

# Reclamation Manual

## Directives and Standards

<b>Subject:</b>	Administrative Control of Funds System for the Prevention of Antideficiency Act (ADA) Violations
<b>Purpose:</b>	The Department Manual (DM) Part 328, Chapter 1.9 – <i>Approval of Bureau System of Administrative Control of Funds</i> (DM 328) directive indicates each Bureau will develop its directives containing the basic funds control principles and concepts that are to be followed using the requirements of the DM 328. The benefit of this Reclamation Manual (RM) Directive and Standard (D&S) is to meet the requirement in the DM and provide measures to prevent violations of the ADA. The Administrative Control of Funds System includes requirements for the proper management of allotments and suballotments, management’s oversight, a fund control program, and managing changes in program requirements.
<b>Authority:</b>	Budget and Accounting Act of 1921 (Pub. L. 67-13; 42 Stat. 20), as amended by Budget and Accounting Procedures Act of 1950 (Pub. L. 93-344; 64 Stat. 832), as amended by Congressional Budget and Impoundment Control Act of 1974 (Pub. L. 93-344; 88 Stat. 297; 2 USC), as amended through the Bipartisan Budget Act of 2018 (Pub. L. 115–123; 64 Stat.132); Supplemental Appropriations Act of 1950 (31 USC 1501-1502); the Antideficiency Act of 1955 (Pub. L. 97–258, 96 Stat.923; 31 USC. 1341, 1342, 1348-51, and 1511-1519); Federal Managers Financial Integrity Act of 1982 (Pub. L. 97-255; 96 Stat. 814); Federal Financial Management Improvement Act of 1996 (Pub. L. 104-208; 110 Stat. 3009); Section 201 of Reclamation’s annual appropriation bills, annual rules and time schedules issued in Office of Management and Budget (OMB) Circulars, such as A-11, Part 4, Instructions on Budget Execution, Bulletins, and DM 328.
<b>Approving Official:</b>	Director, Program and Budget (P&B)
<b>Contact:</b>	P&B, Policy, Performance and Legislation Team, (94-31200); P&B, Policy, Integration and Execution Team, (94-31100)

- 1. Introduction.** Bureaus and offices are required to establish an administrative control of funds system. The system appropriately restricts obligations and expenditures against each appropriation or fund to the amount available therein and, for appropriations required to be apportioned, restrict obligations and expenditures to the amount of approved apportionments or reapportionments made for such appropriation, and any allotment or suballotment. Administrative controls must include the proper accounting of allotments and suballotments, along with identification of oversight responsibilities, as well as fund control activities for continuous monitoring and management of changes in programs during the fiscal year. The ADA was enacted by Congress to prevent the incurring of obligations or the making of expenditures (outlays) in excess of amounts available in appropriations or fund group(s)

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following the intent of Congress in enacting authorizations. To ensure compliance with ADA and provide administrative controls for the prevention of ADA violations, this RM D&S:

- A. provides requirements to appropriate staff and managers regarding their ADA responsibility to not create an obligation or make any expenditures in excess of an appropriation, statutory limitation, apportionment, reapportionment, allotment, suballotment, and any other administration subdivision;
- B. outlines requirements to ensure Reclamation's programs are executed, and funds expended in accordance with the intent of Congress in enacting authorizations; and
- C. identifies processes to restrict obligations and expenditures against each appropriation or fund group to the amount available therein.

### 2. **Applicability.**

- A. This D&S applies to all Reclamation employees that have any fiduciary responsibility for any Programs, Projects, and Activities (PPA) conducted, administered, or maintained by or on behalf of Reclamation for all funds except for the Working Capital Fund (WCF).
- B. The Director, Mission Support Organization, is the designated manager for the Reclamation-wide (WCF). Responsibilities of the WCF Manager are in RM D&S, *Working Capital Fund (WCF) Roles and Responsibilities, and Major Management Elements* (FIN 15-10).

### 3. **Allotments and Suballotments.**

- A. The Commissioner must ensure the allotment and suballotment of funds at the highest practical level, which is at the "account" (or Treasury symbol) level. In addition, within the limitations of apportionments approved by OMB, resources are allocated to the PPA at the levels specified in the Congressional table included in the report that accompanies the most recent Energy and Water appropriations act, which is incorporated by reference in each such act (and in other legislation that regards mandatory funding) and determine that the amounts distributed to PPA are within the amounts of apportioned funds and determining when transfers between PPA require submission of reprogramming to OMB and the Appropriations Committees.
- B. The Director P&B approves all requests to OMB for apportionment and reapportionment of appropriated and other funds available to programs and projects and provides input to the Department's Office of Budget (POB) for the following items.

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- (1) Initial apportionment of estimates on unobligated carryover balances, revenues/reimbursements (offsetting collections), recoveries of prior year balances, and indefinite appropriations for each account. Refer to Appendix B.
  - (2) A Letter of Apportionment, which is due to OMB no later than 10 calendar days following approval of an Appropriation Act, is prepared by the P&B Office, based on the Appropriations Act, and submitted by POB to OMB for review and approval. Reapportionment follows the same course.
  - (3) The updating of Initial Apportionment Estimates is required annually near the end of November and includes updates for unobligated carryover balances. P&B staff provides this update to POB.
  - (4) The Activity Allotment Program form (DI 520) is prepared annually and submitted to the Department, ensuring the accuracy and consistency of accounts and amounts apportioned to each. For all accounts apportioned, POB submits DI 520s to obtain allotments. Refer to Appendix B.
  - (5) The apportionments, updates, etc., signed by the Department and OMB are adhered to and not exceeded.
  - (6) Preparing documentation for all apportionments and allotments of funds, budget activity distributions, monitoring obligations, and the movement of funds from one PPA to another (i.e., fund transfers) and ensuring that Congress is notified and does not object to a proposed reprogramming.
  - (7) Once apportioned, anticipated reimbursement is allotted when there is reasonable assurance that such items will be collected. The oversight of allotments containing estimated reimbursements or other anticipated amounts, ensuring appropriate funding adjustments are made, or other action taken, including reapportionment.
- C. Furthermore, even though these estimates have been apportioned and allotted, they will not be considered budgetary resources available for obligation unless they meet one of the following criteria: valid orders are received, entitlement is earned based on goods or services furnished; or in the case of orders from the public, advance payment is received, or such receipt is exempted by law.
4. **Management Oversight.** The senior executives, managers, and supervisors who oversee PPA funding allocated under their purview are responsible for ensuring the use of funds for the correct purpose, time, and amount in compliance with the ADA, appropriation acts, and Reclamation law. Senior executives, managers, and supervisors ensure:
- A. Allotments and suballotments are not made for more than the amount of approved apportionments or reapportionments.

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- B. Obligations are incurred or expenditures made only when funds are apportioned, reapportioned, allotted, sub-allotted, or otherwise authorized, as when operating under a Continuing Resolution.
  - C. Obligations or expenditures are not made for more than the amount available at the time the obligation or expenditure occurs. Obligations against allotments or suballotments involving reimbursements, transfers, income, etc., are restricted so as not to exceed the amount received.
  - D. Obligations or expenditures are not incurred for more than available resources in revolving funds, discretionary and mandatory funds, and trust funds, and may be subject to apportionment by OMB.
  - E. Obligations are not incurred until the obligating document is cleared with the official responsible for determining the availability of funds (i.e., certifying funds availability in the Financial and Business Management System (FBMS)), unless written pre-validation or certification of obligations is in effect to assure funds (i.e., emergency authorization).
  - F. Each obligation and expenditure is identified correctly with a specific appropriation or fund at the time the obligation is incurred and shall have supporting documentary evidence (see 328 DM 1.5.G.(7)).
  - G. The Director P&B is notified immediately if a violation of the ADA is imminent or has occurred.
  - H. The sequestered amounts from sequesterable accounts remain withheld and are not obligated or otherwise disbursed.
5. **Fund Control Program.** The Director P&B has delegated authority in RM *Delegations of Authority*, Paragraph 4.C.(2). to administer and oversee the fund control program for all accounts other than Reclamation's WCF. Additional information on various fund control elements is available in the Reclamation Program and Budget Handbook. The fund control program includes oversight of the following elements.
- A. **Rescission of Budget Authority.** The P&B Office oversees rescission actions and all associated reporting and monitoring for the Department and OMB.
  - B. **Sequestered Funds.** Funds subject to sequestration are considered sequestered funds. The P&B Office ensures sequestered funding amounts are entered in FBMS promptly to avoid the obligation of dollars that are not available.
    - (1) Per Reclamation's appropriation language and the FY 2012 Bureau of Reclamation's Sequestration Operating Plan still in effect at the time of this publication, Reclamation's Sequestration Operating Plan is to be executed at the

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PPA level, reflective of the PPA lines set out in the Joint Explanatory Statement of the Committee of Conference (with funding levels adjusted by PPA for the Continuing Resolution) which accompanied the Consolidated Appropriations Act, 2012, with regard to Reclamation's Water and Related Resources (WRR) account ("Water and Related Resources" table), and the detail set out in the Consolidated Appropriations Act itself for all other accounts.

- (2) When sequestration is required, Reclamation will implement one or more of the three mitigation measures to cover the sequestered amount of funding. First, we will use carryover funding within identified PPA's, where it is legal and appropriate to do so. Second, we will make use of fund transfer authority provided to us under Section 201 of the Appropriations Act (of the appropriate fiscal year) with regard to Reclamation's WRR account, which provides us with some flexibility to transfer funds as needed when circumstances change, in order to match Reclamation's most critical mission requirements to available funding. Third, we may detail some employees whose skill sets match the requirements of other projects with both capability and sufficient funding to use them effectively, if appropriate.
- (3) These flexibilities will be used in a way that does not create an imbalance in future years by entirely depleting reserves or carryover balances. Our use of them is consistent with the purpose of funding at the PPA level.

C. **Financial System of Record.** The Department's FBMS is the system of record for managing appropriated PPA from allotment through execution. The Director P&B will ensure the accuracy of the fund balances entered in FBMS by:

- (1) Ensuring that the approved resource distributions are within the amounts of apportioned funds using a controlled budget load (e.g., loading the budget at the program/project/fund/budget activity and regional or directorate fund center level). The P&B Office is the only office authorized to perform budget changes in FBMS.
- (2) Ensuring that FBMS reflects the "Approved by Congress" levels as specified in the Appropriation Committee report or a spending plan submitted to Congress. For WRR and the Loan Program, Congress specifies the levels on a program/project and budget activity (or fund group) basis.
- (3) Distributing the underfinancing and rescissions among the projects listed in the W&RR account, as well as reallocating prior year carryover (if necessary) for all programs, projects, and activities in all accounts.
- (4) Ensuring reprogramming guidelines (e.g., limitations) are adhered to in this process, as provided in Appendix C of this document.

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- D. **Assignment of Costs.** Reclamation's formulation of anticipated expenditures, charging of costs, and expense allocations follow Reclamation's [Standard Process of Costing \(SPOC\) guide](#), [Programmatic Budget Structure\(PBS\)](#), and project cost allocations as determined by law, final benefits analysis, D&S, and signed agreements.
- (1) **Programmatic Budget Structure.** The PBS is an internal guidance document for the formulation of project and program budgets. It is linked to GPRA goals and provides Reclamation the means to implement an outcome-oriented, program-activity based budgeting, and reporting process. All managers and supervisors in Reclamation need to understand and utilize the PBS when placing program activities into the budget. Regional Budget Offices maintain oversight, ensuring activities are placed within the PBS properly.
  - (2) **Standard Process of Costing.** Reclamation managers or their designees are held accountable for the costs of doing business within their particular programs/projects and need to know how to explain those costs to customers. By establishing a consistent set of principles, SPOC enables managers to convey the cost of doing business across Reclamation.
    - (a) All employees are expected to be familiar with SPOC and must understand how to charge costs appropriately.
    - (b) Managers/Supervisors working with budget and finance are responsible for the accurate charging of costs following SPOC guidance.
    - (c) Regional and Directorate Budget and Finance Officers serve as Certifying Officers and subject matter experts. They oversee based on their expertise and fiduciary responsibility, the work breakdown structures, funds charged, and application of SPOC.
  - (3) **Project Cost Allocations.** The allocation of costs ensures the correct beneficiary is paying their fair share of the cost of doing business. Project cost allocations are determined by law, a benefits analysis, D&S, or a signed basis of negotiation. Budget analysts and accountants ensure work breakdown structures are established correctly in FBMS for project cost allocations. Cost allocations are reviewed semi-annually in the regional/directorate Financial Management Office with the support of field budget analysts. Please see RM D&S [Project Cost Allocations \(PEC 01-02\)](#) for more information.
- E. **Routine Monitoring of Fund Availability.** There are several fund monitoring activities that must be conducted monthly and daily to ensure fund availability, program accomplishments and prevent any violations of the ADA. The financial management staff conducts routine monitoring and helps ensure the prevention of any potential ADA violations. The program/project and budget activity level are the levels of accountability for evaluating a potential ADA violation. For example, WRR,

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Central Arizona Project, and the Resource Management and Development (RMD) budget activities must always be solvent.

- (1) **Monthly Certification.** P&B Office provides monthly notification of fund balances to each regional/directorate budget officer for certification. Certification attests that an administrative review of the funding available in comparison to the obligations made is not in violation of the ADA. Regional and directorate budget officers and budget analysts must monitor and report obligations, expenditures, and disbursements in the accounting period in which they occur, along with monitoring any surplus or shortages.
  - (2) **Daily Monitoring of Residual Budget Authority.** During the fiscal year, the financial management offices monitor potential surpluses and shortages and proactively manage any potential adverse consequences. The Program, Project, and fund level balances are monitored daily via the FBMS Residual Budget Authority (e.g., RESBA) report. The P&B Office works with the appropriate regional/directorate budget officers regarding any concerns.
  - (3) **Status of Funds (SOF) Meetings.** Reclamation-wide SOF meetings are held by the P&B Office to provide oversight of the overall status of Reclamation funds, identify any surplus and shortage issues, potential carryover funding, and planned or projected fund transfers as necessary. Regions and directorates are represented at SOF meetings by budget officers, budget analysts, and additional staff as requested. Meetings are held monthly beginning at mid-year and continue more frequently until year-end. Regional/directorate budget officers ensure controls are in place for their respective areas to ensure funds are not obligated for any program, project, or activity (e.g., budget activity level) unless adequate budget authority exists.
6. **Change in Program Requirements.** Congress provides some flexibility to Reclamation to execute funds in the best way possible to accomplish the mission. Section 201 of the annual appropriation law provides the boundaries for accomplishing either Fund Transfers or Reprogramming actions when program requirements change.
- A. **Fund Transfers.** When funds are moved between Projects and funds and the monetary value remains within the ceilings provided in Section 201 of the annual appropriation bill, it is considered a fund transfer. End of year cut off dates for fund transfers are provided by the P&B Office.
    - (1) **Fund Transfer Request.** The regional/directorate budget officer must request all fund transfers with justifications in writing to the P&B Office. If fund transfers affect other regions, approval between budget officers is required as supporting documentation.

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- (2) **Limitations.** A fund transfer must occur under the provisions allowed within Section 201 of the annual appropriations bill. Calculations are prepared in the region and submitted to the P&B Office with the fund transfer request.
  - (3) **Approvals.** The P&B regional analyst reviews fund transfer requests and routes for approval to the Director P&B.
  - (4) **Exceptions.** Fund transfers within the same budget activity and Project are approved by a P&B regional analyst and do not require approval by the Director of P&B.
  - (5) **Obligation Authority.** Once a fund transfer is approved, the P&B staff process the budget authority changes in FBMS, which updates the funds available for obligation.
  - (6) **ADA Prevention.** Funds cannot be obligated or expended above congressional limitations at the program, Project, and budget activity (PPA) level. Depending upon the funds available at a given time, this could mean transactions are on hold pending a fund transfer and will process after the fund transfer approval is obtained and FBMS changes are complete. The P&B Office notifies the regions when the funds are realigned in FBMS.
- B. Reprogramming of Funds.** A reprogramming action is required for any significant departure from a program as described in the budget justifications, congressional action spending plan, or amounts above the limitations outlined in Section 201 of each Energy and Water Development appropriation bill (see example in Appendix C). The requirements apply to the W&RR account.
- (1) **Reprogramming Request.** The reprogramming request is prepared in the region in coordination with the regional budget office and program manager to prepare the justification in writing. The reprogramming request is then approved by the budget officer, financial manager, regional director and sent to the P&B Office.
  - (2) **Limitations.** Statutory provisions are included in each Energy and Water Development Appropriations Act (see Appendix C). Any transfers exceeding the limits or outside of the scope of Section 201 in the appropriations language should be considered as a reprogramming request. The requirements apply to the WRR account.
  - (3) **Approvals.** The Director P&B reviews the requests and coordinates the approval of the Department, OMB, and congressional appropriations committees. Any office can request briefings or additional information before approval.
  - (4) **Exceptions.** The reprogramming requirements do not apply to those appropriations which include only one line item in the appropriations act when funding adjustments stay within the line item (e.g., Policy and Administration,

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Central Valley Project Restoration Fund, California Bay-Delta Restoration) and permanent mandatory accounts which require no annual appropriation (e.g., Colorado River Dam Fund, Trust Funds, Lower Colorado River Basin Development Fund (revenues only), Upper Colorado River Basin Fund (revenues only), and Miscellaneous Appropriations).

- (5) **Obligation Authority.** Once a reprogramming request is approved, the P&B budget analysts process the budget authority changes in FBMS, which updates the funds available for obligation.
  - (6) **ADA Prevention.** Funds cannot be obligated or expended above Congressional limitations at the program, project, and budget activity (PPA) level. Depending upon the funds available at a given time, this could mean transactions are on hold pending a reprogramming action and will process after the reprogramming approval is obtained and FBMS changes are complete. The P&B Office notifies the regions when the funds are realigned in FBMS.
7. **Violations of the ADA, Reporting, and Penalties.** The ADA consists of provisions of law that were passed by Congress to prevent the over expenditure and inappropriate use of appropriations. In general, if funding obligates for the wrong purpose, for an amount exceeding what is authorized, or if funds cited have expired, a violation may have occurred. Reclamation employees will contact their regional/directorate financial management office and the Director P&B if there are concerns regarding potential ADA violations. The Washington P&B Office must report any violation of the ADA as prescribed in [DM Part 328 Ch. 1](#). Statutory violations can include either criminal or administrative penalties. Appendix D provides further details regarding the ADA, including non-statutory violations following DM Part 328.
  8. **Lapse in Appropriations.** The P&B Office follows OMB circular A-11 or other directions provided by OMB if a lapse in appropriations occurs.
  9. **Appendices.**
    - A. Appendix A, Definitions
    - B. Appendix B, Apportionment Status of Accounts
    - C. Appendix C, Example of Reprogramming Requirements
    - D. Appendix D, ADA Information
    - E. Appendix E, Related References
  10. **Definitions.** See Appendix A.
  11. **Review Period.** The originating office will review this release every 4 years.

## RECLAMATION MANUAL TRANSMITTAL SHEET

Effective Date: \_\_\_\_\_

Release No. \_\_\_\_\_

Ensure all employees needing this information are provided a copy of this release.

### Reclamation Manual Release Number and Subject

### Summary of Changes

NOTE: This Reclamation Manual release applies to all Reclamation employees. When an exclusive bargaining unit exists, changes to this release may be subject to the provisions of collective bargaining agreements.

### Filing instructions

Remove Sheets

Insert Sheets

All Reclamation Manual releases are available at <http://www.usbr.gov/recman/>

Filed by: \_\_\_\_\_

Date: \_\_\_\_\_