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# ADS Chapter 634

## Administrative Control of Funds

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 ADS 634 - Administrative Control of Funds  
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## ADS 634 – Administrative Control of Funds

### 634.1

#### OVERVIEW

Effective Date: 12/11/2018

The U.S. Government requires federal agencies to establish an effective funds control system to prevent overspending and to ensure compliance with various laws that are enacted to control and guide the formulation and implementation of federal fiscal policy (see **634.4.1**). These laws play an important role in the budget process and set forth the rules and restrictions governing federal obligations and expenditures.

This chapter describes the policy directives and required procedures for the administrative control of funds at USAID as required by [OMB Circular No. A-11, section 150 and Appendix H](#). It also describes the requirements for reporting funds control violations and the penalties for violating these policy directives and required procedures. These provisions apply to all organizational units and funds under the jurisdiction of the Agency.

### 634.2

#### PRIMARY RESPONSIBILITIES

Effective Date: 12/11/2018

#### a. The **Administrator**:

- (1) Serves as the principal executive officer of USAID exercising all of the executive and administrative functions of USAID, including functions with respect to the use and expenditure of funds;
- (2) Formally bears the legal responsibility for USAID's compliance with the Antideficiency Act (ADA);
- (3) Reports ADA violations to the President of the United States, through the Director of OMB, and to Congress;
- (4) Delegates apportionment responsibility to the Bureau for Management, Office of the Chief Financial Officer (M/CFO) in coordination with the Bureau for Management, Office of Management Policy, Budget, and Performance (M/MPBP) and State/F; and
- (5) Directs the proper corrective action, including disciplinary action where warranted, for ADA violations.

#### b. The **Bureau for Management, Office of the Chief Financial Officer (M/CFO)**:

- (1) Provides oversight and statutory responsibility for financial management activities relating to the program and operations of the Agency worldwide;

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- (2) Establishes, maintains, and oversees the Agency's system of funds control in accordance with federal law and OMB guidance;
- (3) Serves as the USAID point of contact with OMB in coordination with the Office of Budget and Resource Management (BRM), State/F, and M/MPBP on funding issues;
- (4) Develops and prescribes financial management accounting systems that provide prompt and accurate recording in the official accounts of all financial transactions that have an effect on apportionment or other subdivision of funds;
- (5) Provides oversight and responsibility for Allotment Holders to maintain proper funds control over allotted funds;
- (6) Provides analyses and reports any alleged statutory and/or administrative funds control violations. Depending on the results, the CFO may be required to recommend disciplinary actions against the cited individuals, modify procedures, etc.; and
- (7) Consults with the Office of General Counsel (GC) on statutory violations before reporting those violations to the USAID Administrator, who is required to report ADA violations to the President of the United States, through the Director of OMB, and to Congress.

**c. The Director, Bureau for Management, Chief Financial Officer, Financial Policy and Support (M/CFO/FPS):**

- (1) Receives reports of any alleged statutory and/or administrative funds control violations;
- (2) Reviews the information in the alleged violation report, conducts the necessary analysis, determines the appropriate course of action, and advises the CFO of the results;
- (3) Reviews and updates Agency funds control policies and procedures; and
- (4) Provides expert guidance on Agency funds control training.

**d. The Bureau for Management, Office of the Chief Financial Officer, Central Accounting and Reporting Division (M/CFO/CAR):**

- (1) Requests apportionments or reapportionments in accordance with budgetary plans approved by the Administrator;

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- (2) Coordinates and obtains GC's legal guidance on funding issues, when needed;
- (3) Serves as the last review before the Deputy CFO clears the Standard Form (SF)-132, Apportionment and Reapportionment Schedule submission to OMB; and
- (4) Reports to OMB on the use of apportionments and reapportionments.

e. The **Office of Budget and Resource Management (BRM)**:

- (1) Coordinates with State/F on program fund budgets for USAID organizational units;
- (2) Serves as the USAID point of contact with OMB in coordination with M/CFO on program funding issues; and
- (3) Coordinates with M/CFO on proper funds control for program budgets.

f. The **Office of U.S. Foreign Assistance Resources (State/F), Resources and Appropriations (F/RA)**:

- (1) Issues Operating Year Budgets for program funds to USAID organizational units in accordance with budgetary levels and programs approved by the Administrator;
- (2) Allots funding to Allotment Holders consistent with established budgetary controls; and
- (3) Clears requests for program funds apportionments and reapportionments in coordination with M/CFO/CAR.

g. The **Bureau for Management, Office of Management Policy, Budget, and Performance (M/MPBP)**:

- (1) Issues Operating Year Budgets for Operating Expenses to USAID organizational units in accordance with budgetary levels approved by the Administrator and allows funding consistent within approved levels;
- (2) Clears requests for operating expense apportionments and reapportionments in coordination with M/CFO/CAR;
- (3) Serves as a USAID point of contact with OMB in coordination with M/CFO on operating expense funding issues; and

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- (4) Coordinates with M/CFO on proper funds control for operating expenses budgets.

**h. Each Bureau or Independent Office Receiving an Allotment of Funds (Allotment Holder)** issues budget allowances to Operating Units within their organizations, restricting the allowances to the amounts available in such allotments and ensures proper use of funds.

**i. Each Operating Unit Receiving Fund Allowances for Obligation and Expenditure:**

- (1) Issues sub-allowances, restricting sub-allowances to amounts available in the funding allowances and ensures proper use of funds; and
- (2) Ensures that fund commitments (administrative reservation of funds) do not exceed funding provided in the allowances or sub-allowances.

**j. Allotment Holders** are those who received allotment of funds and are generally Bureau or Independent Office Heads, who:

- (1) Submit reviewed apportionment requests to the CFO as needed to carry out responsibilities;
- (2) Bear overall responsibility for funds allotted to them;
- (3) Successfully complete funds control training;
- (4) Allow funds at lower budget allowance levels by issuing fund codes to organizational units;
- (5) Plan and structure new programs or activities to provide for an administrative control of funds in accordance with Agency financial management policy and procedures;
- (6) Develop, maintain, and enforce adequate funds control plans for allotted and allowed funds. See full list of Primary Responsibilities in this section (634.2) and General Standards for Funds Control in section 634.3.2 as guidance to assist with developing funds control plans. Allotment Holders' funds control plans are maintained at the Bureaus or Independent Offices and are part of the Agency's management Federal Managers' Financial Integrity Act (FMFIA) annual Statement of Assurance;
- (7) Designate Funds Control Officials to ensure proper Agency funds control for funds allotted;

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- (8) Provide training on implementation of funds control plans; and
- (9) Support the CFO in the analysis, resolution, and reporting of possible funds control violations regarding allotted funds. Support includes ensuring timely submission of required information in the Consolidated Audit and Compliance System CACS for potential funds control violations (see Agency Personnel Reporting Funds Control Violations in section **634.3.5.3**).

**k. Funds Control Officials** (located in each B/IO):

(1) Support and implement the Allotment Holder's Funds Control Plan by:

- a. Ensuring processes and systems in the Operating Unit level align with effective and efficient implementation of the Allotment Holder's Funds Control Plan;
- b. Notify the Allotment Holder and senior staff of risks in the Funds Control Plan; and
- c. Report funds control enterprise risks and internal control deficiencies to the Mission/Washington Management Council on Risk and Internal Control (MCRIC) as part of the Agency's management Federal Managers' Financial Integrity Act (FMFIA) annual Statement of Assurance, the Government Performance Results Act (GPRA) Modernization Act, and OMB Circular No. A-123 compliance (see [ADS 596mab](#) for MCRICs).

(2) Oversee and coordinate with the Budget Official to monitor budget execution and advise the Allotment Holder on funding use and needs. Ensure communication with obligating officials of funding status and other issues from budgetary changes;

(3) Determine funds availability for commitment (administrative reservation), obligations, and sub-obligations; may prepare commitment, sub-commitment, obligation, and expenditure documents including sub-obligations for signature; and

(4) Oversee the reconciliation between obligation records and official accounting reports through the coordination among obligating officials, Contracting Officer's Representatives/Agreement Officer's Representatives (CORs/AORs), budget officials, certifying officers, and financial analysts on a monthly basis and at year end.

**l. Budget Officials** (located in each B/IO):

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(1) Provide guidance to program managers, Agency officials, and others on:

- a. Amounts and types of funding available;
- b. Purposes for which money in the budget may legally be used;
- c. Timeframes within which available budget funds or authority must be used;
- d. Trends and issues related to budget changes; and

(2) Communicates to the Funds Control Official the effects of budgetary changes on related activities in coordination with obligating officials and CORs/AORs.

(3) Are responsible for confirming that the sum of the allowances issued never exceeds the amount allotted; and

(4) Ensures Agency coding of funds available for obligation is accurate and proper.

m. **Recording Officials** (located in each B/IO):

(1) Are responsible for recording the commitment (administrative reservation) of funds in the financial management accounting system;

(2) When funds are obligated outside the financial management accounting system, ensure the obligation is recorded timely in the Phoenix accounting system;

(3) Ensure the maintenance of complete, accurate, and current records of all approved requests processed for the commitment, obligation, and expenditure of funds, as applicable, under their control; and

(4) Communicate to the Funds Control Official any discrepancies between official accounting records and obligating documents.

n. **Obligating Officials** (located in each B/IO):

(1) Ensure that the required funds are available and committed (administrative reservation of funds) in the financial management system before obligating funds, and that obligating documents reflect the appropriation account, title, symbol, and code;



- (2) Obligation Manger confirms with obligating official that obligating documents reflect the applicable appropriation account;
- (3) Ensure that obligations are valid in accordance with the policy directives and required procedures in [ADS 621, Obligations](#);
- (4) Verify that obligations are recorded accurately at the earliest possible time;
- (5) Support the Funds Control Official in the reconciliation of the obligation records with official accounting reports; and
- (6) Request funding from the Budget Official when a change in program or operating plan indicates the need for additional funding. The Obligating Official must not authorize or create an increased obligation in anticipation of approval of the request.

**o. Contracting or Agreement Officer's Representatives (CORs/AORs)** provide guidance to program managers, Agency officials, and others on:

- (1) Trends in the obligation and/or expenditure of funds;
- (2) Forecast expenditures and funding requirements in the future;
- (3) Coordinate with the Funds Control Official to ensure that the Agency coding of funds available for obligation is accurate and proper;
- (4) Quarterly accruals;
- (5) Reconciling obligation balances and expenditures between vendor or partner statements and official accounting records; and
- (6) The COR must provide technical direction to the contractor consistent with the contract statement of work, the total estimated cost or price of the contract, and any other terms and conditions. Similarly, any guidance to the recipient must be consistent with all the terms and conditions of the award. By acting only within the scope of their delegated authority, COR/AORs avoid making an unauthorized commitment and prevent others from performing outside of a formal contract.

**p.** The **Office of General Counsel (GC)** advises on the legal aspects of ADA violations and consults with USAID's CFO on legal aspects of USAID funding when needed.

### **634.3 POLICY DIRECTIVES AND REQUIRED PROCEDURES**

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**634.3.1 Financial Documentation Responsibilities**

Effective Date: 03/29/2018

Financial documentation is any documentation that impacts on or results in financial activity (including email). It is not limited to documentation within the Controllers' or Chief Financial Officer's operations, but includes any source material causing or resulting in a financial transaction. Personnel involved in Agency financial activity are responsible for retaining financial documentation and ensuring its availability for audit.

Basic financial documentation retention rules are:

- If an action results in a financial transaction, it must be documented;
- Source documentation must be readily available for audit (by either the Office of the Inspector General (OIG) or a responsible audit entity); and
- The general rule for retention of financial documents is seven years; however, retention times may vary (please refer to retention by document type in [ADS 502, The USAID Records Management Program](#)). The specific financial Records Disposition Schedules are located in [ADS 502](#), section 502.4.1 (see also the National Archives and Records Administration (NARA) General Records Schedules, GRS 6, Accountable Officers' Account Records and GRS 7, Expenditure Accounting Records).

**634.3.2 General Standards for Funds Control**

Effective Date: 12/11/2018

The administrative control of funds at USAID must satisfy the requirements set forth in [OMB Circular A-11, Preparation, Submission and Execution of the Budget](#), and USAID policy directives for the effective management of funds (see [ADS 621, Obligations](#), [ADS 601, Funding Source Policy](#), [ADS 602, Forward Funding, Program Funds](#), and [ADS 603, Forward Funding, Non-Program Funds](#)).

The Allotment Holder Funds Control Plan must include General Standards for Funds Control as follows:

- a. Funds must be obligated and expended solely for the purposes for which they were appropriated, except as otherwise provided by law;
- b. Funds must be available and committed before being obligated;
- c. Obligations and expenditures may not be authorized or incurred in excess of available funds;
- d. Obligations and expenditures may not be authorized or incurred in excess of any legal or administrative limitations;

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- e. Obligation of funds must be made within the available time limit of the appropriation;
- f. Only obligating officials can obligate funds on behalf of the U.S. Government;
- g. All valid obligations must be recorded accurately in the financial management accounting system at the earliest possible time;
- h. Outstanding obligations must be reviewed periodically to verify that they are needed for ongoing requirements;
- i. Sub-obligations are expenditures of funds from a prior obligation of funds. Sub-obligations are reviewed according to Agency standards and guidelines;
- j. Only obligating officials can sub-obligate funds;
- k. The forward funding of an obligation must be made with funds that are available for obligation and consistent with Agency standards and guidelines;
- l. For Acquisition and Assistance awards, the Contract/Agreement Officer must forward any requests for ratification of an unauthorized commitment to the [Office of Acquisition and Assistance Evaluation Division \(M/OAAE\)](#) as authority to ratify unauthorized commitments within USAID is reserved to the M/OAA Director; and
- m. Generally, once funds are available for obligation, there are five separate and sequential functions of proper funds control as follows:
  - 1. **Determine whether to** request funding;
  - 2. **Obtain** approval **to submit the** request for funding;
  - 3. **Obtain** commitment (administrative reservation) of funds in the financial management accounting system;
  - 4. Executes/**signs** an obligating document **by an obligating official**; and
  - 5. Record the obligation of funds in the financial management accounting system.

**634.3.3 Funds Availability**  
Effective Date: 03/29/2018

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Several actions must occur before USAID and its Operating Units receive funding to implement program and administrative activities. First, Congress must pass an appropriation act for the fiscal year, which begins on October 1, before any funds become available. If Congress does not enact an appropriation by the beginning of the fiscal year, they may pass a continuing resolution to prevent a government shutdown due to a lack of funds. A continuing resolution is usually temporary in nature and specifies the timeframe during which the Federal Government may incur obligations, as well as the maximum amount or rate of obligations.

An appropriation is a form of budgetary authority. It is an act of Congress that provides legal authority for the Agency to incur obligations and to make payments from the Department of the Treasury (Treasury) for specified purposes. The Federal Government categorizes appropriations by the manner in which the funds become available. The funds' period of availability can be one year, multiple-year, or no year. Funds appropriated for one year become available for budgetary distribution on October 1 or whenever the President signs the appropriation bill. After apportionment, allotment, and allowance, these funds may be available for obligation until September 30 of the initial fiscal year of availability. Multiple-year funds expire after two or more years, while no year funds are available until fully expended and do not have expiration dates. Funds that are not obligated during their initial period of availability expire and are no longer available for incurring new obligations.

USAID's annual appropriations act contains a provision that funds appropriated for the purposes identified in section 7011 (formerly section 511) remain available for an additional four years from the date on which the availability of the funds would otherwise have expired (initial period of availability), provided that the funds are initially obligated by the end of the initial period of availability. USAID appropriated funds that are obligated within the initial period of availability will be available for four additional years beyond the initial period of availability for: (1) expenditures of the obligated amounts; (2) de-obligation when funds are no longer needed; and (3) on-going requirements such as re-obligations, and upward adjustments (see [ADS 621mab, Re-obligation Policy](#)). After the additional four years of availability, the funds are subject to [31 USC 1552](#) which allows the funds to remain available only for expenditure and upward adjustments for another five year period. After five years, the account is cancelled by Treasury, preventing any further transactions of any type to take place in that account. The section 7011 authority must be renewed annually, unless otherwise specified in the appropriations act.

#### **634.3.3.1 Treasury Warrant**

Effective Date: 03/29/2018

Once the President signs an appropriation bill, Treasury issues a warrant approved by the Comptroller General of the United States, which, in effect, establishes the "bank account." Funds paid out of Treasury must be accounted for by charging them to an appropriation provided by or derived from an appropriation act. Treasury issues an appropriation warrant that establishes, by appropriation

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account, the specific amounts Congress has appropriated that USAID can use to incur obligations.

The appropriation warrant provides the Treasury Account Fund Symbols (TAFS) that must be used to identify all transactions against the account. TAFS are a group of numbers or a combination of numbers and letters that identifies the agency responsible for the account, the period of availability, and the specific fund classification of the appropriation.

M/CFO/CAR, M/MPBP, and State/F/RA must ensure that they make funds available to organizational units consistent with the accounts and amounts specified in the appropriation warrant. In addition, USAID's systems and funds control procedures must ensure that obligating and expenditure documents reflect complete and accurate TAFS that are consistent with the specific purposes contained in the appropriations act.

### **634.3.3.2 Apportionment and Reapportionment of Funds**

Effective Date: 03/29/2018

The Office of Management and Budget (OMB) must apportion funds to the Agency to make appropriated funds available for obligation and expenditure.

Apportionments divide amounts available for obligation either by specific time periods (category "A" apportionments), activities (category "B" apportionments), or a combination of the two.

Category C apportionments are classified as "Apportionments on hold" because no funds may be obligated or expended for Category C apportionments. Category C apportionments usually result in additional information being requested by Congress before making the funds available. Obligations and expenditures of Category C apportionments without the proper OMB approval will result in an Antideficiency Act violation.

Because apportionments expire at the end of each fiscal year, reapportionments (the reauthorization of previously apportioned budget authority) are required to carry forward unobligated no year or multi-year funds from one fiscal year to the next. Reapportionments are also made when changes to the previously approved apportionment are needed. A request for upward adjustment due to a change in obligation estimate generally does not need reapportionment. USAID's accounting procedures must provide for limitations placed on apportioned amounts, see [OMB Circular A-11 Guidance](#).

M/CFO/CAR requests apportionments or reapportionments in consultation with M/MPBP, State/F/RA, and regional and pillar Bureaus. M/CFO/CAR must submit a [Standard Form-132, Apportionment and Reapportionment Schedule](#) to OMB to initiate the request. [Section 120](#) Apportionment Process of OMB Circular No. A-11 provides general apportionment guidance, including terminology, line descriptions, timing, and apportionment categories. Upon approval of apportionment requests,

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State/F/RA and M/MPBP issues allotments to each Bureau/Independent Office (B/IO) organizational unit.

### **634.3.3.3 Allotment of Funds**

Effective Date: 03/29/2018

Allotments authorize B/IOs to allow and sub-allow funds to Operating Units to incur obligations for a specified amount and purpose. USAID only issues allotments at the B/IO levels, except when specifically authorized by the CFO (for example, under emergencies or allotments of donated funds when the donor has specified a target sector). The following restrictions apply to allotments:

- The sum of allotment amounts must not exceed the apportionment.
- USAID must issue allotments that are fixed in amount and may only be changed by authorized individuals in State/F/RA or M/MPBP.
- USAID must satisfy congressional restrictions contained in the appropriation acts, including, but not limited to, congressional notification requirements.
- Allotments must be consistent with budgetary levels and programs that the Administrator has approved.
- Allotment Holders must maintain proper funds control of allotted funds.

### **634.3.3.4 Allowance and Sub-allowance of Funds**

Effective Date: 03/29/2018

B/IOs receiving allotments distribute the funds to lower levels by allowing the funds to specific organizational units within the B/IO. B/IOs also issue sub-allowances to the program area and element levels. Allowance and sub-allowance of funds to lower levels enables the B/IO to better manage or control funding. The number of sub-allowances is left to the discretion of the responsible manager, but generally must be consistent with the Foreign Assistance Framework as reflected in the Foreign Assistance Coordination & Tracking System (FACTS).

The following restrictions apply to allowances and sub-allowances:

- The sum of amounts B/IOs allow and sub-allow to lower level units must not exceed the total amount provided in the B/IO allotment.
- The amount B/IOs allow and sub-allow by appropriation account must be consistent with the accounting system budget fund code in the allotment.
- Allowances and sub-allowances must be a fixed in amount and only authorized individuals may change them.

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- USAID must honor congressional restrictions contained in appropriation acts.
- Allowances and sub-allowances must be consistent with Administrator-approved budgetary levels and programs.

#### **634.3.3.5 Impoundments and Rescission of Funds**

Effective Date: 03/29/2018

An impoundment is any action or inaction by an officer or employee of the Federal Government that withholds, delays, or precludes the obligation or expenditure of budget authority. An impoundment either defers budget authority in anticipation of a rescission (cancellation) or temporarily holds budget authority in abeyance.

A rescission is the permanent cancellation and withdrawal of budget authority enacted by legislation that cancels previously enacted authority before the authority would otherwise lapse. When a rescission occurs, Treasury issues an appropriation warrant reducing the funding available to the Agency. Rescissions cancel budget authority at the appropriation level. F/RA determines the rescission distribution within the Phoenix budget fund code by the appropriation spending authority being rescinded. For fully apportioned appropriation accounts, unobligated budget authority must be rolled up by M/CFO/CAR to the appropriation level when necessary from the apportionments, allotments, or unobligated balances.

M/CFO/CAR submits a [Standard Form 132, Apportionment and Reapportionment Schedule](#) to OMB to reduce the funding apportioned to the Agency. This action may result in a reduction in allotments to B/IOs and a reduction in funds allowed and sub-allowed to lower level Operating Units.

#### **634.3.4 Commitment and Obligation of Funds**

Effective Date: 03/29/2018

The allowance of funds authorizes lower level Operating Units to incur obligations. As an internal control mechanism to preclude over-obligation, Operating Units must ensure that they commit funds into the Agency integrated, core financial management accounting system before they incur obligations. A commitment of funds is an administrative reservation of funds in anticipation of an obligation, see [ADS 621, Obligations](#).

Obligating officials must also ensure that USAID commits the funds prior to an obligation and that obligations are valid, in accordance with policies outlined in [ADS 621](#). In limited cases, such as recording Travel Authorizations (TAs) in the travel system or obligations for U.S. Direct-Hire (USDH) salary expenses, USAID may simultaneously commit and obligate funds without a prior commitment. Obligating officials must contact M/CFO/CAR if they have questions regarding the need to commit funds before obligation.

#### **634.3.5 Funds Control Violations**

Effective Date: 03/29/2018

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Funds control violations may be either statutory or administrative in nature. A violation of the Antideficiency Act constitutes a statutory violation that may result in disciplinary and/or criminal penalties. An administrative violation results from actions in violation of Agency funds control policy directives and required procedures below the allotment level. USAID handles the penalties for such violations on a case-by-case basis (see [ADS 485, Disciplinary Action - Foreign Service](#) and [ADS 487, Disciplinary and Adverse Actions Based upon Misconduct - Civil Service](#)).

#### **634.3.5.1 Antideficiency Act (ADA) Violations**

Effective Date: 03/29/2018

Congress enacted the Antideficiency Act (ADA) to prevent the obligation of government funds that are not available. Violations of the ADA occur when the following circumstances exist:

##### **a. For Appropriated Funds:**

1. Over-obligation or over-expenditure of an appropriation or fund – An officer or employee authorizes expenditure from or creates or authorizes an obligation against any appropriation or fund in excess of the amount available in the account.
2. Contract or obligation in advance of an appropriation – An officer or employee involves the Agency in a contract or other obligation for payment of money for any purpose in advance of appropriations made for such a purpose, unless otherwise authorized by law.
3. An obligation or expenditure is charged to the wrong appropriation account, either charging the wrong appropriation for the same time period or charging the wrong fiscal year and the proper account does not have enough funds to permit the adjustment including situations where sufficient funds existed at the time of the error but have since been obligated or expended.
4. Acceptance of voluntary service – An officer or employee accepts voluntary services for the Agency or employs personal services in excess of what is authorized by law, except in cases of an emergency involving the safety of human life or the protection of property.
5. Over-obligation or over-expenditure of an apportionment or reapportionment – An officer or employee authorizes or creates an obligation or makes expenditure in excess of an apportionment or reapportionment. This includes adjustments that cause obligations in expired accounts to exceed the apportionment for the year in which such obligations were incurred.

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6. Over-obligation or over-expenditure of an allotment – An officer or employee authorizes or creates an obligation or makes expenditure in excess of the amount permitted by an allotment.
7. Over-obligation or over-expenditure of a ceiling earmark – An officer or employee authorizes or creates an obligation or makes expenditure in excess of a legislated ceiling earmark (i.e., dollar amount not to be exceeded).

**b. For Federal Credit Programs:**

Budget execution for Federal Credit Programs is outlined in [OMB Circular A-11 Part 5 Section 185](#). In addition to the Antideficiency Act violations described in **634.3.5.1.a**, credit programs have additional ADA reporting requirements as outlined in [OMB Circular A-11 section 145.2 and 145.3](#).

**c. For Closed and Expired Accounts:**

[OMB Circular A-11 section 145.5](#) requires reporting ADA violations when obligations and expenditures or adjustments to obligations and expenditures exceed the original appropriations in expired accounts as well as closed accounts. This reporting also includes obligations and expenditures or adjustments to obligations and expenditures made before the account expired that exceed amounts apportioned or allotted.

**634.3.5.2 Agency Administrative Funds Control Violations**  
Effective Date: 12/11/2018

A violation of the Agency's administrative funds control limitations does not violate the Antideficiency Act unless it results in the circumstances indicated in **634.3.5.1**. However, such violations are contrary to USAID policy for controlling appropriations and funds. An administrative violation occurs below the allotment level to the use of funds at the lowest Agency level in the following circumstances:

- a. Cumulative over-obligation or over-expenditure of an individual fund available below the allotment level;
- b. Obligations or expenditures in excess of an operational year budget (OYB) at the Agency's Operating Unit level;
- c. Obligations or sub-obligations incurred prior to the commitment or sub commitment of funds, except for recording USDH salary expenses;
- d. Obligation (using enacted appropriated funds) is made after the period of performance begins for the obligation. See ADA violations if contract or obligation is made in advance of an appropriation (see **634.3.5.1.a.2**);

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- e. Sub-obligation (using obligated enacted appropriated funds) is entered into after the period of performance begins for that sub-obligation;
- f. Failure to timely record a valid obligation or sub-obligation in the financial management accounting system. **Failure to timely record generally depends on the facts and circumstances of the situation;** or
- g. Obligation or sub-obligation of funds is not made for the purpose of the available funds.

### **634.3.5.3 Agency Personnel Reporting Funds Control Violations**

Effective Date: 12/11/2018

Any individual with knowledge of a potential funds control violation or knowledge of any proposed action that may lead to a funds control violation, either statutory or administrative, must contact the **Allotment Holder (or designee) or the [Director, M/CFO/FPS](#)** immediately. An email to the Director, M/CFO/FPS serves as contact.

Allotment Holders **(or designee)** must report potential violations in USAID's Consolidated Audit and Compliance System (CACs) through the Agency Secure Image and Storage Tracking (ASIST).

When reporting a potential funds control violation, all known facts, circumstances, and relevant documents must be submitted.

Allotment Holders are ultimately responsible for ensuring all relevant documents are timely submitted.

Items required to report a potential funds control violation in ASIST are:

- a. Responsible Persons: The name and position of the officer(s) or employee(s) responsible for the potential violation including the office, if known at the time of reporting;
- b. Documents that provide detailed information regarding the potential funds control violation. Further documents pertaining to the potential funds control violation can be subsequently attached as the documents are made known and/or become available;
- c. The title and symbol of the appropriation or fund account;
- d. The Phoenix commitment(s) and obligation(s) document numbers and associated amounts (as applicable);
- e. Indication of whether the commitment(s) and/or obligation(s) (as applicable) are recorded in the accounting financial management system;

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- f. The Operating Unit's corrective action plan to prevent recurrence; and
- g. Statement(s) from the responsible officer(s) or employee(s) with respect to the circumstances and any possible extenuating matters to be considered in the analysis.

#### **634.3.5.4 CFO Analyses and Reporting of Funds Control Violations**

Effective Date: 03/29/2018

The Director of M/CFO/FPS will appoint individuals to conduct an inquiry of the circumstances, if warranted. This initial inquiry will determine whether a violation has occurred, the type of violation (statutory or administrative), and the position of the officer(s) or employee(s) responsible for the alleged violation. M/CFO must immediately report a potential funds control violation that has indications of fraud to the OIG.

Upon receipt of the report substantiating an administrative funds control violation, the Director of M/CFO/FPS will document the finding and determine whether a violation should be immediately reported to the CFO. The Director of M/CFO/FPS will submit a quarterly report of all confirmed violations to the CFO. The CFO will notify the Administrator and/or Allotment Holders from B/IOs, as necessary.

If it is determined by the initial inquiry that any conditions identified constitutes an ADA violation, the Director of M/CFO/FPS must prepare a report for the CFO for submission to the Administrator indicating the position of the officer(s) or employee(s) responsible for the violation, and all the available facts and circumstances surrounding the ADA violation. The CFO must notify the Administrator of the violation as soon as possible and notify the OIG at the earliest possible time thereafter.

#### **Antideficiency Act Violations**

[31 USC 1517](#) and [OMB Circular A-11](#) require that the Administrator report a violation of the Antideficiency Act to the President, through the Director of OMB, and to Congress. On the same day that USAID sends the report to the President and Congress, the Office of the Administrator must transmit a copy of the report to the Comptroller General. USAID sends the report either electronically in PDF format to: **AntideficiencyActReports@gao.gov** (the GAO will confirm receipt by email), or in paper copy to:

Comptroller General of the United States  
U.S. Government Accountability Office  
Antideficiency Act Reports  
Room 7165  
441 G Street, NW  
Washington, DC 20548

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If the review described in **634.3.5.3** determines that a violation of the Antideficiency Act has occurred, the CFO prepares a letter to the President for the Administrator's signature. The CFO sends the OIG copies of the letter sent to the President, OMB, Congress, and the Comptroller General. The CFO must provide the letter immediately after a violation becomes known. The letter must provide the information required in [OMB Circular A-11, section 145.7](#).

### **Administrative Violation**

Upon receipt of a report that a potential administrative funds control violation may have occurred, the Director of M/CFO/FPS must have the circumstances analyzed, if warranted, and convey the results of the analysis to the Allotment Holder and other responsible parties.

### **634.3.5.5 Penalties for Funds Control Violations**

Effective Date: 03/29/2018

#### **a. Antideficiency Act (ADA)**

Based on the outcome of the analyses of an ADA funds control violation, the Administrator assesses an appropriate penalty, taking into consideration the seriousness of the event and the willfulness and intent of the responsible individual(s). The CFO proposes a disciplinary action for review by the Office of Human Capital and Talent Management (HCTM) and referral to the Administrator for a final decision, as appropriate.

Antideficiency Act violations may result in either criminal penalties, administrative discipline penalties, or both.

Criminal penalties for individuals who knowingly and willfully violate the ADA are subject to a fine of no more than \$5,000, imprisonment for no more than two years, or both.

#### **b. Agency Administrative Funds Control Violations**

Agency administrative violations are handled on a case-by-case basis, and the Administrator, or his or her designee, in consultation with CFO may decide the appropriate administrative discipline penalty, if warranted. The penalty, based on the degree of the violation and/or frequency, may range from a verbal warning or reprimand to dismissal as follows:

- A Letter of Reprimand,
- An unsatisfactory performance rating,
- Transfer to another position,

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- Suspension from duty without pay, and/or
- Removal from office.

**634.4 MANDATORY REFERENCES**

**634.4.1 External Mandatory References**

Effective Date: 03/29/2018

- a. [2 USC 683 \(Rescission of Budget Authority\)](#)
- b. [31 USC 902 Chief Financial Officer Act \(CFO Act\)](#)
- c. [31 USC 1341-1351 \(Part of the Antideficiency Act, As Amended\)](#)
- d. [31 USC 1501 \(Documentary Evidence Requirement for Government Obligations\)](#)
- e. [31 USC 1502 \(Balances Available\)](#)
- f. [31 USC 1511-1519 \(Part of the Antideficiency Act, As Amended\)](#)
- g. [31 USC 1531 \(Transfers of Functions and Activities\)](#)
- h. [31 USC 1552-1553 \(Procedure for Appropriation Accounts Available for Definite Periods\)](#)
- i. [31 USC 3324 \(Advances\)](#)
- j. [31 USC 3512 Federal Managers' Financial Integrity Act \(FMFIA\)](#)
- k. [31 USC 3512 Federal Financial Management Improvement Act \(FFMIA\)](#)
- l. [Government Performance Results Act \(GPRA\) Modernization Act, Public Law 111-352](#)
- m. [OMB Circular A-11, Instructions on Budget Execution](#)
- n. [OMB Circular A-123, Management's Responsibility for Enterprise Risk Management and Internal Control](#)
- o. [OMB Circular A-134, Financial Accounting Principles and Standards](#)
- p. [Treasury Financial Manual, Supplement 1, U.S. Government Standard General Ledger](#)

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**634.4.2 Internal Mandatory References**

Effective Date: 03/29/2018

- a. [ADS 596mab, Governance Charter for Enterprise Risk Management and Internal Control at USAID](#)
- b. [ADS 601, Funding Source Policy](#)
- c. [ADS 602, Forward Funding, Program Funds](#)
- d. [ADS 603, Forward Funding, Non-Program Funds](#)
- e. [ADS 621, Obligations](#)
- f. [ADS 623, Financial Management of Credit Programs](#)

**634.4.3 Mandatory Forms**

Effective Date: 03/29/2018

- a. [Standard Form - 132, Apportionment and Reapportionment Schedule](#)

**634.5 ADDITIONAL HELP**

Effective Date: 06/29/2018

- a. [ADS 634saa, Supplemental Appropriation Transfer Guide](#)
- b. [ADS 634sab, Determine Improper Payments and/or Funds Control Violations for an Unratified Action](#)
- c. [FCV Examples](#)
- d. [Federal Accounting Standards Advisory Board Guidance.](#)
- e. [OMB Circular A-11, Part 4: Instructions on Budget Execution; Section 145: Requirements for Reporting Antideficiency Act Violations](#)

**634.6 DEFINITIONS**

Effective Date: 03/29/2018

See the [ADS Glossary](#) for all ADS terms and definitions.

**Agency Limitation**

Any administrative division or subdivision of funds made by an Agency official that restricts the use of Federal Government funds. ([OMB A-11](#)) (**Chapter 634**)

**Allotment**

The authority delegated by the head or other authorized employee of an agency to agency employees to incur obligations within a specified amount, pursuant to Office

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of Management and Budget (OMB) apportionment or reapportionment action or other statutory authority making funds available for obligation. ([OMB A-11](#)) (**Chapter 634**)

**Allottee**

The recipient of an allotment (Allotment Holder). (**Chapter 634**)

**Allowance**

The authority delegated to organizational units to incur obligations within a specified amount in accordance with an allotment of funds. (**Chapter 634**)

**Allowee**

The recipient of a budget allowance. (**Chapter 634**)

**Apportionment**

The distribution made by the Office of Management and Budget (OMB) to agencies of amounts of budgetary resources available for obligation in an appropriation or fund account into amounts available for specified time periods, activities, projects, objectives, or combinations thereof. The amounts so apportioned limit the obligations that may be incurred by the agencies.

**Category A Apportionments**

Apportionments that are made on a quarterly basis. (JFMIP)

**Category B Apportionments**

Apportionments made on a basis other than a quarterly basis. They are made by time periods other than quarterly (by activities, projects, or objects, or by a combination of activity and time period). (JFMIP)

**Category C Apportionments**

Apportionments that usually result in additional information being requested by the Congress before making the funds available. Obligations and expenditures of category C apportionments without the proper approval from OMB will result in an Antideficiency Act violation. (**Chapter 634**)

**Appropriation**

A form of budget authority provided by law that permits Federal agencies to incur obligations and make payments out of the Treasury for specified purposes. ([Chapter 603](#), [621](#), 634)

**Appropriation Account**

Also known as an Allocation Account. An account established by the U.S. Treasury to show the amounts available and related transactions incident to accomplishing certain objectives and purposes as authorized by Congress. (**Chapter 634**)

**Appropriation Limitation**

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A statutory restriction in an appropriation or other authorization of fund that establishes the maximum amount that may be used for specified purposes. (**Chapter 634**)

### **Budget Officials**

Various positions in Operating Units will share these roles, such as program office staff, budget analysts, and financial analysts. Positions participating in this capacity will be recognized by the Funds Control Official and listed in the Allotment Holder's Funds Control Plan. (**Chapter 634**)

### **Chief Financial Officer (CFO)**

The Chief Financial Officer of USAID or a USAID employee or official designated to act on the CFO's behalf. (22 CFR 213.2) ([Chapter 625](#), [631](#), 634)

### **Commitment**

An administrative reservation of funds in anticipation of their obligation. (**Chapter 621** and **634**)

### **Earmark**

Funds provided by the Congress for projects or programs where the congressional direction (in bill or report language) circumvents Executive Branch merit-based or competitive allocation processes, or specifies the location or recipient, or otherwise curtail the ability of the Executive Branch to manage critical aspects of the funds allocation process. (**Chapter 634**)

### **Expired Appropriation**

An appropriation that is no longer available to incur new obligations, although it may still be available for recording and/or payment of obligations properly incurred before the period of availability expired. (**Chapter 634**)

### **Funds Control**

Management control over the use of fund authorizations to ensure that funds are used only for authorized purposes; funds are economically and efficiently used; fund availability is verified prior to obligations being made; obligations and expenditures do not exceed the amounts authorized; and the obligation or expenditure of amounts authorized is not reserved or otherwise deferred without congressional knowledge and approval. (**Chapter 634**)

### **Multiple-year Appropriation**

An appropriation that is available for obligation for a definite period of time in excess of one fiscal year. (Chapter [603](#), **634**)

### **No Year Appropriation**

An appropriation that is available for obligation for an indefinite period of time. A no year appropriation is usually identified by appropriation language such as "to remain available until expended" or "without fiscal year limitation." (**Chapter 634**)

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**Obligating Official**

USAID officials with the delegated authority to sign obligating documents. This includes, but is not limited to, the authority to negotiate, execute, amend, deobligate, manage close-out activities, maintain obligation files, record GLAAS obligations, and administer agreements or awards obligating USAID funds. The Obligating Official may be a Contracting/Agreement Officer, Executive Officer, Assistant Administrator, Deputy Assistant Administrator, Mission Director or other Agency official. (**Chapters 603, 621, 631, 634**)

**Obligation Manager**

An individual responsible for managing a specific obligation. The obligation manager may be the contracting officer's representative, agreement officer's representative, activity manager, assistance objective team leader, executive officer, or other Agency official. (**Chapter 603, 621, 631, 634**)

**One-year Appropriation**

An appropriation that is available for obligation during a specific fiscal year. Funds not obligated during the fiscal year expire at the end of the year. (**Chapter 634**)

**Operational Year Budget**

Financial plans for the current fiscal year. (**Chapter 634**)

**Rescissions**

Enacted legislation canceling budget authority previously provided by law, prior to the time when the authority would otherwise expire. (JFMIP) (**Chapter 634**)

**Statutory Violations**

Any transaction that results in creating obligations or making expenditures in excess of or before receipt of any appropriation, apportionment, reappportionment, or allotment. (**Chapter 634**)

**Sub-allowance**

The distribution of funds to program areas or other levels below the allowance level. (**Chapter 634**)

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