery of goods or services that may overlap fiscal years hinges on the determination of need. It is not a requisite that the delivery of goods or the rendering of services be completed within the fiscal year in which funds were obligated.

However, obligations recorded should represent a bona fide need for the full period of the contract or for the fiscal year in which the contract is in effect. The determination of what constitutes a bona fide need for the full period of the contract or for the fiscal year depends in large measure upon the facts and circumstances of the particular case. The term "bona fide need" recognizes the necessity of providing for the orderly flow of goods or services and avoiding the unnecessary obligations of funds.

An obligation for a fiscal year relates to:

- A. Goods or services for which a contract or purchase order or other obligation document is issued in the current fiscal year and for which there is an actual need in that fiscal year; or
- B. A contract entered into during the fiscal year when lead-time or an advance of funds is required in order to have the goods or services available when needed in a subsequent year.
 - (1) Generally, contracts or purchase orders for goods and services shall be obligated in the fiscal year in which the bona fide need arises or for the replacement of stock used in that fiscal year. When materials or supplies are not obtainable on the open market for use at the time need is determined, a contract for such materials or supplies may be considered a bona fide need of the fiscal year in which the contract is made, provided that the time intervening between contracting and delivery is necessary for producing, processing, or fabricating the materials or supplies. The amount of the obligations under contracts of this type will vary under different conditions. If such a contract is for the needs of the current year only, the full amount of the contract shall be obligated at the time the contract is executed. If such a contract is entered into to provide a continuing supply needed by the Commission for over a number of years, they should be obligated at the time the contract is executed and only for the needs of the current fiscal year; needs of each successive fiscal year for which the contract is renewed by execution of the Commission's option should be obligated against funds of each such fiscal year. However, multiyear contracts may be authorized under special circumstances and in accordance with 41 U.S.C. § 254c (Comptroller General Decision B-277165, January 10, 2000).

Obligations for rent, utilities, materials, and supplies should generally not exceed one fiscal year in duration. (37 Comp. Gen. 155, 159, Sept. 3, 1957).

- (2) Amounts for rent, travel, training and household moves scheduled to begin in the next fiscal year should normally not be obligated during the current fiscal year, nor should contracts for housekeeping and facility maintenance services of FCC operational facilities when the services are to be performed in the next fiscal year.

The FCC's year-end training obligation policy, as a general rule is: Current year funds may be used only for training that is scheduled to occur in the current

year. The bona fide need for the training must exist in the current fiscal year for an obligation to occur with current year funds.

Exceptions to this general rule:

- i. Prepayment of tuition: Current funds can be used for a course that starts during the current fiscal year and continues into next fiscal year. For example, a college level class where the semester begins in September and ends in December.
 - ii. An obligation was made for a class that was scheduled during the current fiscal year and the vendor cancelled the class and rescheduled the class for the next fiscal year. Since the bona fide need existed during the current year and the obligation was valid, unforeseen delays, which cause delivery or performance to extend into the following year will not invalidate the obligation. The purpose and scope of the original obligation cannot change once the period of obligation has ended.
 - iii. If a vendor requires payment not later than September 30 of the current year for essential training that begins in the first quarter of the following year, current year funds can be used. The training must be critical to the performance of the employee's job and no similar training can be available within an acceptable timeframe within the next fiscal year.
- (3) If the scope of a contract or agreement is expanded as to area of performance and or total amount after the close of the year in which the contract or agreement was originally obligated, such added amounts must be obligated against the current fiscal year appropriation (37 Comp. Gen. 861). However, overruns of estimated obligations without a change in scope may be obligated against the year in which the original contract was obligated. On expired appropriations, however, such obligations are limited to the amounts of appropriations remaining available from the fiscal year in which the original contract was obligated.
 - (4) Interest penalties for late payment of vouchers and invoices subject to the Prompt Payment Act (P.L. 97-177, as amended) shall be obligated against the current year of the appropriation or fund against which the goods or services giving rise to the voucher/invoice were initially obligated.

13. DOCUMENTARY EVIDENCE FOR RECORDING OBLIGATIONS:

Amounts shall only be recorded as obligations against the applicable appropriation, fund, or statutory authority when supported by sufficient documentary evidence that a legally binding obligation has been established. Obligations shall not be recorded until the obligating documents have been properly signed and dated in the correct sequence. All required actions to make the document a legally binding obligation must be completed within the period of availability for obligation of the funds being used.

14. PROMPT RECORDING:

Original obligations shall be recorded promptly after receipt of authorizing documents by the Financial Operations Center. Any changes in recorded obligations shall be recorded promptly upon receipt in the Financial Operations Center of a signed document that authorizes the change. Any change in the contract, purchase order, or other obligating instrument, which will alter the scope and/or increase the amount of the obligation, shall not be made until the availability of funds is ascertained in the same manner as for the original obligation. Before processing requests to decrease or cancel existing obligations, the Financial Operations Center shall determine that the unliquidated amount remaining from the original obligation is equal to or greater than the amount to be de-obligated.

It is essential that all obligating documents are promptly forwarded to the Financial Operations Center for recording, especially at yearly closeout so that these obligations can be processed in the accounting system no later than September 30.

15. PROHIBITION AGAINST WITHHOLDING OBLIGATIONS:

No employee of the Commission shall withhold the recording of a known obligation, even if such recording will cause a budget limitation to be exceeded. All valid obligations shall be recorded and supported with the required documentation. However, when a recorded obligation exceeds budget authority, the CFO must be notified immediately to further assess and act on this occurrence. Estimated obligations are unavoidable in some cases. Some instances will be encountered where the amount of an obligation as established must later be changed and must be amended through the appropriate approval process. There may be some instances where valid obligations not recorded are uncovered after the period in which they should have been recorded and when such instances occur, they must be reported to the CFO.

16. ESTIMATING AMOUNTS OF OBLIGATIONS:

In those cases where the precise amounts of obligations are not known at the time they are incurred, the best available estimates of the amounts that will subsequently be paid shall be used. Such estimates shall be converted to actual amounts as soon as the precise information is known.

17. CHANGES IN RECORDED AMOUNTS OF OBLIGATIONS:

Balances reported as of the close of a fiscal year shall contain all obligations that are properly chargeable to the appropriation, fund or statutory authority. For expiring appropriations, the documentary evidence supporting any increases in the amount recorded for an obligation that are made after the close of the fiscal year shall be reviewed as required by 31 U.S.C 1501. If revisions to estimated obligations have been made in a timely manner throughout the fiscal year, changes made after the close of the fiscal year should be relatively minor and should not result in cumulative obligations significantly in excess of the September 30 certified amounts.

18. ADJUSTMENTS TO OBLIGATIONS:

Increases and decreases in obligations must be recorded as they occur, using the appropriate obligating documentation, in order to ensure that obligations do not exceed the authorized limitation and to ensure the validity of recorded obligations at the end of the fiscal year.

19. ANNUAL REVIEW OF UNLIQUIDATED OBLIGATIONS:

While monthly certifications on balances are performed by Bureaus and Offices, the Budget Chief will coordinate an annual review and confirmation of unliquidated obligations.

- A. Identification of unliquidated obligations for review: Particular attention must be given to unliquidated obligations whose status has not changed for six months or more, to ensure that they are still valid outstanding obligations. The Budget Chief will identify such unchanged obligations to the allowance holder and will designate a threshold amount of obligations that must be examined in further detail.
- B. Deadline for certification: The Budget Chief will establish a date by which each allowance holder shall provide to the Budget Chief a written certification of obligations that were open for six months or more. When responses are not received by an established deadline, the Budget Chief will notify the allowance holder not responding.
- C. Requirements for certification of obligations open as of a designated date: Allowance holders must provide the Budget Chief with written certification of obligations open as of a designated date. For those obligations in excess of a threshold established each year by the Budget Chief, allowance holders will certify that their offices have reviewed the underlying support to determine the validity of the obligations. The certifications must identify for deobligation all invalid obligations. Allowance holders then must either process the deobligations or, in situations where they cannot deobligate the invalid obligations, attach listings for Financial Operations to process.
- D. Reduction and reinstatement of certain obligations: When obligations are reduced as of September 30 to meet Section 1501 requirements (e.g., bills of lading), it will be necessary to reinstate as of October 1, against the new appropriation or the reduced portion of the obligations, if the travel and transportation is still scheduled to take place.

20. TERMINATION OF CONTRACTS AND AGREEMENTS:

When the Commission terminates a contract or agreement (for convenience or for cause, i.e., "default"), the pertinent obligation shall be decreased to an amount sufficient to meet the settlement costs included under the terms of the termination. For procurement contracts subject to contract formation and administration rules of the FAR, as described in 48 C.F.R. § 1.104, contracting officers shall comply with the requirements of Federal Acquisition Regulation § 49.105-2 concerning timely release of excess funds. The office executing the termination shall promptly notify the Budget Officer and provide supporting documentation for an adjustment to unliquidated obligations after the contract or agreement is closed out.

21. CUTOFF DATE FOR REVIEW AND ADJUSTMENT OF SEPTEMBER 30 OBLIGATIONS:

GAO regulations provide that (1) agencies are not restricted, for liquidation purposes, to the amounts certified and reported as September 30 obligations, but that such amounts should be as firm as possible, and (2) in determining amounts to be reported, agencies may establish a reasonable cutoff date subsequent to September 30 for completing a final review of obligations

for Section 1501 certification purposes. The regulations also provide that payments made, and reports of costs received during the period between September 30 and the cutoff date should be considered in determining valid obligations as of September 30. Therefore, no later than the close of business September 30, each year, Budget Chief shall complete a final review and inventory of its September 30 obligations to determine that all known obligations are recorded and correctly stated and that each meets the requirements of 31 U.S.C. § 1501 for valid September 30 obligations for certification purposes. An obligation that is indefinite as to amount shall be adjusted in the course of such final review to the soundest available estimate of the amount obligated as of September 30. Adjustments based on data received after the second day will be reported as adjustments on the following year's reports. Material adjustments should be properly noted. When obligations are reduced as of September 30 to meet Section 1501 requirements for supporting documentation (e.g., travel orders, change-of-station orders, training authorization, bills of lading), it will be necessary to reinstate as of October 1, against the new appropriation, the reduced portion of the obligations, if the travel and transportation is still scheduled to take place.

22. GENERAL POLICY ON EXPENDITURES:

The Commission will not make or authorize expenditures in excess of an appropriation or apportionment in violation of the ADA. Payment requests must properly reference a previously recorded obligation document to ensure payments do not exceed available authorized funds. The total of expenditures under an agreement shall not exceed the total funds obligated under the agreement at any point in time. The allowance holder and employees responsible for making payments must follow government-wide requirements governing payments and the guidelines and instructions issued for the applicable payment system. Those responsible for approvals of payments must ensure that payments not exceed the unliquidated obligation balances of the specific appropriation involved. This requires that obligations be properly incurred and recorded before payments are made. Electronic Funds Transfer (EFT) is the much-preferred method of disbursement throughout the Commission. It is also Commission policy that:

- A. Penalty interest payments pursuant to the Prompt Payment Act are charged, first, to the fiscal year, appropriation and apportionment used when the obligation to pay interest was incurred, or, if undisbursed funds are not available for this purpose, to the current year funds available for the same appropriation and apportionment;
- B. Interest penalties required by the Cash Management Improvement Act (CMIA) are to be minimized to the extent possible;
- C. As a servicing agency, reimbursements received from other federal agencies are considered earned when supported by incurred expenses and are eligible for collection after the interagency agreement is signed and approved by both parties. However, the collected resource remains unavailable for use until made available on the SF-132 apportionment/reapportionment as reimbursement;
- D. Since payments made by credit card and third party draft payments are classified as outlays at the time the funds are paid from the Treasury, staff issuing payments must

ensure that the proper appropriation fund account is charged and that the obligation establishing the need for the payment is expended or liquidated on a timely basis;

- E. Payments and collections between federal agencies are made through the Intergovernmental Payment and Collection System (IPAC). The allowance holder is responsible for the obligation of a payment that is being made or collected and for providing the necessary information to the CFO to ensure that the appropriate appropriation and organization code is charged or credited; and for a limited set of transactions (e.g., local travel, telephone bills), validation of the availability of funds may be performed at the same time as obligation and expenditure. Monitoring the availability of funds is normally an automated systems control feature but may be performed manually where necessary. In addition, prompt recording of the outlay, full coded with accounting code information, is required to avoid exceeding available funds for these special types of transactions.

23. PREPAYMENT EXAMINATION APPROVAL AND CERTIFICATION OF PAYMENT DOCUMENTS:

All basic vouchers, voucher schedules and invoices or bills used as vouchers must be approved and certified as legal, proper, and correct for payment by an authorized certifying or disbursement officer. The certification of a document attests to all administrative determinations having been made as required of an approving official. The certification of a voucher applies to all individual vouchers listed on the schedule. The responsibilities and liabilities of accountable officers are discussed in more detail in Chapter 9 of GAO's Appropriations Law Manual. The disbursements shall be supported by basic payment documents, either hard copy or machine-readable source records, which include purchase orders, contracts, receiving reports, invoices, bills, statements of accounts, etc., showing sufficient information to adequately account for the disbursements. The documents should link all supporting records and enable audit of the transactions and settlement with the certifying or disbursing offices, as required by law.

The examination of the voucher shall be done to ensure:

- A. The payment is permitted by law and complies with the terms of the applicable obligating documents;
- B. The required administrative authorizations and approvals are obtained;
- C. The payment is supported by basic payment request documents and/or other acceptable forms of support;
- D. The amount of the payment and the name of the payee are correct;
- E. The goods received or the service performed complies with the agreement;
- F. The quantities, prices and calculations are accurate;
- G. All cash, trade, quantity, or other discounts are taken and, if not, that the reason therefore is shown on the appropriate document;
- H. Proper payment arrangements are followed;
- I. Appropriated funds are available for the time period, purpose, and amount of the proposed payment;
- J. All applicable deductions are made and credited to the proper account; and
- K. Duplicate payments are prevented.

Effective control over disbursements ordinarily requires the prepayment examination and approval of vouchers before they are certified for payment.

24. PAYMENT PROCESSING:

Payment requests must reference a previously established obligation document. Payment request documents that do not reference previous obligations or commitments must be researched immediately to assure that the ADA is not violated and to establish the proper accounting classification information prior to payment. Activities related to payment processing may be supported by other systems that lead up to the payment stage, such as systems used to record obligations and expenditures and to establish payables. Some systems provide machine-readable summary schedule data to payment systems for processing. The payment system processes the actual payment, followed by recording in the standard general ledger. Adequate controls must be established to assure the integrity of any machine-readable payment request data, and any movement of the data from one system to another through actual disbursement and posting to the general ledger.

- A. Vendor and miscellaneous payments - Per authority granted under Federal Acquisition Regulations, all contractors shall be paid by Electronic Fund Transfer (EFT), unless determination is made that it is not in the best interest of the Commission to do so; or that payment by EFT adversely impacts the vendor. Such determinations shall be made on a case-by-case basis.
- B. There are no cash outlays and the Commission requires the use of the Government Small Purchase Card. Additionally, payments to other government agencies shall be made via the IPAC. In those rare instances in which the payee agency does not have access to IPAC, the payment shall be made by using the SF-1081, "Voucher and Schedule of Withdrawals and Credits."
- C. Salary - Direct deposit is the preferred method for salary and related payments (including bonuses and cash awards), and deductions (e.g., insurance, charitable contributions). Title IV of the Government Management Reform Act established that recipients of federal wage, salary, and retirement payments that begin to receive such payments on or after January 1, 1996, shall be paid by EFT.
- D. Travel - The Commission requires maximum use of the Government Travel Card. While direct deposit is the preferred method for travel related payments, the Government Travel Card should be used for travel advances.

25. REIMBURSEMENTS FROM OTHER FEDERAL AGENCIES:

Reimbursements received from other federal agencies are considered earned, . Funds are apportioned at the beginning of each fiscal year. Payments are collected between federal agencies and are made through IPAC.

The Bureau or Office responsible for the obligation for which a payment is being made or collected is responsible for providing the necessary information to the CFO to ensure that the appropriate appropriation, program, and project is charged or credited.

26. DOCUMENTARY EVIDENCE FOR MAKING PAYMENTS:

Obligations established and recorded against an appropriation, fund, or statutory authority shall be the basis for making payments, when payment requests are submitted in the form and content required by the terms and conditions of the applicable obligating documents.

27. METHOD OF DISBURSEMENT:

The Commission's payment systems must provide for the efficient, effective, and timely transfer of funds. EFT is the only method of disbursement throughout the Commission

28. PAYMENT CONTROL PROCESS REVIEW:

On a monthly basis, the CFO along with Bureaus and Offices will review financial reports to ensure that no ADA violation has occurred.