

DOE 2200.56  
6-8-92

DOE **2200.5B**, FUND ACCOUNTING

This page must be kept with DOE **2200.5B**, FUND ACCOUNTING. The subject directive has been revised to reflect organizational title, routing symbol, and other editorial revisions required by **SEN-6**. No substantive changes have been made.



U.S. Department of Energy  
Washington, D.C.

ORDER

DOE 2200.5B

6-8-92

SUBJECT: FUND ACCOUNTING

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1. **PURPOSE.** To provide Department of Energy (DOE) accounting practices, policies, and procedures related to administrative control of funds: accounting for appropriations; accounting for other funds to include special funds, trust funds, deposit funds, and revolving funds; and accounting for obligations.
2. **CANCELLATION.** DOE 2200.5A, FUND ACCOUNTING, of 12-31-91.
- 3\* **SCOPE.** The provisions of this Order apply to all Departmental elements and integrated contractors performing work for the Department as provided by law and/or contract and as implemented by the appropriate contracting officer.
4. **EXCLUSION.** The Bonneville Power Administration is governed by the provisions of the Government Corporation Control Act and, as such, operates in accordance with generally accepted accounting principles issued by the Financial Accounting Standards Board. The Bonneville Power Administration, in following generally accepted accounting principles and meeting legislative requirements, will deviate from the provisions of this Order from time to time.
5. **REFERENCES.** DOE 2200.4, ACCOUNTING OVERVIEW, Attachment, provides a consolidated listing of authoritative reference sources for all subject matter contained in the DOE accounting directives (DOE 2200 series).
6. **OBJECTIVES.**
  - a. To provide a system of administrative control of funds to guard against the misuse or overobligation of funds as required by Congress, the Office of Management and Budget, and the Department;
  - b. To ensure that appropriated funds are properly recorded and accounted for and to ensure that all obligations are properly authorized and accounted for in a timely manner; and
  - c. To provide the overall guidance for the financial management of reimbursable work throughout the Department.
7. **DEFINITIONS.** DOE 2200.4, Attachment, provides a consolidated glossary of financial terms used in the accounting directives. In some instances a term may be defined within the text of an Order where its use is limited to the immediate text.

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DISTRIBUTION:  
All Departmental Elements

INITIATED BY:  
Office of Chief Financial Officer

DOE 2200.5B

6-8-92

8. **RESPONSIBILITIES.** DOE 2200.4, Chapter III, contains the responsibilities for each accounting directive.

BY ORDER OF THE SECRETARY OF ENERGY:



DONALD W. PEARMAN, JR.  
Acting Director  
Administration and Human  
Resource Management

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## CHAPTER I

### ADMINISTRATIVE CONTROL OF FUNDS

#### 1. INTRODUCTION.

- a. **Background.** Title 31, section 1514, "Administrative Division of Apportionments," of the United States Code requires the Secretary of Energy (S-1) to prescribe and carry out a system for administratively controlling funds. This chapter establishes the policy and general procedures for administrative control of funds within DOE, and it specifies the penalties that apply to persons who violate these procedures.
- b. **Applicability.** This chapter conforms to the requirements of Office of Management and Budget (OMB) Circular A-34, "Instructions on Budget Execution," and it applies to all appropriated funds, revolving funds, trust funds, and any other funds subject to limitations, including obligations under direct loan commitments and loan guarantee programs. This chapter does not apply to DOE's integrated contractors. All exemptions are subject to the prior approval of the Director of OMB. DOE fund control policies and procedures shall be in effect only to the extent approved by OMB. At a minimum, this chapter shall be reviewed whenever OMB issues a revised OMB Circular A-34 or whenever a person violates the Anti-Deficiency Act.
- c. **Objectives.** The administrative control of funds shall accomplish the following:
  - (1) Provide a system to control funds so that violations of the Anti-Deficiency Act and of DOE limitations on obligations and expenditures are prevented, or, if they occur, so that violations are detected promptly.
  - (2) Be supported by DOE's planning, programming, and integrated budget and accounting systems.
  - (3) Provide procedures for authorizing persons to formally commit and obligate funds and for properly documenting those commitments and obligations.
  - (4) Ensure that funds are expended only for the purposes intended by Congress.
  - (5) Ensure that all commitments and obligations are recorded in a timely manner.
  - (6) Ensure that all expenditures prerecorded in a timely manner and are preceded by or occur simultaneously with a valid obligation of funds in an equal or greater amount.

2. GENERAL REQUIREMENTS FOR FUND CONTROL SYSTEM.

- a. Administrative fund control shall be supported by planning, **programming**, and Integrated budget and accounting systems. The integrated budget and **accounting** systems shall use a consistent financial classification system. This classification system shall provide proper administrative fund control by requiring all Departmental reporting entities to show the disposition of all funds allotted to them from the DOE appropriations.
- b. The fund control system shall administratively control further distributions of apportioned budgetary resources. **It shall** also monitor how those resources are applied during program execution to ensure that such resources are **used in** accordance with the law and as Congress intended. To make it easier **to correlate** between distributions and **applications of** funds, the fund control system shall be based upon the DOE Base Table. The DOE Base Table represents the **budgetary** resources available for obligation by **DOE and** is the controlling **document** for the allotment and approved funding program system. (See **DOE 5100.11A**, BUDGET EXECUTION-OFFICE OF MANAGEMENT AND BUDGET APPORTIONMENT AND TREASURY WARRANT PROCESS, of 5-18-92, and **DOE 51 00.12A**, BUDGET EXECUTION--DEPARTMENT OF ENERGY BASE TABLE, of 5-14 -92.)
- c. The system shall report data on commitments and obligations incurred monthly and year to date and to month, obligational availability, costs and outlays incurred monthly and year to date, current beginning and ending uncosted and unpaid balances for each month, and remaining unobligated balances for each month.
- d. Budgetary resources shall be placed in the approved funding program allotment control **system in** accordance with the DOE Base Table. Apportionments shall be allotted in accordance with the DOE Base Table, which contains the programmatic **detail** specified by appropriation legislation or Congress.
- e. The allotments shall provide for any legal limitations **contained in appropriation** acts and apportionments. The DOE accounting system shall provide proper approvals (front-end controls) before allotments are issued and obligations incurred. It also shall provide **allottees** and program managers with monthly financial accounting reports **that reflect** actual commitments, obligations, and disbursements. The accounting reports shall be timely, accurate, **and complete**; they shall contain enough detail to inform **allottees of** the status of their funds and to **help** them control obligations against administrative and legal limitations. Monthly reports shall be prepared according **to appropriation and** budget and reporting classifications for obligations. Payments shall be reported by appropriation.

3\* BUDGETARY RESOURCES.

a. Management of Budgetary Resources.

- (1) Apportionments. The Director of **OMB** maintains control over budgetary resources through the approval of **DOE's** fund control regulations and

through the apportionment process, which is normally the first level of funds **distribution of** the Federal budget. The **OMB** apportionment, Standard Form (SF) 132, "Apportionment and Reapportionment Schedule," makes funds appropriated by Congress available to DOE **for obligation** and expenditure. Deficiency apportionments, **which** are apportionments that anticipate the need **for a** deficiency appropriation or supplemental apportionment, must be specifically identified **on the SF-132**. A comprehensive discussion of the apportionment process **as it relates to OMB and** DOE is presented in DOE 51 **00.11A, BUDGET EXECUTION--OFFICE OF MANAGEMENT AND BUDGET APPROPRIATION AND TREASURY WARRANT PROCESS**, and in **OMB Circular A-34, "Instructions on Budget Execution."** All funds, both apportioned and **nonapportioned**, are controlled through the system of accounts **that is** illustrated in DOE **2200.10A, ACCOUNTS, CODES, AND ILLUSTRATIVE ENTRIES.**

(2) **Allotments.**

- (a) **DOE manages** funds apportioned by **OMB through a system of administrative** fund control that uses allotments. The **allotment is an authorization** to incur obligations **within** a specified amount and purpose. DOE allotments **are made** according to the requirements stated in **OMB Circular A-34**. Within the Department, the Chief Financial Officer (**CFO; CR-1**) and the Director of the Office of **Budget (CR-10)** have been delegated **the responsibility for** issuing allotments. The amount allotted **by the CFO** shall not exceed the amount apportioned by **OMB** for those funds for which **apportionments** are required. Allotments issued within the Department **shall** be at the highest practical level consistent with effective and efficient management. For a complete description of the DOE allotment process, see DOE 5100.14, **ALLOTMENT AND APPROVED FUNDING PROCESS**, of 9-17-86.
- (b) When allotments are issued based upon passage of a continuing **resolution** by Congress, the Budget Execution Branch (**CR-131**) shall ask the Department of the Treasury for unestimated appropriation **warrant to** cover the amount offending provided to DOE under the terms of the continuing resolution. Appropriation laws are sometimes passed too late to allow the normal administrative lead time necessary **to obtain** apportionment and warrant documents. If DOE were then **to wait** for guidance from **OMB and the Department of** the Treasury, request **apportionments** and warrants, and wait for their receipt, **DOE would** be forced **into a "no funds" situation**, even though appropriation **legislation had** been signed into law. **When** the passage of such legislation clearly shows that Congress intended to continue Departmental operations, DOE shall proceed to allot sufficient funds on an interim basis, within the guidance of the law, to permit operations until the necessary apportionments and warrants are obtained, thus avoiding a possible no-funds situation.

- b. **Types of Budgetary Resources.** Budgetary resources consist of two categories: direct obligational authority and reimbursable obligational authority.

(1) **Direct Obligational Authority.** Direct obligational authority consists of new budgetary authority, **unobligated balances**, recoveries of prior-year obligations, and restorations.

(a) **New Budgetary Authority.**

1 **Appropriations.** Direct obligational authority is made available primarily as **new budgetary** authority in appropriation acts that permit obligations to **be incurred** and payments to be made. An appropriation act specifies the period of availability of the authority. The universe of appropriation or fund accounts is made up of fixed (available **for a definite period of time**) and no-year accounts. The following are the three most common periods:

A **One-Year (Annual) Authority**-obligational authority that is available for obligation only during a specified fiscal year and that expires at the **end of** the fiscal year.

B **Multiple-Year Authority**-obligational authority that is available for obligation for a specified period **of time** for more than 1 fiscal year.

C **No-Year Authority**-obligational authority that is available for obligation for an indefinite period **of time**, usually until the objectives **for which** the authority was made available are attained.

2 **Contract Authority** is statutory authorization to enter into contracts or other obligations in advance of appropriations. Contract authority requires a subsequent **appropriation or** the collection of revenues to liquidate (pay) the obligations incurred.

3 **Borrowing Authority.** Direct obligational authority through borrowing authority permits obligations **to be** incurred based upon borrowed funds, generally from the Department of the Treasury, to liquidate **the obligations** incurred. Normally, subsequent **appropriations** are **sought or** revenues are earned to repay the amounts borrowed.

(b) **Unobligated Balances.** Direct obligational authority maybe made available from unobligated fund balances of unexpired accounts carried forward **to the new fiscal** year. These funds consist of unused **multiyear or** no-year appropriations **for which** valid needs still **exist**. Unobligated fund balances **must be reapportioned by OMB and reallocated by the CFO; otherwise**, the funds are not available for use.

(c) **Recoveries of Prior-Year Obligations.** Direct obligational authority may be made available through recoveries of prior-year obligations

repayments in the form of loans receivables and interest receivables are amounts due but not collected and shall not be available for obligation until actual collection takes place and funds have been apportioned and allotted.

4. FUND DISTRIBUTION AND WITHDRAWAL. To distribute and withdraw funds, the CFO uses two documents: "Advice of Allotments" and "Approved Funding Programs."
- a. Advice of Allotments. The fund control mechanism consists of the following two categories of allotments: direct and reimbursable. If the direct and reimbursable obligational authorities, of the performing activity are exceeded or if the unreimbursed direct authority is used for a purpose other than that directed by Congress, a legal violation will have occurred. See DOE 2200.6, FINANCIAL ACCOUNTING, Chapter IX, "Reimbursable Work, Revenues, and Other Collections," for further policies and procedures relative to reimbursable obligational authority.
- (1) Direct Obligation Authority Allotments constitute legal funding limitations. If the direct obligation authority allotments are either exceeded or used for a purpose other than that intended by Congress, a legal violation occurs.
- (2) Reimbursable Obligation Authority Allotments are funding limitations that limit the amount of reimbursable work that can be done for non-Federal entities and for other Federal agencies. Exceeding the reimbursable obligational authority constitutes an administrative violation, as opposed to a legal violation. To obligate funds to perform reimbursable work, it is necessary to have both an allotment providing reimbursable obligational authority and a budgetary resource. Budgetary resources available for obligation and expenditure shall not exceed the reimbursable obligational authority. Obligations and expenditures for each reimbursable agreement shall not exceed the budgetary resources authorized for that reimbursable agreement; if they do, an administrative violation will have occurred.
- b. Approved Funding Programs. The approved funding programs specify, in programmatic and financial terms, the funds available for execution for each approved funding program recipient. Program managers shall submit their proposed approved funding programs to the CFO before the beginning of each fiscal year. The Chief Financial Officer ensures that administrative limitations are accurately and properly reflected on all approved funding programs issued to approved funding program recipients. After receiving an approved funding program, the recipient shall be responsible for executing the approved program by issuing program release documents. For additional information, see DOE 5100.14, ALLOTMENT AND APPROVED FUNDING PROCESS, of 9-17-86.

resulting from cancellations or downward adjustments to contract amounts. Prior-year recoveries are available for use only to the extent that requests and justifications are submitted and approved by the Director of the Office of Budget. Prior-year recoveries of all accounts except expired annual accounts shall be reapportioned. All accounts must be reallocated. For further instructions on the use of prior-year recoveries, see DOE 2200.5B, FUND ACCOUNTING, Chapter III, "Accounting for Obligations."

- (d) Expired Accounts are appropriation or fund accounts in which the balances are no longer available for incurring new obligations. However, in certain circumstances, they are available for recording, adjusting, and liquidating obligations properly chargeable to those accounts. For further discussion of the types of expired accounts, the limitations placed on them, and the restoration of unobligated balances, see Chapter II, "Accounting for Appropriations and Other Funds," paragraph 7.
- (2) Reimbursable Obligational Authority differs from direct obligational authority because Congress does not appropriate funds directly to DOE. Resources are derived from orders placed by customers and cash advances. OMB places limits on the amount of reimbursable work that DOE can perform in a fiscal year. These limits are explained below.
- (a) Reimbursable obligational authority is provided by OMB apportionments and is then allotted by DOE; it shall not be exceeded. The amount of obligational authority available from reimbursements can be calculated as the sum of:
- 1 Reimbursable agreements received from other Federal Government accounts that represent valid obligations of the ordering account, to the extent that the reimbursements will be placed in the current appropriation or fund account when collected, whether or not accompanied by an advance, and
  - 2 Reimbursable agreements received from the public, including local and State governments, to the extent accompanied by an advance or other appropriate budgetary resources.
- (b) Any dollar amounts of orders received or funds advanced and accepted in excess of the reimbursement authority do not augment the total funds available. The general policies and procedures on financial management of and accounting for reimbursable work are covered in DOE 2200.6, FINANCIAL ACCOUNTING, Chapter IX, "Reimbursable Work, Revenues, and Other Collections."
- (c) For reimbursements under direct loan and loan guarantee programs, budgetary resources available for obligation from loan repayments and interest on loans are made up of actual collections. These funds shall be apportioned and allotted before they are obligated. Loan



c. Withdrawals.

- (1) Withdrawals of Funds. Funds are withdrawn through a reduction in the allotment and approved funding program. No funds shall be withdrawn without coordinating the proposed action with the allotted. Any person who requests a reduction in an allotment must verify with the allottee or designee that any funds being withdrawn from an allotment are available for withdrawal. This verification may be made in writing or by telephone. If made by telephone, a written record of the conversation must be kept, including identification of the person who authorized the withdrawal. The person who submits the request to the CFO for a reduction in an allotment must certify on the request for the approved funding program and allotment changes that the above verification has been performed. In determining the amount of funds available for withdrawal, the allottee should ensure that adequate funds are reserved for liabilities to cover the net increases in costs and obligations upon their payment or maturity and for commitments firmly in the process of becoming obligations. Obligations and outlays incurred that exceed authorities after a withdrawal are considered apparent violations.
- (2) Recovery of prior-year Obligations. Detailed policy and guidance for determining the availability of appropriation and fund balances are covered in Chapter 11, "Accounting for Appropriations and Other Funds, - paragraph 7. The procedures for recording and reporting the recovery of funds from prior-year obligations are contained in Chapter III, "Accounting for Obligations, - paragraph 6a. By the 15th of the month following the end of the accounting period, each allottee shall review the propriety of all downward adjustments to prior-year obligations (Financial Information System status code PY). Minor administrative errors may be corrected by using the procedure outlined in paragraph 6a(2)(d) of Chapter III. The formal procedures described in paragraphs 6a(2)(a) through (c) of Chapter III must be followed to correct other erroneously reported prior-year obligations. The unilateral reduction or reversal of a prior-year obligation by an allottee may result in a legal or an administrative violation (paragraph 7a) by the allotted, because the funds already may have been used by others.
- (3) Withdrawal of Direct Loan and Loan Guarantee Commitment Limitations shall be accomplished in the same manner as the withdrawal of funds.
- (4) Deferral and Rescissions. Funds may be withdrawn from a program by a deferral or rescission. For a comprehensive discussion of rescissions and deferrals, see DOE 51 00.13A, BUDGET EXECUTION--RESCISSIONS AND DEFERRALS.

5. EXECUTION OF ALLOTMENTS AND APPROVED FUNDING PROGRAMS

- a. Commitment (synonymous with reservation) is the first step in applying funds. A commitment occurs each time a program release document is signed and transmitted to be acted upon. Commitments occur before or at the same time that any

obligation is created. The commitment and the certification of fund availability apply only to the fiscal year in which they are accomplished. When a commitment is recorded and availability is certified but no contract award takes place in the same fiscal year, the commitment is decommitted and the certification is withdrawn effective at the close of business on 9-30. A new commitment and a certification of funds must be reestablished in the new fiscal year if funds are still needed and available for obligation.

- b. **Obligation Concepts.** Obligation is normally the second step in applying funds. An obligation occurs, whether or not it is recorded in the accounting system, when a legal responsibility arises for which the Department must expend funds. No amount shall be reported as an obligation unless it is supported by documentary evidence of transactions authorized by law, such as a binding agreement in writing; a valid loan agreement; an order; a grant subsidy; a liability resulting from litigation, employment, travel expenses, or public utilities; or any other legal liability of the United States. Obligation certifications and records shall be kept in a form that makes audits and reconciliations easy. Chapter III, "Accounting for Obligations," contains additional guidance on obligations.
  - c. **Potential Liability.** When it is difficult to determine the precise amount of the Government's liability for certain transactions, such as indefinite-price contracts, the allottee shall ensure that funds are available to cover the Government's potential liability, which may exceed the amount that is recorded as a valid obligation. One way to administratively reserve funds under these circumstances is by using a miscellaneous commitment document. To keep funds from stagnating, reservations of funds for these potential liabilities may be consolidated at the allotment or the approved funding program level. Allottees and program managers must determine the amount to be reserved by using their experience with the several types of transactions involved and must review these reservations on an ongoing basis and verify them. These reservations shall also be considered when reporting fund availability requirements to Headquarters. Because not all potential liabilities will result in obligations, allottees and program managers must use judgment to determine what amount should be committed. Obligations shall then be accomplished when the liability becomes an actual obligation. For further information on contingent liabilities, see DOE 2200.6, FINANCIAL ACCOUNTING, Chapter VII, "Liabilities."
  - d. **Expired Appropriations.** An appropriation act specifies the period of availability of the appropriation for obligation (see paragraph 3b(1)(a)1). After the period of availability for obligation, the balances are no longer available for incurring new obligations because the time available for incurring such obligations has expired. Detailed policy and guidance covering expired accounts are in Chapter 11, "Accounting for Appropriations and Other Funds," paragraph 7.
6. **CONTROL OVER EXECUTION.** All administrative control of funds systems must include authorizations; certifications of funds availability; documents, procedures, and flows; and reconciliations and verifications.

a. **Authorizations.**

- (1) Designation of individuals selected as **authorizing officials by allottees** and approved funding program recipients must be in writing and, if applicable, must contain information on dollar limitations of **the authorization or on** use limitations. They must be kept current to reflect changes in personnel or accounting classifications.
- (2) The **allottee** or the approved funding program recipient shall determine the officials in whom the authority shall finally be vested. Unless **specifically** authorized by other DOE authority, authorizations may not be **redelegated by** an authorizing official.
- (3) The **allottee** or approved funding program recipient, if **not an** allotted, must notify, either by notice or memorandum, all other personnel serviced by these funds of the **identities of** the officials who are authorized to approve program release documents and of the particulars of **the authorization**. The notification shall state that all persons not so authorized are prohibited from signing program release documents, verbally **making commitments**, or incurring obligations on behalf of the activity. **The notification** should also include a stern warning that disciplinary action will be taken for any violations of the prohibition. **Renotification must be** made when any changes are made in authorizations and accounting **classifications** or in senior officials, and at least **annually if** no changes are made.
- (4) Each **allottee** or **program manager**, if **not an** allotted, also must notify the head of the funds control office and the servicing personnel office, travel office, and procurement office of the identities of officials who are authorized to approve program release documents. A program release document must not be accepted unless **it is signed by an** authorizing official.

b. **Certification of Fund Availability.**

- (1) All program release documents must be certified **for availability of funds** before they are processed **by the servicing** personnel office, travel office, or procurement office.
- (2) **Servicing personnel offices, travel offices,** and procurement offices must reject any program release document that does not have a proper **certification of** fund availability.
- (3) Although the **allottee** is personally **responsible for ensuring** that funds are available before incurring obligations, he or she may designate, in writing, a certifying official to perform this function. An **allottee** within the geographical commuting area of the accounting **office is** encouraged to designate the servicing Field Element **CFO (Field CFO)**.

c. Documents, Procedures, and Flows.

- (1) Documents. The procurement, travel, and personnel offices shall **pre-  
scribe in their publications** and directives the proper forms to be used as  
program release documents and obligation documents.
- (2) Procedures and Flows. The allotted, through the certifying official and  
In conjunction with the procurement, travel, and personnel offices, shall  
establish standard procedures and distribution for program release **docu-  
ments and obligation** documents. The procedures must be **distributed to**  
authorizing officials, certifying **officials**, and contracting officers.  
The procedures also must provide for **the commitment** of funds and the  
certification of fund availability before processing by the procurement,  
travel, or personnel offices and the recording of **obligations in** the  
accounting system after the obligation **is** incurred.

d. Reconciliations and Verifications.

- (1) Each Field **CFO must** ensure that accounting reconciliations occur **on year-  
end certification** and that differences are resolved. This includes **recon-  
ciliations** between recorded obligations and source documents, such as  
contractual documents, timecards, and travel vouchers, **as well as recon-  
ciliations** between recorded expenditures and the source documents, such  
as bills and vouchers. Valid statistical sampling techniques may be used  
when appropriate.
  - (2) Each Field **CFO must** ensure that as soon as the reconciled monthly financial  
reports are produced, they are reviewed to determine whether obligations  
or outlays exceed legal or administrative limitations and that any  
violations are reported to the **CFO within prescribed time limits.**
  - (3) By the **15th of the month** following the end of **the accounting period being**  
reported, each approved **funding** program recipient shall review the  
monthly financial reports produced **by the servicing** Field **CFO. Within 30**  
days after **their receipt**, each approved funding program recipient shall  
perform whatever **reconciliations** are necessary to determine whether the  
reports are complete and **shall notify the finance** and accounting office of  
any **discrepancies.**
7. PROHIBITED ACTIONS, PERSONAL RESPONSIBILITY, AND PENALTIES. Discussed below are  
actions prohibited by **administrative control of funds policies** and the employees  
personally responsible for specific violations. Included **are actions** that violate  
the Anti-Deficiency Act (legal **limitations**) and actions that violate DOE policy  
(**administrative limitations**).

**a. Prohibited Actions.**

- (1) **Violations of the Anti-Deficiency Act (Legal Limitations)**. The following actions are prohibited by the Anti-Deficiency Act:
- (a) **New Obligations and Expenditures or Adjustments to Obligations and Expenditures That Exceed Original Appropriations** include any case where an officer or employee of the United States has made **or authorized** an expenditure **from or** created or authorized an obligation against any appropriation or fund **account in** excess of the amount available in the original appropriation or fund account. **For a** merged (M) account, the balances from other years in the account are no longer transferable among fiscal years. For revolving funds, a legal violation occurs when the balance **in the** revolving **fund as** a whole (including net accounts receivable, unfilled Federal customers' orders, and advances from others) **is insufficient to** cover the total **of all** current liabilities (including accounts **payabl**e and the estimated amount of leave payments upon termination to be made to employees to be separated during the current month). For self-financed revolving funds, **a legal** violation occurs when obligations incurred in any fiscal year exceed the amount **allotted** for that year.
- (b) **Contract or Obligation in Advance of an Appropriation**. An **officer or** employee shall not involve the Government in a contractor other obligation to pay money for any **purpose in** advance of appropriations made for such purpose unless the contract or obligation is authorized by law. **If authorized by** law but not financed by an appropriation, the budget authority to cover such transactions is known as contract authority. If the contract authority is provided in **anticipation of** receipts, obligations incurred against the contract authority should not be liquidated until the receipts are collected and credited to the account **or an appropri ation** to liquidate has been enacted.
- (c) **New Obligations or Any Expenditures in Closed Accounts** include any case where an officer or employee has made or **authorized an expendi- ture from** or created or authorized an obligation against an account that has been closed pursuant to section 1552, 1555, **or 1557 of** title 31 of the United States Code.
- (d) **Acceptance of Voluntary Service**. An officer or employee shall not accept voluntary service for the United **States or** employ personal service exceeding that authorized by law, except for an emergency involving the preservation of human life or property.
- (e) **New Obligations and Expenditures or Adjustments to Obligations and Expenditures That Exceed the Amount Apportioned or Reapportioned** include any case where an officer or employee has made or authorized an expenditure from or created **or authorized** an obligation against any appropriation or fund account **in excess** of the amount apportioned or reapportioned to the original appropriation or fund account. In

no case may more than 1 percent of unexpended funds be used to pay for **valid obligational** adjustments liquidating obligations for closed accounts. This authority also may not be used to exceed **the original appropriation**.

- (f) **Overobligation or Overexpenditure of an Allotment**. An officer or employee shall not **authorize or create an obligation** or make an expenditure exceeding the amount permitted by the approved DOE fund control system.
  - (g) **Overobligation or Overexpenditure of a Credit Limitation**. An officer or employee shall not **authorize or create an obligation or make an expenditure** exceeding a **credit limitation** (apportionment for credit programs) contained in an appropriation act restricting the amount that can be obligated or committed **for a credit program**.
  - (h) **Overobligation or Overexpenditure of Other Administrative Subdivisions of Funds**. An officer or employee shall not **overobligate other administrative subdivisions of funds, such as approved funding programs**. When such an action causes an **overobligation or overexpenditure of an allotment, apportionment, or appropriation, a legal violation** has occurred, unless the apportionment or the DOE fund control system specifies **otherwise**.
  - (i) **Misuse of Funds**. An officer or employee shall not obligate or expend funds for a purpose other than that **for which the funds were appropriated**. Such an action is a **violation of title 31, section 1301, of the United States Code**.
  - (j) **Failure or Delay in Recording an Obligation**. An officer or employee shall not **fail or delay recording an obligation, in anticipation of additional funding**, when such action would cause an **overobligation or overexpenditure of an allotment, apportionment, or appropriation**.
- (2) **Violations of Limitations (Administrative Violations)**. The following actions do not necessarily violate the **Anti-Deficiency Act**, but they are contrary to DOE **policy** for controlling appropriations and funds:
- (a) **Exceeding Administrative Limitations**. An **administrative limitation is an upper limit** placed on the amount of **obligations or expenditures** that may be **incurred** for a specific program, function, activity, or element of expense. Exceeding an administrative limitation is subject to Departmental rather than statutory rules and penalties. For example, administrative **limitations** can be imposed on the Department by Congress, through congressional conference reports; by **OMB**, through any executive branch directive containing an **administrative limitation** attached to an apportionment; or by internal DOE management, through ceilings on travel. Administrative limitations specified in unapproved funding programs may not be exceeded. Although **administrative limitations** may not be exceeded, they differ from

legal limitations, because violations of administrative limitations are not necessarily violations of law. Violations of administrative limitations are violations of DOE policy and must be reported immediately to the CFO. Exceeding an administrative limitation may, however, result in a legal violation at the Department level. Any person causing an administrative limitation to be exceeded shall then be responsible for the resultant legal violation and shall be subject to the penalties for such violations.

- (b) **Exceeding Supplemental Approved Funding Programs.** DOE officers and employees shall adhere to supplemental approved funding programs in program execution. Exceeding limitations specified in supplemental approved funding programs does not constitute a legal violation if the consolidated approved funding program is not exceeded at the allottee level.
  - (c) **Exceptions.** Under the circumstances described in DOE 5500.6B, SHUTDOWN OF DEPARTMENTAL OPERATIONS UPON FAILURE BY CONGRESS TO ENACT APPROPRIATIONS, essential activities, such as the preservation of human life or property, maybe obligated in excess of limitations for specified purposes.
- b. **Personal Responsibility for Violations.** The person who occupied the position at the time a violation occurred shall be charged with the violation rather than the person who occupies the position at the time the violation is discovered.
- (1) If the person who caused the obligation to arise was not an authorizing official, the person to be held responsible will be one of the following:
    - (a) The unauthorized person causing the obligation to arise.
    - (b) The program manager.
    - (c) The certifying official, unless bypassed, who was supposed to verify that program release documents had been signed only by authorized program managers.
    - (d) The contracting, personnel, or travel official, unless bypassed, who was supposed to verify that funds had been certified as available and that program release documents had been signed only by an authorizing official.
    - (e) The allotted.
  - (2) If the obligation was based on an erroneous allotment or approved funding program, but was within the limitations stated on the allotment or approved funding program, the Director of the Office of Budget shall be held responsible (see paragraph 8e).

- (3) If the contracting, personnel, or travel official processed an obligation document **without first ensuring** that sufficient funds had been **certified** as available, that official shall be held responsible.
- (4) If **obligations** exceeded the amount appropriated, apportioned, or allotted as a result **of obligation** adjustments to correct **a violation resulting** from funds being used for purposes other than those intended by Congress, the program manager shall be held responsible.
- (5) If an expenditure was made or authorized **or an obligation was created or** authorized under any **appropriation or** fund, including any revolving fund, in excess of the amount available in the appropriation or fund, the person who made or authorized the expenditure or created or authorized the obligation shall be held responsible for the violation.
- (6) If an obligation was authorized or created or an expenditure was **made in** excess of an apportionment or reapportionment, the person who authorized or created the obligation **or made** the expenditure shall be held responsible for the violation.
- (7) If the Government **was involved in a contract or other obligation** for the payment of money for any purpose in advance of appropriations made for this purpose, unless the contract or obligation was authorized by law, the person authorizing the **obligation or** payment under the contract shall be held responsible for the violation.
- (8) If voluntary service was accepted for the United States **or if** personal services were employed in excess of those authorized by law, except in emergencies involving the preservation of human life or property, the person who accepted the voluntary service or employed the personal services shall be held responsible for the violation.
- (9) If an obligation or expenditure was authorized or created in excess of the amount permitted **by an allotment, the allottee** and the person authorizing the obligation or expenditure shall be held responsible for the violation.

**c. Penalties.**

- (1) Severe penalties are provided for violating the Anti-Deficiency Act and DOE fund control limitations. In addition **to any** penalty or liability under law, a DOE **officer or** employee who authorizes **or makes** expenditures exceeding available funds is subject to administrative discipline, including suspension from duty without pay or dismissal. If **convicted of** knowingly and willfully violating legal limitations, the **officer or** employee is subject to fines or imprisonment **or both.**

(a) Anti-Deficiency Act Violations.

- 1 **Criminal Penalty.** An officer or employee of the United States Government who knowingly or willfully authorizes **or makes**



expenditures in excess of available funds shall be fined not more than **\$5,000 or** imprisoned for not more than **2 years**, or both.

- 2 **Administrative Penalties.** The following disciplinary measures maybe imposed for Anti-Deficiency Act violations in **addition to** or exclusive of any criminal penalty:
- a Counseling the violator.
  - b Requiring additional training for the violator.
  - c Filing **a letter** of reprimand in the personnel file of the violator for **1 year**.
  - d Preparing an unsatisfactory performance appraisal .
  - e Suspending the violator from duty for **up to 2** workweeks without pay.
  - f Reassigning or terminating the violator.
  - g Taking any other action considered necessary by the Under Secretary **(S-3)** or the Secretary.
- (b) ~~Administrative Limitation Violations.~~ Any of the permissible **disciplinary** actions **listed in** paragraph 7c(1)(a) **2 may be** imposed for violations of DOE administrative limitations and fund control requirements that are not subject to Anti-Deficiency Act penalties.
- (2) In determining what, if any, disciplinary actions may be appropriate, the Under Secretary may consider any aggravating or mitigating circumstances surrounding the violation. The severity of the disciplinary action shall depend in consideration **of all** the facts and circumstances that caused the violation, including the following:
- (a) The **seriousness of** the violation;
  - (b) The failure to report or late reporting of the violation, or a previous pattern of such violations;
  - (c) The character of the viol **ation**, that is, whether the violation was made knowingly and intentionally, occurred through gross or simple negligence, **or was** justified to protect life or property under emergency conditions;
  - (d) The number of times the same violation or similar violations have occurred and the length of time between violations: and
  - (e) Past disciplinary actions that have proved ineffective.

8. REPORTING OF VIOLATIONS WITHIN THE DEPARTMENT.

a. Reporting Requirements.

- (1) Any person **who knows about a possible violation is responsible** for reporting it. The report shall be forwarded **to the cognizant Field CFO** and shall form the **basis** for **allottee reports to the CFO on violations or apparent violations** of legal or **administrative control limitations**.
- (2) The **Field CFO** shall prepare formal reports **in memorandum form in the format prescribed in paragraph 8b(1) and make the distribution as follows:**
  - (a) **CFO (CR-1) (original).**
  - (b) **Allottee (one copy).**
  - (c) **Office of Departmental Accounting and Financial Systems Development (CR-40) (one copy).**
  - (d) Any other person found **responsible in whole or in part** for the **violation (one copy).**
- (3) The **allottee** shall **sign the report and forward it to the CFO within 45 days** after the end of the reporting cycle **during which** the violation occurred.
- (4) Any **potential violation** detected **by a reviewing, auditing, or examining authority**, except for the **General Accounting Office**, shall not be reported **as a violation until either the Field CFO has concurred that a violation exists or the reviewing, auditing, or examining authority has received concurrence from the CFO.** As soon as **a potential violation is detected, it shall be reported by telephone to the Director of the Office of Departmental Accounting and Financial Systems Development.** For **reporting requirements related to General Accounting Office findings on potential violations**, see paragraph **9c(1).**

b. Information To Be Reported.

- (1) Actual or Apparent Legal Violations. The following information, in the sequence **listed**, shall be **included in** the report:
  - (a) Date the alleged **violation** occurred.
  - (b) Name and **location of the office where** the alleged violation occurred.
  - (c) Name and **title of** the allotment holder.
  - (d) Name and **location of the certifying official** responsible for the **administrative control of funds.**

- (e) Accounting **classification of** the funds involved (that is, appropriation, budget, and reporting numbers).
- (f) Amount of fund authorization or limitation **believed to** have been exceeded.
- (g) Amount and nature (for **example, overobligation, overexpenditure,** or exceeding of other legal limitations) of the alleged violation.
- (h) Name, grade, and position of the person responsible for the alleged violation (if the person is no longer employed by the office that is reporting, the report shall provide the date of departure and current address).
- (i) Statement of what the person did or did not do that resulted **in the** alleged violation.
- (j) Statement about whether the alleged violation was **due to a willful** act, careless disregard of instructions, emergency circumstances, or an error.
- (k) Detailed statement of the cause of and circumstances surrounding the alleged violation (including all pertinent dates and copies of supporting documents, as appropriate).
- (l) Description of specific action taken to correct the alleged **violation** and of new procedures or safeguards established to prevent its recurrence. (The report **shall** describe the specific action in **sufficient** detail to allow **evaluation of** its adequacy. If changes in directives, systems, or procedures are required that cannot be made except by Headquarters, submit proposals by separate correspondence to the proper authority and refer to these proposals in the report of the alleged violation.)
- (m) Assigned statement by the person determined to **be responsible** for the alleged violation. (Request assistance from the Office of General Counsel (**GC-1**) to ensure that the **person's** rights and the integrity of the investigation are preserved. The statement shall include detailed facts about the person accused of causing the alleged violation. If the responsible person either declines **to make** a statement or cannot be reached to obtain a statement, the report **shall** explain this clearly.)
- (n) If another agency is involved in the alleged violation, the report shall **include a** statement about the steps taken to coordinate the report with the other agency.

(2) Actual or Apparent Administrative Limitation Violations. For administrative limitation violations, the information in paragraph 8b(1)(a) through (e) along with the following information, shall be reported, in the sequence listed:

- (a) Amount of the administrative limitation alleged to have been exceeded.
- (b) Amount of the alleged violation.
- (c) Description of specific action taken to correct the alleged violation, as well as new procedures or safeguards established to prevent its recurrence. (The report shall describe the specific action in sufficient detail to allow evaluation of its adequacy.)

c. Actions Required After Violations Are Reported.

(1) The responsibility of allottees concerning a reportable violation does not end when they report a violation. Allottees should take immediate action to lessen the impact of the violation. Such action may include the following measures:

- (a) Canceling sufficient noncritical obligations to eliminate the deficit.
- (b) Initiating contract modifications to reduce or terminate sufficient items not representing critical requirements.
- (c) Requesting additional funding through the Office of Budget.

(2) Subsequent actions taken to correct the cause of a violation do not eliminate that violation; it still must be reported.

d. Apparent Violations Caused by Accounting Errors. If, after reviewing the circumstances surrounding the apparent violation of a legal limitation or administrative control level limitation and the application of facts to applicable laws and directives, the finance and accounting office concludes that the apparent violation was the result of an accounting error, the Field CFO shall prepare a memorandum explaining the circumstances, the violation, and the actions taken (see paragraphs 8a and b for reporting).

e. Apparent Violations Caused by Inappropriate Withdrawal of Funds. An excessive or invalid reduction in an allotment or approved funding program—that is, an erroneous withdrawal of funds in excess of the allotted or unobligated balance—is not a violation if either of the following conditions is met:

(1) Additional obligations have not been authorized or incurred against the funds.

- (2) The withdrawn funds have been immediately restored **or made available**, through **deobligation**, to the account from which they were withdrawn in **sufficient** amount to cover obligations previously authorized or incurred.

9. **REPORTING OF VIOLATIONS TO THE PRESIDENT AND CONGRESS**

- a. **Reports to the President**. The Secretary shall furnish to the President, through the Director **of OMB**, and to Congress information on any **actions prohibited by the** Anti-Deficiency Act as presented in paragraph 8. A report **to the** President on an Anti-Deficiency Act violation shall **be in the form of** a letter (original and three copies) and shall include the following information, **in the** sequence listed:
- (1) Title and Department of the Treasury symbol (including the fiscal year) of the appropriation or fund account, the amount involved for each violation, and the date on which the violation occurred.
  - (2) Name and position of **the officer or** employee responsible for the violation.
  - (3) All facts pertaining to the violation, including the type of violation (such as **overobligation** of an appropriation, **overobligation of an appropriation**, or **overobligation** of an allotment) and its primary **reason or** cause: any statement from the responsible officer or employee about any extenuating circumstances; and any germane report by the DOE Inspector General (**IG-1**).
  - (4) Statement of the administrative **discipline** imposed and any further action planned or taken for the officer or employee **involved in** the violation.
  - (5) When an officer or employee is suspected **of willfully** and knowingly **violating the** Anti-Deficiency Act, statement that all information has been submitted to the Department of Justice for a determination of whether further action is needed.
  - (6) Statement about the adequacy of the system of administrative control prescribed by the Secretary and approved by OMB, if such approval has been given. If the Secretary determines that the regulations need to be changed, **he or** she shall submit such proposals to the Director **of OMB**.
  - (7) Statement of any additional action taken by or at the direction of the Secretary, including any **new procedures** or **safeguards to** ensure that the violation does not recur.
  - (8) If another agency is involved, a statement concerning the steps taken to coordinate the report with the other agency.
- b. **Reports to Congress**. The report to Congress **shall** be in the form of identical reports **to the** Speaker of the House of Representatives and the President Pro Tempore of the Senate. If this report is identical to the one to the President,

the report **to the** President shall include **a statement to that** effect. **If it is** nonidentical, one copy of the report to Congress shall be **submitted to OMB with** the report to the President. The information required for reports to Congress is the same as that for reports to the President.

**c. Additional Reporting Requirements.**

- (1) Reports to the President and to Congress shall also **be made on** any violation not previously reported by the Department that is included in General Accounting Office findings in connection with an audit **or an investigation**. In such **a case**, the reports to the President and to Congress shall explain why the violation was not discovered and previously reported by the Department. If the Department does not agree that a violation has occurred, the reports to the President and Congress shall explain **DOE's** position.
- (2) When **OMB** determines that **a violation** of the **Anti-Deficiency Act** may have occurred, **it may** request that an **investigation or** audit be undertaken or conducted by DOE. In such cases, **a report** describing the results of the investigation or audit shall be submitted to OMB through the Secretary. If the report shows that the Anti-Deficiency Act has been violated, the Secretary shall so inform **OMB** and forward to OMB a copy of the report. If the report shows that the Anti-Deficiency Act has not been violated, the Secretary shall report to the President and to Congress as soon **as possible**. If the Secretary does not agree that a violation has occurred, the reports to the President and to Congress shall explain **DOE's** position.

d. **Timing of Reports.** The required reports, signed by the Secretary, must be made to the President and to Congress as soon as **a violation** is discovered.

**10. INTERNAL CONTROL CONSIDERATIONS.**

a. **Standards.** Adherence to strict standards of internal control is particularly significant **in the administrative** control of funds. DOE **1000.3B**, INTERNAL CONTROL SYSTEMS, of 7-5-88, provides detailed information on each of the following standards:

- (1) Documentation.
- (2) Recording of transactions.
- (3) Execution of transactions.
- (4) Separation of duties.
- (5) Supervision.
- (6) Access to resources.
- (7) Competent personnel. and

(8) Reasonable assurance.

b. **Control Objectives.** The specific control objectives for administrative control of funds are to ensure that the following requirements are met:

- (1) All changes in organization, operating procedures, and legal requirements are properly conformed.
- (2) Funds are expended solely for the purposes for which they were appropriated, except as otherwise provided by law.
- (3) Funds are certified as available and committed before obligation.
- (4) The **identity of** the responsible person and the extent of delegated authority are clearly understood.
- (5) Obligations are restricted to the period of time during **which an** appropriation or fund remains available for obligation purposes.
- (6) Obligations or expenditures are not authorized or incurred in **excess of** available funds **or in** excess of any legal or administrative limitations.
- (7) Only valid obligations are recorded **in the** accounting records, and all obligations incurred are recorded accurately and promptly.
- (8) Outstanding commitments and obligations are validated annually.





## CHAPTER II

### ACCOUNTING FOR APPROPRIATIONS AND OTHER FUNDS

#### 1. INTRODUCTION.

- a. **Background.** In general, an appropriation is an authorization by an act of Congress that permits a Federal agency to incur obligations or to spend public funds. DOE appropriations result from congressional appropriation acts in response to DOE budget requests. The acts provide the authority to incur obligations, which eventually become outlays payable by the Department of the Treasury. An appropriation usually follows enactment of authorizing legislation, normally a prerequisite for subsequent appropriations or other forms of budget authority (borrowing and contracting authorities) contained in appropriation acts. By itself, authorizing legislation does not permit an agency to incur obligations or make payments; the act must declare specifically that an appropriation is made. Appropriations to liquidate contract authority, appropriations to liquidate outstanding debt, and appropriations for refunds or receipts do not constitute budget authority because they do not provide authority to incur additional obligations. The Department of the Treasury establishes a separate account for each appropriation or fund following an act of Congress. DOE 5100.14, ALLOTMENT AND APPROVED FUNDING PROGRAM PROCESS, of 9-17-86, and Chapter I, 'Administrative Control of Funds,' provide additional guidance.
- b. **Applicability.** This chapter is applicable to all Departmental elements. This chapter does not apply to integrated contractors.
- c. **Policy.**
- (1) DOE appropriated funds shall be expended only for the purposes intended by Congress.
  - (2) A system of administrative control of funds shall be maintained to avoid overobligation of an appropriation.
  - (3) Appropriations shall not be obligated after the period of availability.

#### 2. OVERVIEW OF THE APPROPRIATION WARRANT, APPORTIONMENT, APPROVED FUNDING PROGRAM, AND ALLOTMENT PROCESS.

- a. **Appropriation Warrant.** After the passage of a DOE appropriation bill by Congress, the Department of the Treasury draws and forwards to DOE TFS Form 6200, "Department of the Treasury Appropriation Warrant." The warrant is the official document issued, pursuant to law, by the Secretary of the Treasury

that establishes the amount of money authorized **to be** withdrawn from the Department of the Treasury for payment of obligations.

- (1) The warrant is received **in the** Departmental Accounting and Analysis **Division (DAAD) (CR-42)**; DAAD shall **forward a** copy to the Budget Execution Branch **(CR-131)**, which shall compare the warrant with the apportionment received from the Office of Management and Budget **(OMB)** to ascertain the following:
    - (a) That the warrant and the apportionment **are reconcilable** with each other;
    - (b) That the appropriation symbol is the same on both; and
    - (c) That the legislation citation is the same on both.
  - (2) **DAAD records** the warrant in the Departmental Control Accounts by debiting Funds with **the U.S.** Treasury and crediting Appropriations Received.
  - (3) When DOE is required to operate under the **provisions of** a continuing **resolution**, the Budget Execution Branch requests a warrant from the Department of the Treasury for an amount consistent with the provisions of the **continuing** resolution. When appropriation legislation is subsequently passed, the Department of the Treasury prepares a warrant to cover the difference between the **continuing-resolution** warrant and the full amount of budget authority provided by the appropriation. DOE **5100.11A, BUDGET EXECUTION-OFFICE OF MANAGEMENT AND BUDGET APPORTIONMENT AND TREASURY WARRANT PROCESS**, of 5-18-92, and volume I, part 2, chapter 2000, of the Treasury Financial Manual (I **TFM 2-2000**) provide further discussion of warrants.
- b. **Apportionment.** The **OMB** apportionment process distributes funds **available** to DOE for obligation **of an** appropriation into amounts available for specified time periods, activities, projects, or objects, or combinations thereof.
- (1) The Budget Execution Branch requests the apportionment (Standard Form (SF) 132, 'Apportionment and Reapportionment Schedule') **from OMB** for budget authority, unobligated balances, reimbursements and other income, **recoveries of** prior-year obligations, and restorations and writeoffs.
  - (2) **DAAD records** the approved apportionment in the Departmental Control Accounts. Further **discussion of** apportionments is provided in DOE 5100. **11A, BUDGET EXECUTION--OFFICE OF MANAGEMENT AND BUDGET APPORTIONMENT AND TREASURY WARRANT PROCESS**, of 5-18-92.
- c. **Approved Funding Program and Allotment Process.** The approved funding program (AFP) and allotment process provides the **DOE accounting** system with the internal distribution of all obligational authority made available to the Department for the fiscal year. The **AFP and** allotment process is used to establish

and maintain specific controls, ceilings, and limitations imposed by Congress, OMB, or the Department on the use of the funds.

- (1) The allotment document, HQ F 2260.2, "Advice of Allotment," confers on the **allottee** the authority to incur obligations and make expenditures. The allotment also conveys any legal limitations imposed on the use of the funds. The field elements record allotments by debiting Unexpended Allotments and crediting Unobligated Allotments.
  - (2) **DAAD records** the allotment in the Departmental Control Accounts by debiting Funds Available for Allotment and crediting Unexpended Allotments. **DOE 5100.14, ALLOTMENT AND APPROVED FUNDING PROGRAM PROCESS**, of 9-17-86, provides further discussion of **AFP's** and allotments.
3. **ACCOUNT SYMBOLS.** All Government transactions are identified with applicable fund groups, which are classified through the assignment of account symbols by the Department of the Treasury.
- a. **Appropriation or Expenditure Account Symbols** consist of seven or more alphanumeric characters. The first two digits identify the agency responsible for the account (**DOE is 89**). The third character represents the period of availability of the appropriation for obligation, as follows:
    - (1) **Fixed Accounts are appropriation or** fund accounts with balances that are available for a definite period, as follows:
      - (a) **One-Year Appropriation.** A single digit (0-9) represents the last digit of the fiscal year in which the appropriation is available for obligation.
      - (b) **Multiple-Year Appropriation.** Two digits separated by a slash (/) indicate a multiple-year appropriation. The digit preceding the slash represents the last digit of the first fiscal year of availability, and the digit following the slash represents the last digit of the final fiscal year of availability.
    - (2) **No-Year Appropriation.** An X is used to indicate a no-year appropriation which is available for obligation indefinitely.
    - (3) **M Accounts are** expired accounts established before **11-5-90** that contain **unliquidated** obligated balances and that have been merged with **unliquidated** obligated balances from prior years. **DOE will** establish **no new** M accounts: **it will** phaseout all existing **M accounts** and cancel any remaining balances on 9-30-93.
  - b. **Appropriation Fund Account Type.** The last four digits identify the specific account by one of the appropriation fund account types described in paragraph 4.

- c. Receipt Account Symbols consist of six digits. The first two digits identify the agency responsible for the account (DOE is 89). The last four digits identify the account's fund group and major class. A list of these can be found in ITFM 2-1500.
4. TYPES OF ACCOUNTS. There are six types of appropriation accounts (general, special, trust, consolidated working fund, management fund, and revolving fund) for depositing and spending all public funds. The majority of DOE's appropriations are general fund accounts, and their accounting treatment is described in paragraph 5. The other types of appropriation accounts are discussed in paragraph 6. Deposit funds, which technically are liability accounts, are also discussed in paragraph.
- a. General Fund Receipt Accounts are credited with all receipts that are not earmarked by law for a specific purpose. The general rule with respect to these receipts from sources outside the Government is that all moneys received for the use of the Government shall be turned into the Department of the Treasury as general fund receipts and can be withdrawn only as a consequence of appropriations made by law (title 7, section 5.3. of the General Accounting Office Policy and Procedures Manual for Guidance of Federal Agencies). General fund receipts are deposited to specific receipt account symbols by fund group and major class, which can be found in ITFM 2-1500. Detailed procedures for depositing these funds are covered in DOE 2200.6, FINANCIAL ACCOUNTING, Chapter I, "Cash." The deposit will be recorded as a miscellaneous receipt with a debit to Funds Returned to Treasury and a credit to Net Cost of Operations. Additional guidance regarding all receipts is in DOE 2200.6, FINANCIAL ACCOUNTING, Chapter IX, "Reimbursable Work, Revenues, and Other Collections."
- b. General Fund Expenditure Accounts are established to record amounts appropriated by Congress for the general support of Government activities and the subsequent expenditure of these funds.
5. TRANSACTIONS BETWEEN APPROPRIATIONS AND BETWEEN FUND ACCOUNTS. An appropriation transfer is a transfer that, pursuant to law, withdraws budgetary authority or balances from one appropriation account for credit to another appropriation or from one fund account for credit to another fund account. An appropriation transfer requires the execution of SF-1151, "Nonexpenditure Transfer Authorization," to transfer the funds on the Department of the Treasury records and the submission of a reapportionment request, SF-132, "Apportionment and Reapportionment Schedule," to OMB. An appropriation transfer request should be made only to meet the requirements imposed by an unforeseen situation and only if postponement of the program, project, or activity would be detrimental to a DOE program or priority. An appropriation transfer should not be used to seek reconsideration of a program or funding that was denied, limited, or increased by Congress (DOE 5160. 1B, REPROGRAMMING, RESTRUCTURING, AND APPROPRIATIONS TRANSFER PROCEDURES, of 5-18-92). In contrast, transfer appropriations are established to receive and disburse allocations from an appropriation of another organization or agency. Such allocations and transfers are not adjustments to budgetary authority or balances of budget authority. Transfer appropriations are discussed in paragraph 5a(2).

a. Nonexpenditure Transfers.

- (1) Definition. "Nonexpenditure transfers" between appropriations and between fund accounts refer to the establishment or **modification of** appropriations on the basis of appropriation warrants, including increases or decreases in such appropriations pursuant to authorized **nonexpenditure** transfers between the appropriations and between fund accounts; borrowing from the Department of the Treasury and repayments of such borrowing; and credits to miscellaneous receipts representing repayment of the **Government's investment in a revolving fund** or distribution of earnings of **a revolving fund**.

(a) Types of Nonexpenditure Transfers.

- 1 **Nonexpenditure** transfers are limited to transactions in which both the withdrawal and the credit occur within one of the following **groups of** accounts:
  - a Accounts within the budget (general, revolving, management, and special accounts),
  - b Trust fund accounts, or
  - c Accounts outside the budget (deposit fund accounts),
- 2 Withdrawals and credits of the following general types of non-expenditure transfers constitute all the transactions in this category and shall not rerecorded or **reported as** obligations, expenditures, or reimbursements:
  - a Transfers Without Benefit to the Transferring Account include reorganization transfers, redistribution of appropriations or balances, and **redelegations of** authority, which permit funds to be expended under other **appropriations or** fund symbols.
  - b Borrowings from the Department of the Treasury Under Loan Authorizations include amounts advanced by the Department of the Treasury and amounts returned on principal. Interest payments represent expenditure transactions and are excluded.
  - c Capital Transfers represent the transactions of **a revolving fund** whereby capital investment of DOE or earnings **are transferred for** credit to designated capital transfer miscellaneous receipt accounts.
  - d Borrowings from Other Funds include amounts advanced by the Federal Financing Bank to agencies authorized to issue, sell, or guarantee **their obligations** in lieu of borrowing from the Department of the Treasury or **issuing securities to the public**.

However, any Federal **Financing** Bank action that reduces an appropriation balance with the Department of the Treasury rather than provides a **direct** advance will require obligation and disbursement **transactions to** balance with the Department of the **Treasury's** account.

**(b) Processing Nonexpenditure Transfers Out. DOE 5160.1B, <sup>REPROGRAM</sup> MINING, RESTRUCTURING, AND APPROPRIATIONS TRANSFER PROCEDURES,** of 5-18-92, describes procedures for processing the approval **of an** appropriation transfer request.

- 1 Following approval of the request, **SF-1151**, "Nonexpenditure Transfer Authorization," will be used for processing **nonexpenditure** transactions. The original request for transfer shall be transmitted **to DAAD** for preparation of the **SF-1151**. Generally, only one nonexpenditure transaction request should be documented on an **SF-1151**. However, an **SF-1151** may be used to document more than one transfer, provided that all of them are based on the same legal authority. The form must contain a citation of the legal authority for the transfer, including reference, wherever possible, to the United States Code.
- 2 Following receipt of the request, **DAAD** shall prepare the **SF-1151** and transmit the original **SF-1151** and four copies to:

Manager  
Finance and Funding Branch  
Financial Management Services  
Department of the Treasury  
Washington, DC 20226

**DAAD** shall retain one copy of the **SF-1151** pending the return **of an** accomplished copy.

- 3 The Department of the Treasury will transfer the funds and retain the original **SF-1151**. Two accomplished copies of the form will be returned **to DAAD**, which shall forward one to the Budget Execution Branch.
- 4 **DAAD** shall record the transfer of funds in Departmental Control Accounts from the retained copy.

**(c) Processing Nonexpenditure Transfers In.**

- 1 When the accomplished **SF-1151**, "Nonexpenditure Transfer Authorization," is received **by DAAD** from the Department of the Treasury, **DAAD** shall forward a copy to the Budget Execution Branch.

- 2 The affected program office shall request an **AFP** change, and the Budget Execution Branch shall **issue a** revised allotment and **AFP**.
  - 3 Detailed procedures for processing the transfer are covered in DOE **5160.1B, REPROGRAMMING, RESTRUCTURING, AND APPROPRIATIONS TRANSFER PROCEDURES. of 5-18-92.**
- (2) **Transfer Appropriation Accounts** are established to receive and disburse allocations for the benefit of the parent accounts. These include **transfers of part or all of an appropriation or fund** between agencies where the receiving agency establishes the amount transferred in a transfer **appropriation** account. A written agreement showing the purpose and amount to be transferred must be completed and signed by both agencies before the **allocation** is made. Such allocations and transfers are not adjustments to budget **authority or** balances of budget authority. Rather, these **transactions**, including any adjustments therein, are treated as nonexpenditure transfers **at the time the allocation is made**. The accounts carry symbols that identify the original appropriation from which moneys were advanced.

(a) **Allocations to Other Agencies.**

- 1 After DOE enters into a written agreement with the receiving agency, **DAAD** shall prepare **SF-1151, "Nonexpenditure Transfer Authorization,"** and forward it to the Budget Execution Branch for concurrence. After concurring, the Budget Execution Branch shall reduce the allotment of the transferring program and set the funds aside, making them unavailable for obligation by DOE because the other agency is authorized to use them. **DAAD** then shall submit the **SF-1151** to the Department of the Treasury for processing. When **DAAD** receives an accomplished copy of the **SF-1151** from the Department of the Treasury, indicating that the funds have been transferred, **DAAD** shall submit a copy to the Budget Execution Branch for preparation of an advice of transfer authorization and an **AFP**.
- 2 The agency receiving the allocation will report all transactions back to DOE **at the** end of each month on an **SF-133, "Report on Budget Execution."**
- 3 The **use** of transfer appropriations by DOE is limited to instances where no other reimbursement method will suffice to obtain the required services. No transfer appropriation shall be reprocessed without the approval of the Chief Financial Officer (**CFO; CR-1**). The preferred method of reimbursement is by cash disbursement based upon receipt of **a billing**. Cash disbursement is **covered in** DOE 2200, 6, FINANCIAL ACCOUNTING, Chapter I, "Cash."

(b) Allocations Returned to DOE.

- 1 When all or any portion of an appropriation that has been **transferred** to another Federal agency in the current **or in a prior** fiscal year **is to** be returned to DOE, the other Federal agency will transmit **SF-1151, "Nonexpenditure Transfer Authorization,** - to the Department of the Treasury to accomplish the return of the funds to the **DOE appropriation account** from which they were **transferred**. The **Department of** the Treasury, after processing the form, will transmit one **copy of** the form to DOE Headquarters, and **DAAD** shall duplicate the copy and forward **it to the** Budget Execution Branch.
- 2 **The** Office of Budget (**CR-10**) shall return the unused funds to the **allottee** for use, provided that they have not expired. The Budget Execution Branch shall revise the current AFP of the office involved and **issue an** advice of transfer authorization, reducing the transfer authority granted in the current fiscal year by the amount of the returned transfer appropriation.
- 3 The initiating program office, in reviewing the performance of the agreement, shall ensure that unused funds are returned to DOE.

(c) Allocations from Other Agencies.

- 1 When the accomplished **SF-1151, "Nonexpenditure Transfer Authorization,"** is received by **DAAD** from the Department of the Treasury, **DAAD** shall forward a copy to the Budget Execution Branch for preparation **of an** allotment **and AFP**. The allotment issued **pursuant** to the transfer provides the **authority to** incur obligations against the funds.
- 2 For accounting purposes, DOE's prefix shall be added to the **original** appropriation or fund account from the originating agency. **DAAD** shall report all transactions back to the issuing agency (parent account) at the end of each month. **DAAD** shall **prepare SF-133, "Report on Budget Execution,"** to report these transactions.
- 3 When any portion of an amount transferred **to DOE is** to be returned to the transferring agency, the program office returning the funds shall request that **DAAD** prepare **SF-1151**. When the **Department of** the Treasury approves the transfer, **DAAD** shall forward one **copy of** the approved **SF-1151 to** the Budget Execution Branch. The Budget Execution Branch then shall adjust the allotment and revise the AFP of the program office involved.



**b. Expenditure Transfers.**

- (1) **Definition.** Expenditure transfers are appropriation or fund account transfers between appropriation and fund accounts in different groups that represent payments, repayments, or receipts for **goods or** services furnished **or to** be furnished. Such transactions include the following:
- (a) Withdrawals and credits between accounts,
  - (b) All transfers between budgetary and **nonbudgetary** accounts,
  - (c) Annual travel advance adjustments.
  - (d) Adjustments to correct errors in expenditure transactions, **and**
  - (e) Withdrawals and credits between accounts nonspecifically **defined as "nonexpenditure transactions."**
- (2) **Types of Expenditure Transfers.** The following types of expenditure transactions each withdraw from one account and credit another; the Department of the Treasury records both sides of the transaction **as an** expenditure and repayment or receipt (for further discussion of these types of expenditure transfers, see **1 TFM 2-2500**):
- (a) Payments to other appropriations and funds as reimbursement or advances, including the following:
    - 1** Payments for reimbursable goods and services,
    - 2** Advance payments required by law,
    - 3** Advance payments to certain revolving and working capital funds, and
    - 4** Advance payments to management funds.
  - (b) Transactions between budgetary and **nonbudgetary** accounts, including withdrawals and credits between a deposit fund account and an account in any other fund group.
  - (c) Annual travel advance adjustments between the prior- and current-year appropriations for the amount of outstanding travel advances brought forward to the current-year appropriation.
- (3) **Processing Expenditure Transfers Within an Agency Location Code.** General Accounting Office Optional Form **1017-G, "Journal Voucher,"** **or other** approved forms shall be used to effect expenditure withdrawal and credits or adjustments to appropriation, fund, **and** receipt accounts when the transactions affect only the accounts of the same agency location code. The expenditure withdrawal and credits or adjustments covered in the

journal voucher shall be **included in SF-224**, "Statement of Transactions," provided **to the** Department of the Treasury. The initiating Field Element CFO (Field CFO) shall **retain** the journal voucher.

- (4) Initiating Expenditure Transfers or Adjustments Between Agencies Within the Department of the Treasury Disbursing Area SF-1081, "Voucher and Schedule of Withdrawal and Credits," is prescribed for **use as a combined** billing and payment document by agencies within the Department of the Treasury disbursing area, that is, agencies that report on SF-224, "Statement of Transactions." to process expenditure withdrawals and credits between appropriations, between fund accounts, and between receipt accounts. When SF-1081 is inappropriate for use, neither SF-1166, "Voucher and Schedule of Payments," nor a Department of the Treasury check shall be used to effect the transaction. Field CFO's using the Department of the Treasury's Online Payment and Collection (OPAC) System will no longer use SF-1081. For additional guidance on the SF-1081 and OPAC, see I TFM 2-2500, I TFM 6-10000, and DOE 2200.6, FINANCIAL ACCOUNTING, Chapter I, 'Cash.'
- (5) Receiving an Expenditure Transfer or Adjustment on Standard Form 1081, "Voucher and Schedule of Withdrawal and Credits." A Field CFO receiving SF-1081 must enter the voucher number, the **appropriation to be charged**, the **accounting** month in which the transaction will be reported, and the amount (which must agree with the billed amount). Once the transaction is verified as being proper, unaccomplished copy must be returned to the billing office for reconciliation. No copy of the SF-1081 shall be sent to the Department of the Treasury. The Field CFO shall complete payment of the SF-1081 by reporting both **the charge** to its appropriation and the credit to the billing office's appropriation on SF-224, "Statement of Transactions." For detailed guidance concerning payment and disputes of billed amounts, see I TFM 2-2500.
- (6) Expenditure Transfers Requiring Payment by Check Outside the Department of the Treasury Disbursing Area. Where transactions involve a paying or receiving agency outside of the Department of the Treasury disbursing area—that is, agencies not submitting SF-224, "Statement of Transactions"—payment must be made by check. In such instances when a check must be paid to DOE, the Department shall charge the other Federal agency on SF-1080, "Voucher for Transfers Between Appropriations and/or Funds." Other approved forms may be used in lieu of SF-1080. For detailed guidance on SF-1080 and other charge forms, see I TFM 2-2500.

6. OTHER TYPES OF ACCOUNTS AND THEIR ACCOUNTING TREATMENTS.

a. Special Fund and Trust Fund Accounts.

- (1) Special Fund Receipt Accounts are credited with receipts from specific sources that are earmarked by law for **specific** purposes. A special fund receipt **account is** not generated from a cycle of operations as a revolving fund: however, at the point of collection the receipts are available

immediately or unavailable for expenditure, depending upon statutory requirements. Special fund accounts are classified in the 5000 major class series of account symbols. Examples of DOE special fund accounts are 5105, Payments to States Under Federal Power Act; 5154, Clean Coal Technology; 5180, Alternate Fuels Production; and 5227, Nuclear Waste Disposal Fund.

- (2) **Trust Fund Receipt Accounts** are credited with receipts generated by the terms of trust agreements or statutes. At the point of collection, such receipts are also available immediately or unavailable for expenditure, depending upon statutory requirements. Trust fund accounts are classified in the 8000 major class series of account symbols, such as 8575, Advances for Cooperative Work.
  - (3) **Special Fund and Trust Fund Expenditure Accounts** are established to record amounts appropriated from special fund or trust fund receipts to be expended for special programs according to specific provisions of the law for special funds and to be expended in carrying out specific purposes or programs according to the terms of a trust agreement or statute for trust funds.
  - (4) **Accounting Treatment.**
    - (a) All receipts for credit to special funds and trust funds shall be accounted for under receipt account symbols assigned by the Department of the Treasury. Requests for account symbols should be forwarded to DAAD.
    - (b) Available receipts shall be scheduled for deposit according to collection procedures detailed in DOE 2200.6, FINANCIAL ACCOUNTING, Chapter I, "Cash."
    - (c) For funds that are available for expenditure, the Office of Budget shall issue an AFP document and an allotment to the cognizant recipient.
    - (d) The accounting entries for recording the obligations and expenditures of these available funds are the same as those for other appropriated moneys. DOE 2200.6, FINANCIAL ACCOUNTING, Chapter IX, "Reimbursable Work, Revenues, and Other Collections," establishes policies for the acceptance and deposit of funds provided by non-Federal entities as partner shares of cosponsored projects.
- b. **Consolidated Working Fund Accounts** are established to receive advance payments from other agencies and for subsequent disbursement of these advances through provisions of law. Consolidated working funds are credited with advances from more than one appropriation for the procurement of goods or services to be furnished by the performing agency with the use of its own facilities within the same fiscal year. These accounts are subject to the fiscal year limitations of

the appropriations or funds from which they are advanced. An advance to DOE represents a liability of the working capital fund pending delivery of the goods and services and shall be rerecorded as a liability. DOE currently does not have a consolidated working fund. This method of financing reimbursement for goods and services provided by one agency for another should be used only in instances where arrangements for current billings and reimbursements are impracticable and must be approved by the Department of the Treasury. Accounting for amounts received for reimbursable work is discussed in DOE 2200.6, FINANCIAL ACCOUNTING, Chapter IX, "Reimbursable Work, Revenues, and Other Collections."

- c. Management Fund Accounts are working fund accounts authorized by law to facilitate accounting for administration of intragovernmental activities other than a continuing cycle of operations. Management fund accounts receive advances from two or more appropriations and are classified into a single account in order to finance activity more efficiently. These accounts are classified as either annual or no-year accounts, depending on the circumstances. DOE does not have a management fund account. Accounting is the same as for a consolidated working fund account.
- d. Revolving Fund Accounts
- (1) Revolving funds are authorized by Congress to provide financing for continuing cycles of operations, and receipts derived from such operations usually are available in their entirety for expenditure without further congressional action. Revolving funds may be classified into two broad categories: those established to serve the needs of agencies of the Federal Government and those established primarily to serve the needs of the public.
  - (2) Three principal activities of DOE have revolving funds that serve the public in that they sell products to customers and generate revenues: the Bonneville Power Administration, the Western Area Power Administration, and the Isotope Production and Distribution Fund. Their revenues are deposited in self-financed revolving funds, which are used to finance current operations. "Revolving fund" in this instance has a much broader application than in paragraph 6d(1). The Bonneville fund, for example, consists of all receipts, collections, and recoveries from all sources, including trust funds, sales of bonds, and congressional appropriations. All these funds are available for expenditure. Additional accounting procedures for the Bonneville Power Administration, the Western Area Power Administration, and the Isotope Production and Distribution Fund are maintained at the local level.
- e. Deposit Funds record receipts and subsequent expenditures of funds held in suspense temporarily and later returned or paid into Department of the Treasury receipts upon determination of proper disposition. Deposit fund accounts are classified in the 6000 major class series of account symbols.

- (1) **Types of Deposit Funds.** The **deposit** fund liability account shall be credited for the following types of deposits:
- (a) Payroll deductions for savings bonds (**89X6050**) or State income taxes (**89X6275**) pending payment:
  - (b) Deposits received from outside sources **for which DOE is** acting solely as a banker, fiscal agent, or custodian (DOE examples **include** Accounts 896424, Advances for Cosponsored Projects: 896425, Payments by Alleged Violators of DOE Regulations: and 896427, Low-Level Radioactive Waste):
  - (c) Moneys held by DOE awaiting distribution on the basis **of legal** determination, such as money in dispute between DOE and an outside party; and
  - (d) Unidentified **remittances**, which are credited as suspense items outside the **budget in** account **89X6875**.
- (2) **Disposition.** Once the disposition **of a** receipt is determined, the Field CFO shall remove the receipt from the deposit **fund** account **and record it in** the applicable account or return it, as appropriate.
- (3) **Review.** Deposit funds shall be reviewed at least quarterly to ensure that moneys in the deposit fund accounts are transferred as promptly **as possible** to the credits of the applicable accounts or that they are refunded appropriately.

7. **CONTROLS ON AVAILABILITY OF APPROPRIATION ACCOUNTS.** Public Law 101-510, enacted 11-5-90, amended subchapter IV of title 31, United States Code, to prescribe rules for determining the availability of appropriation and fund balances and to establish procedures foreclosing appropriation and fund accounts.

- a. **Definition.** The accounting terms associated with procedures for closing accounts are **defined as** follows:
- (1) **Adjustments to Expired Accounts** are increases or decreases in commitments, obligations, or expenditures. These adjustments include recording commitments, obligations, or expenditures made or incurred before expiration or cancellation of the account, but not recorded.
  - (2) ~ are accounts with **unliquidated** or unobligated balances that have been canceled. Once balances precanceled, the amounts are not available for obligation or expenditure for any purpose.
  - (3) **Contract Change in paragraph 7 is** an order related to an **existing** contract under **which a** contractors required to perform additional work. The term does not include adjustments **related to** an escalation clause or to any other obligation adjustments. **It also does not** apply to unexpired accounts.

- (4) Closed Account Transactions refer to all allotments and corresponding obligation adjustments for closed fixed accounts where current-year funds are used to cover the adjustments. They are identified in the Financial Information System by status code **MM**.
- (5) Prior-year Deobligations are obligations recovered from balances of expired appropriations that will be available for allotment for a 5-year period to fund obligation adjustments certified by field offices. Prior-year deobligations will be identified with a **PY code** in the status code field of the accounting record. The PYcode (Prior Year Deobligations) will also identify funds recovered because of **deobligation** of prior-year obligations unexpired and no-year appropriations. Funds withdrawn and recovered will **not be available for an obligation adjustment or reobligation** unless they have been reallocated.
- (6) Unexpired Accounts are appropriation or fund accounts in which the balances are available for incurring obligations because the time available for incurring such obligations has **not yet** expired.
- (7) Expired Accounts are appropriation or fund accounts whose balances are no longer available for incurring new obligations because the time available for incurring such obligations has expired. There are various types of expired accounts:
  - (a) Expired Accounts Established Under Public Law 101-510 are expired accounts that contain **unliquidated** obligated and unobligated balances; maintain their fiscal year identity for **5 years**; and are available for recording, adjusting, and liquidating obligations properly chargeable to those accounts. These accounts begin with balances that **expired on 9-30-89**.
  - (b) M Accounts are expired accounts established before 11-5-90 that contain **unliquidated** obligated balances and that have been merged with **unliquidated** obligated balances from prior years. Generally, **M accounts** have been merged and titled according to appropriation general purpose. No new M accounts will **be established**, and existing **M accounts** are being phased out. The last ones are scheduled to be canceled on 9-30-93.
  - (c) Surplus Funds are expired accounts established before 11-5-90 with unobligated balances that have been restored to the individual expired accounts that originally contained only the obligated balances (see paragraph 7a(7)(b)). These balances no longer **exist as** separate accounts.
  - (d) Merged Surplus Authority comprises expired accounts established before 11-5-90 that have balances that were available for upward adjustments to previously incurred obligations and that were **cancelled on 12-5-90**. These are unobligated balances withdrawn by the Department of the Treasury for accounts that have been expired longer than **2 years**.

- (8) Fixed Accounts are appropriation or fund accounts **with** balances that are available for a **definite** period of time. The fixed accounts comprise annual and **multiyear** accounts. The **universe of appropriation or** fund accounts consists of fixed accounts and no-year accounts.
- (9) Unrecorded Obligations are obligations that were legitimately incurred before expiration of obligational availability but that were not recorded. For purposes of paragraph 7, unrecorded obligations are included in obligation adjustments.

**b. Revised Duration of Expired Accounts.**

- (1) As of **11-5-90**, no new obligated balances will be transferred **to M** accounts. Instead, separate expired accounts for each fiscal year of each fixed account will be maintained by fiscal year identity **for 5** years. During this **5-year** period, obligations maybe adjusted and disbursements maybe made from these accounts.
- (2) Unobligated balances will not be withdrawn from expired accounts: they will remain avail able for legitimate obligation adjustments, but not for new obligations. As of the end of **the 5th** fiscal year after the period of obligational availability ends for each account, all obligated and unobligated balances shall be canceled and the expired account shall be closed. No obligational adjustments or disbursements may be made from closed expired accounts. **For** example, accounts that expired in fiscal year 1989 will be closed **as of 9-30-94**.
- (3) Any **unliquidated** obligations and unobligated balances that precanceled after the **5-year** period may bepaid from the current unexpired appropriation made for the same general purpose.
- (4) Payment of an old balance from unexpired funds is limited **to 1 percent of** the unexpired appropriation made for the same general purpose. Specifically, the following limitations apply:
  - (a) For an annual account, the **limitation is 1 percent** of the annual appropriation for the account, not total budgetary resources.
  - (b) For **a multiyear** account, the limitation **of 1 percent appl ies to** the total unexpired funds available in the first year of the **multiyear** account. Thus, if **a multiyear** account for fiscal years 1992 through 1994 were enacted in fiscal year 1992 and the 1-percent limitation were equal to \$100,000, **if \$90,000** were used by the end of the fiscal year 1992, then the unused, unexpired portion **(\$10,000)** would remain available for use during fiscal years 1993 and 1994.
- (5) No other budgetary resources may be considered in applying the 1-percent limitation. Previously unrecorded obligations, as defined in paragraph **7a(9)**, may be paid from an unexpired **account as** if they were canceled bal-ances. Paragraph **7g** describes alternatives for payment of old **balances in** excess of the 1-percent limitation.

- (6) When payments are to be made from a current appropriation account for obligations of a closed account, DAAD shall request a subclass account from the Department of the Treasury in order to record such payments on the Department of the Treasury's books and shall report such payments monthly on SF-224, "Statement of Transactions." Requests for subclass accounts must be resubmitted in writing and include the purpose of the payment. The mailing address is:

Budget Reports Branch  
Financial Management Service  
Department of the Treasury  
Liberty Center (UCP, Room 749)  
Washington, DC 20227

c. Transition Period for Existing M Account Balances.

- (1) Except as noted in paragraph 7e, amounts transferred to M accounts before 9-30-90 will remain available for disbursement until 9-30-93. During this **3-year** transition period, at the end of each fiscal year, any unobligated balance not used to offset a legitimate increase in **obligation** in an M account must be canceled and will not be available for restoration.
- (2) As of 9-30-93, any obligated balance in an M account will be canceled. Any payment associated with such a **balance** or with the related account that comes due after 9-30-93 may be paid from the unexpired appropriation made for the same purpose, subject to the following limitations:
- (a) No more than 1 percent of the **unexpired** appropriation or the **unexpended balance** of the original appropriation, whichever is less, may be used to pay any canceled balance (see paragraph 7b(4) for treatment of annual and **multiyear** appropriations).
- (b) No payment may be made that would cause cumulative outlays to exceed the unexpended balance of the original appropriation. The **CFO** shall arrange to track the determinable unexpended balance of each appropriation in an M account to ensure that the **limit** is not exceeded.

d. Approving and Reporting Obligation Adjustments to Expired, Closed and M Accounts.

- (1) There are specific reporting and approval requirements for obligation adjustments related to a contract change, **which is** an order related to an existing contract under **which a** contractor is required to perform additional work.
- (2) Certain obligation increases related to a contract change must be approved in advance by the Secretary (S-1) or a designated officer **in the Secretary's** immediate office. Approval must be requested when a transaction will cause cumulative increases at the appropriation level for contract changes during a fiscal year to exceed \$4 million.



- (3) Contract changes that **result in** cumulative adjustments **of \$25 million or more** at the appropriation level **during a** fiscal year also require special approval. Such a pending obligation must **be reported in writing by the Secretary, in advance of obligation,** to the appropriate **authorizing committees** of Congress and to the Committees on Appropriations of both the House of Representatives and the Senate. The report must include a description of the legal basis for **the obligation** and the policy reasons for the obligation proposed. The obligation may not be made or recorded in the Financial Information System until 30 days have elapsed following **submission of** the report and until **obligational authority is allotted.** **OMB may** set cumulative levels, currently set **at the** appropriation level, but not amounts.

e. **Cancellation of 5-Year-Old M Account Obligations.**

- (1) Any unobligated and **unliquidated** obligations balances that **were in** M accounts longer than **5 years** (accounts that **expired by the end** of fiscal year 1983) were canceled and **withdrawn as of 3-6-91**, except under either of the following circumstances:
- (a) There was documentary evidence that **a payment** should have been made by 5-5-91.
- (b) The obligation was necessary for severance payments for foreign nationals.
- (2) **Any** residual balances after 5-5-91 were withdrawn and canceled effective 5-6-91.
- (3) Department of the Treasury Bulletin 91-03, "**Merged Surpluses, Closed Accounts, M Accounts and Fiscal Yearend Reporting.**" of 12-31-90, contains guidance for canceling, withdrawing, and reporting these **5-year-old** M account obligations. The Department of the Treasury will revise **ITFM 2-2000** and **ITFM 2-4200** to include these new requirements.
- (4) At the end of each fiscal year after 1991, any unobligated and **unliquidated** obligations balances that have been **in M** accounts longer than 5 years must be canceled. This rule applies to accounts that expired **at the end of** fiscal years 1984 through 1988. For accounts that expired **at the end of** fiscal years 1984 and 1985, obligated balances must be **canceled at** the end of 9-30-91 (the source documents will identify the fiscal year). For example, accounts that expired **at the end** of fiscal year 1984 must be canceled **on** 9-30-91.
- (5) Obligations related to these canceled balances may be paid from unexpired (that is, current) appropriations, subject to the limitations **stated in** paragraphed. For payment alternatives, see **paragraph 7f.**

- f. **Alternatives for Payment of Old Obligations.** The availability for expenditure of a specific account may be changed **through** specific legislative authority. Where the nature of the program requires disbursements beyond the **5-year** period, the Office of Budget shall **submit proposed changes** to appropriation

language for approval by the OMB budget examiner. The office should **request** this authority only if payment of old balances from unexpired funds (**based on** historical outlay data) would regularly exceed the 1-percent **limitation or** would severely impact the current program. Absent this OMB authority, DOE must seek reappropriation **of a** canceled balance and must defer payment until the appropriation is available. In most instances, payment of canceled balances will not be eligible for funding from the Department of the Treasury's **General Claims Fund**.

- g. **Application of the 1-Percent Limitation**. The 1-percent limitation **is a** single, cumulative limit, and all aspects of the Anti-Deficiency Act are applicable to fund limitations. In **no case** may more than 1 percent of unexpired funds be used to pay any combination of canceled obligations (see **paragraph 7b** for treatment of annual and **multiyear** appropriations). This authority also may not be used to exceed an original appropriation. The Financial Information System will track the unexpended balances **of all** expired appropriations not canceled to prevent overpayment. For obligations pertaining to closed accounts, the Budget Execution Branch shall maintain balances and ensure that the 1-percent limitation is not exceeded.
- h. **Merged Surplus**. All merged surplus authority was **canceled on** 12-5-90. **Consequently**, merged surplus amounts are no longer available for restoration to DOE accounts and should be removed from Departmental records as available funds. This **applies to** accounts with obligational authorities that expired at the end of fiscal year **1988 or** before. The Department of the Treasury will take the necessary **steps** to cancel and restore merged surplus funds. Merged surplus authority is not to be confused with withdrawn surplus authority.
- i. **Yearend Reporting Requirements**. Following the **close of** each fiscal year, the Secretary shall submit to the President, the Secretary of the Treasury, and Congress a report regarding **unliquidated** obligations, unobligated balances, canceled balances, and adjustments made to appropriation accounts during the completed fiscal year. **The report** is due **15 days after** the President's **budget** is **submitted to** Congress. The Department of the Treasury will issue implementing instructions.
- j. **Other Provisions**.
- (1) Some collections are authorized or required to be credited to an **appropriation** or fund account. **When** such collections are received after the account is closed, they shall be **deposited in** miscellaneous receipts. Collections would typically **occur** for administrative accounts receivable, reimbursable work, or refunds.
  - (2) Audit requirements, **limitations** on obligations, and reporting **requirements that are applicable** to an unexpired account shall continue to apply to that account after the end of the period of availability for obligation or expenditure of that account.

- (3) The President **or the** Secretary may Close an account available for an indefinite period (no-year account) if its purpose has been **fulfilled and** if no disbursements have been made **for 2** consecutive fiscal years.
- k. **Apportionment Procedures.** Except as otherwise determined **by OMB, DOE is** required to request **that 1** percent of every account shall be separately **apportioned at** the beginning of the fiscal year for the purpose of paying legitimate obligations related to canceled and closed appropriations. To the extent that DOE does not need to use these funds for paying such obligations, the Department may request reapportionment of such funds. Also, to the extent that supplemental appropriations are enacted, reapportionment of the **"1-percent"** funds may be requested. The Office of Budget shall issue implementing instructions.
1. **Anti-Deficiency Act Violations.** **As a** result of the new rules and procedures in determining the availability of appropriation and fund balances, changes were made in determining whether there has been a violation of the Anti-Deficiency Act. These changes have been included in Chapter I, **"Administrative Control of Funds, "** paragraph 7.



CHAPTER III  
ACCOUNTING FOR OBLIGATIONS

1. INTRODUCTION.

- a. Background. This chapter prescribes general requirements **applicable to** incurring, recording, and reporting obligations. Illustrative entries for recording obligations **are in DOE 2200.10A, ACCOUNTS, CODES, AND ILLUSTRATIVE ENTRIES, Chapter III, 'Accounting Entries.'**
- b. Applicability. This chapter **applies to** all Departmental elements. This chapter does not apply to integrated contractors.
- c. Policy. Departmental policy for **obligations is** as follows:
- (1) Obligations must be incurred for the purpose for which they are intended and within the time limits applicable to the appropriation.
  - (2) Unless specified otherwise bylaw, **a fiscal** year appropriation maybe obligated only to meet a bona fide need arising in the fiscal year(s) for which the appropriation is available.
  - (3) Adequate controls must be exercised to ensure that fund limitations are not exceeded.
  - (4) Each obligation **must be** recorded when as soon as possible after the event that gives **rise to it**, but **in no** case later than the end of the month in which the event occurs.
  - (5) Every valid obligation must be rerecorded, even when authority for the obligation has been exceeded with regard to dollar limitations, purpose, or time constraints. Guidance covering availability of prior-year funds **is in** Chapter II, "Accounting for Appropriations and Other Funds," paragraph.
  - (6) Each obligation must be managed effectively from the point of inception through cost and payment or **deobligation.**
  - (7) At least annually, **a complete review of** all unpaid obligations **must be** conducted, and all unsubstantiated obligations and excess funds **must be deobligated.**
  - (8) Recovery of funds obligated in prior years must be recorded and reported as such, unless otherwise excluded. These funds may **be deobligated** at any time, but they shall not be available for reuse until they have been formally allotted.
  - (9) Documentary **evidence in** support of obligations must be maintained.

## 2. STATUTORY REQUIREMENTS.

- a. Before obligations can be legally incurred, appropriations for that purpose must be made by Congress and apportioned by the Office of Management and Budget (OMB), except in those cases where there is specific statutory authority for executing contracts without appropriations. Further **discussion of** the availability of appropriations is in Chapter I, "Administrative Control of Funds," and Chapter II, "Accounting **for Appropriations** and Other Funds." Contingent liabilities are discussed in DOE **2200.6, FINANCIAL ACCOUNTING**, Chapter VII, "Liabilities."
- b. Except as otherwise provided by law, each sum appropriated shall be applied solely to the purpose for which **it is** intended, and to no other.
- c. **A time-limited** appropriation is available for obligation only during the period for **which it** is authorized, but it remains available for adjustments, including previously unrecorded valid obligations, and expenditures to liquidate valid obligations **for 5** additional years.
- d. **Allottees** administering appropriated funds shall be responsible for ensuring that the amount obligated under any particular statutory limitation does not exceed the limitation and for establishing such records or accounts and preparing such reports as maybe necessary to ensure compliance with the limitation.
- e. An amount shall be recorded as an obligation only when it is supported by documentary evidence of one of the following (31 U.S. C. **1501(a)**):
  - (1) A binding agreement between an agency and another person (**including an agency**) that fulfills both of the following criteria:
    - (a) In writing, **in a way** and form and for a purpose authorized by law, and
    - (b) Executed before the end of the period of availability **for obligation** of the appropriation or fund used for specific goods to be redelivered, real property to be bought or leased, or **work or service to be** provided:
  - (2) **A loan agreement** showing the amount and terms of repayment;
  - (3) An order required by law **to be** placed with an agency;
  - (4) An order issued under a **law authorizing** purchases without advertising under any of the following conditions:
    - (a) When necessary **because of** a public exigency,
    - (b) For perishable subsistence **supplies, and**
    - (c) **Within specific monetary** limits;

- (5) **A grant or subsidy payable** under any of the following conditions:
- (a) From appropriations made for payment of, or contributions to, amounts required to be paid in specific amounts fixed by law or under formulas prescribed by law.
  - (b) Under an agreement authorized by law, and
  - (c) Under DOE-approved plans consistent with and authorized by law:
- (6) Liability that may result from pending litigation;
  - (7) Employment or services of persons or expenses of travel under law;
  - (8) Services provided by public utilities; and
  - (9) Other legal liability of the Government against unavailable appropriation or fund.

3. **RESERVATION OF FUNDS.** In accordance with Chapter I, "Administrative Control of Funds," funds shall be reserved prior to incurring obligations. A reservation (also referred to as "**commitment**" or "**initiation**") of funds is a budgetary and accounting action taken to reserve funds to insure that funds are available before contractual documents are consummated or to insure that funds are available for current-year requirements for travel, payroll, or miscellaneous **noncontractual** obligations. A reservation permits the processing of obligations up to the amount of the reservation without recertification of funds availability. If an obligation will exceed the amount of the reservation, then funds must be recertified. A reservation is recorded each time a program release document is created and funds are certified as available. Reservations also are recorded for expected payroll expenditures, contingent liabilities, and other anticipated expenditures. Fund reservations are valid only during the fiscal year in which they are executed. If funds are **not obligated** by the end of the fiscal year, a new reservation of funds must be made in the new fiscal year.

4. **APPROPRIATION LIMITATIONS.** One of the primary means of control of appropriations by Congress is by placing time limits on their availability. A **time-limited appropriation** is available for obligation only during the period for which it is made, but it remains available for **5 years** for adjustments, including previously **unrecorded** valid obligations, and for expenditures to liquidate properly made **obligations**. The numbering system for identifying appropriations is in Chapter II, "Accounting for Appropriations and Other Funds." Classified on the basis of duration, appropriations are of fixed **duration** (annual and **multiple year**) and no year. An appropriation is assumed to be an annual appropriation unless the appropriation language specifically states otherwise.

a. **Annual Appropriations.** An annual appropriation (also called a **fiscal year** or a 1-year appropriation) is made for a specified fiscal year and is available for obligation only during the fiscal year for which it was made. Unless specified otherwise by law, the appropriation is available only to meet bona fide needs of

the fiscal year for which **it was appropriated**. If annual funds **are not obligated** by the end of the fiscal year **for which** they were appropriated, they are no longer available for **obligation** and are **said to have "expired."** Expired accounts **maintain** their fiscal year identity for **5 years** and are available for recording, **adjusting**, and liquidating obligations properly **chargeable to** those accounts. Further **discussion of fund availability is** in Chapter II, paragraph. Unless specified otherwise by law, the bona fide need rule (applicable only for annual or multiple-year funds) means that obligations may be incurred only to meet needs arising in the current fiscal year. For example, suppose that as the end of **a fiscal** year approaches, a program purchases a truckload of stores inventory when **it is** clear, based on current usage, that **it** already has in stock enough stores inventory to last several years into the future. It would appear that the program is merely trying to use up its appropriation before **it expires**, and the purchase would violate the bona fide need rule. **Determination of** what constitutes a bona fide need for **a fiscal** year depends largely on the facts and circumstances of each case. The following are some instances of bona fide need:

- (1) **Delivery of Materials Beyond the Fiscal Year**. An obligation can be made against current-year funds for materials to be redelivered **and paid for in** the next fiscal year if delivery is not possible within the current fiscal year and if the goods are not standard **commercial** items that are readily available from other sources.
- (2) **Support Service Contracts**. If **a service** contractual **is for a product** (for example, a report), then the entire amount may be obligated against the current-year appropriation. If the service contract simply provides **for a** continuing service, then only the amount of services to be provided in the current fiscal year may be obligated.
- (3) **Replacement Contracts**.
  - (a) If a contract performance period has extended beyond the period of **availability of** a fiscal year appropriation and it becomes necessary to terminate the contract because of **contractor's** default or for convenience of the Government in response to a court order or **determination** by another competent authority that the contract award was improper, the moneys remain available **to fund** a replacement contract provided that the following are true:
    - 1 The original award was made in good faith,
    - 2 The agency has a continuing bona fide need for the goods or **services** involved.
    - 3 The replacement contract is of the same size and scope as the original contract, and
    - 4 The replacement contract is executed without undue delay after the original contract is terminated.



(b) If a contract is determined to be invalid and canceled rather than terminated, no binding agreement is considered to have ever existed, and the original funds cannot be regarded as having been obligated; therefore, in the case of a cancellation, the original funds are not available to fund a "replacement contract" in the following fiscal year (38 Comp. Gen. 190(1958)).

- b. Multiple-Year Appropriations. A multiple-year appropriation is available for obligation for a definite period in excess of 1 fiscal year. Except for the extended period of availability, a multiple-year appropriation is subject to the same restrictions applicable to an annual appropriation and remains available as an expired account for 5 years following the definite period, for recording, adjusting, and liquidating obligations.
- c. No-Year Appropriations. A no-year appropriation is available for obligation without fiscal year limitation. All statutory time limits on when the funds may be obligated and expended are removed, and the funds remain available for their original purposes until they are obligated and expended. In addition to the restrictions that may be imposed by the apportionment, there is an important statutory restriction on the availability of no-year funds. An appropriation account available for an indefinite period shall be closed, and any remaining obligated or unobligated balance in that account shall be canceled and thereafter shall not be available for obligation or expenditure for any purpose if the following are true:
- (1) The Secretary or the President determines that the purposes for which the appropriation was made have been carried out, and
  - (2) No disbursement has been made against the appropriation for 2 consecutive fiscal years.

## 5. TYPES OF OBLIGATIONS

### a. Contracts.

- (1) Contracts. An obligation shall be recorded based on an integrated contract or contract modification that normally is supported by a locally issued approved funding program providing for operational requirements of the current year. It is essential that each contractor's cost and outstanding commitment levels be followed closely to ensure that the program being carried out does not exceed funds obligated on DOE's records. Approved funding programs issued to contractors shall be consistent with amounts obligated by DOE, including appropriate adjustments and limitations in the event of a continuing resolution.
- (2) Firm Fixed Price Contracts. Obligations shall be recorded for the total amount stated in a firm fixed price contract when the contract is executed. An exception to this policy is made if the contract contains a limitation of Government obligation clause and the project has been approved through the budget process for incremental funding; then the contract may be

funded incrementally: that is, obligations maybe recorded to cover termination costs and current-year requirements only. When the **termi-** nation costs decline as the project approaches completion, the obligations **should be** reduced accordingly.

- (3) Fixed Price Contracts with Escalation, Price Redetermination, or Incentive Provisions. When a fixed price contract is executed, an obligation shall be recorded in the amount of the price stated in the contract **or in** the amount of the billing price if the contract **includes** an incentive clause. The initial obligation shall **include an** amount to cover the expected payments to be made under **the variable** conditions of the contract, such as engineering services, prepaid transportation, and **container** deposits. The recorded obligation shall be adjusted to cover price revisions at the time the revisions are **determined in** accordance with the contract.
- (4) Cost Reimbursement Contracts and Time and Material Contracts include cost plus fixed **fee, cost,** cost sharing, cost plus incentive fee, cost plus award fee, time and material, and labor hour contracts. When a contract is executed, an obligation shall be recorded in **an amount not in** excess of the total estimated costs, including the fixed fee in the case of a cost plus fixed fee contract and the target fee in the case **of a** cost plus incentive fee contract. Adjustments to the initial recorded obligation shall be made **only** when they are supported by properly executed modifications to the contract.
- (5) Indefinite-Delivery-Type Contracts.
  - (a) Open-End or Indefinite Quantity Contracts include "call" contracts, "options" contracts, "as desired-or-wish, want, **or will**" contracts, "basic agreements" and "**basic** ordering agreements." "**blanket** purchasing agreements" for small orders, and "indefinite delivery contracts." These contracts are collectively termed "**open end**" because they place no obligation **on the** Government, regardless **of its** requirements, to place orders beyond any stated minimum quantity. Funds for the stated minimum quantity are obligated upon execution of the contract. Funds for any **quantity in** excess of the stated minimum are obligated upon issuance of the order.
  - (b) Definite Quantity Contracts provide for **deliveries of** definite **quantities** of specific goods or services for fixed periods, with **deliveries scheduled** at designated locations. DOE is obligated to purchase the quantity of supplies or services designated in the **schedule of** a definite quantity contract. Depending upon the situation, **a definite** quantity contract may provide **for a** fixed **unit or a** fixed price. The entire contract amount is recorded as an obligation against the appropriation available at the time of contract award.
  - (c) Requirements Contracts provide for **filling all** actual purchase requirements for specific goods or services during specified **contract** periods, with deliveries to be rescheduled by placing orders with

the contractor. Because a contractor does not normally incur expenses against the contract and DOE does **not incur a legal obligation to pay** until a delivery order is issued, the **obligation is recorded** when the **delivery order is issued**, and it is based on the dollar limitation affixed to the delivery order.

- (d) **Task Order Contracts** are usually service-related contracts that are awarded for specific performance periods. Subsequent to the award of **such a contract, a task order is issued** to the contractor. The task order provides the scope of work, the deliverable, and the expected cost for the deliverable. **Because a contractor does not normally incur expenses against the contract and DOE does not incur a legal obligation to pay until a task order is issued**, the obligation is recorded when **the task order is issued**, and it is based on the dollar limitation **affixed to** the task order.

(6) **Contracts Under Specific Statutory Authority.** The DOE obligation for a contract under specific statutory authority (such as the acquisition of source material or utility services) shall be recorded at the **beginning of** each month or quarter for the estimated deliveries during that period. At the end of each fiscal year, the unpaid obligation under the contract shall be adjusted to the actual or estimated amount then determined to be due for deliveries actually received through the **end of** the fiscal year. If contracts for procurement of source materials or utility services under **specific** statutory authority require DOE to pay for all **or a portion of** special facilities constructed for purposes of carrying out the contract and if the unamortized portion of the **cost of such facilities automatically** becomes due when the contract is canceled, the DOE liability for the unamortized portion of the cost of such facilities shall be obligated only when the contract is canceled.

(7) **Other Contracts.**

- (a) **Contracts Authorizing Variations in Quantities.** An obligation shall be recorded when a contract is executed and **only in** the amount and for the quantity specified for delivery, exclusive of permitted variations. The amount so recorded shall be increased or decreased to cover the amount for the quantity actually delivered and accepted.
- (b) **Combination Contracts** are contracts or agreements that contain more than one type of obligation. The total amount to be recorded as an obligation upon execution of such a contract should **be the sum of** amounts arrived **at as** appropriate for each of the various types.
- (c) **Contracts Covering Lands and Structures** involve procurement of land and interest in land, buildings and other structures, **additions to** buildings, nonstructural improvements, and fixed equipment. **Obligations** shall be established upon **execution** of the contracts for the total amounts involved, in the absence of incremental **funding as** described in paragraph **5a(2)**.

(d) **Operating Leases and Rental Contracts** convey the right to use property belonging to others for a period of time in return for payment of rent under terms set out in a contract. Leases funded by annual appropriations may not exceed the fiscal year unless a longer term is specifically authorized by legislation or the General Services Administration delegates long-term leasing authority for specific circumstances. Therefore, the obligation using annual appropriations will normally be delimited to the period of availability of the appropriation. DOE may lease property for more than 1 year provided that no-year funds are obligated for the full term of the lease. However, if such a longer term lease includes a cancellation clause, the obligation shall be limited to only the amount required for the fiscal year plus the required cancellation payment. Long-term leases without cancellation clauses in the contracts may unnecessarily tie up funds for long periods, and they are generally not consistent with good financial management. Additional details are provided in DOE 4300.1 C, REAL PROPERTY MANAGEMENT, of 6-28-92.

(e) **Letter Contracts and Amendments Thereto**. A letter contract, or any amendment thereto, must be sufficiently specific and definitive to show the purpose and scope of the contract finally to be executed and, when accepted in writing by the contractor, shall constitute documentary evidence to support the recording of an obligation at the time the document is executed. The obligation shall be recorded in the amount stated as the maximum under the letter or amendment. The maximum shall be the amount necessary to cover costs and commitments to be incurred by the contractor before the execution of a definitive contract. The obligation so recorded shall be increased or decreased to the amount provided for in the definitive contract when it is executed. If the letter merely indicates the Government's intention to enter into a contractual relationship at a later date, the amount involved shall be treated as preservation rather than an obligation.

(f) **Condemnation Proceedings**. For condemnation proceedings, the estimated price of the land at the time the Attorney General is requested to start the proceedings, adjusted to the amount of the payment to be held in escrow when there is a declaration of the taking, shall be obligated.

(g) **Capital Leases** are defined in DOE 2200.6, FINANCIAL ACCOUNTING, Chapter VI, "Plant and Capital Equipment." Each lease shall be obligated for the entire amount of the lease.

b. **Grants**. Grant obligations are incurred at the time unauthorized contracting officer signs the Notice of Financial Assistance Award. The grantee need not sign the Notice of Financial Assistance Award, accepting the award, for the obligation to be incurred and recorded. Once funds have been obligated for a grant, a modification or an amended Notice of Financial Assistance Award, signed by an authorized contracting officer, is required to deobligate funds. This applies to a newly awarded grant not accepted by the grantee, to a reduction in an amount previously awarded, and to a closeout adjustment to the

balance of a DOE obligation. DOE 4600.1A, FINANCIAL ASSISTANCE PROCEDURES MANUAL, of 4-1-87, treats the various steps in the grant process in detail.

- c. **Purchase Orders. Obligations** shall rerecorded in the amounts stated in the purchase orders for materials or services **at the** time they are issued.
- d. **Payroll.**
- (1) **Employee ' Salaries.** At the close of each pay period, the actual amounts earned by and paid to employees during the pay period from computations based on payrolls shall be obligated. Additionally, each month **the esti-** mated amounts due but not paid to employees are accrued and obligated, and this obligation is adjusted or reversed in the following month.
  - (2) **Other Charges Based on Salaries.** Living and quarters allowances; equal- ization allowances under **title 5**, section 3373, of the United States Code; and employers' shares of contributions to retirement funds, insurance premiums, and Federal Insurance Contributions Act and **medicare** taxes are obligated at the time employees' salaries are earned and obligated as stated in paragraphed. Other allowances, such as uniform allowances and incentive awards, are obligated when they become payable to the employees. Severance pay is obligated for the pay period covered, on a pay-period-by-pay-period basis. Annual leave for DOE employees **is obli-** gated when it becomes due and **payable as** terminal leave, **or when** otherwise specifically authorized by law, rather than **at the** time the leave is earned.
- e. **Travel.** Travel is obligated on the basis of approved travel orders issued and includes the total estimated transportation and employee travel expense for lodging, **per diem**, rented or privately owned vehicles, registration fees, and incidental travel expenses. For temporary-duty travel that does not span fiscal years, an estimated amount for all travel and related expenses is recorded as an obligation and adjusted to the actual amount upon settlement of approved vouchers and receipts. For temporary-duty travel that spans fiscal years, the travel expenses are obligated in the fiscal year when the actual **li-** ability to the Government is incurred. Expenses that should be obligated during the fiscal year when travel commences are all transportation expenses from and to **the traveler's** duty station: per diem and miscellaneous costs incurred before the end of the fiscal year; and any other costs requiring payment in the current fiscal year, such as conference or seminar registration fees. All other expenses that relate to the next fiscal year (normally, per diem **and mis-** cellaneous costs) are obligated when funds are made available at the beginning of the next fiscal year, either from **new appropri ations or** from allotted carryover for no-year appropriations. For permanent-change-of-station travel, an obligation is recorded against the current-year funds in which the **employee is** issued the travel orders.
- f. **Transportation of Other Goods.** When Government bills of lading, other com- mercial contracts, and intragovernmental orders for specific transportation are **awarded or** issued, funds are obligated. At year end, transportation that has not commenced is excluded; however, such an excluded item **shoul** d be

recorded as **an obligation of the succeeding fiscal year if the transportation** is still expected to be made. In the case of expenses for shipment of household goods and for other change-of-station expenses, an obligation shall be recorded against current-year funds when the employee is issued travel orders. **The obligation shall remain recorded until it is liquidated by payment, modification, or cancellation of the travel orders.**

9. **Communications and Public Utilities.** Normally, at the close of each month the estimated or actual amounts for metered services received in that month are obligated.
- h. **Agreements with Other Federal Agencies.** The Economy Act of 1932 (31 U.S. C. 1535) is an example of an authority that allows DOE to enter into agreements, to either acquire or provide goods or services, with other Federal agencies. DOE 2200.6, FINANCIAL ACCOUNTING, Chapter IX, "Reimbursable Work, Revenues, and Other Collections," provides the policies for funds-in agreements, and DOE 2200.5B, FUND ACCOUNTING, Chapter II, "Accounting for Appropriations and Other Funds," provides the policies for funds-out agreements.
- (1) **DOE as Ordering Agency (Funds Out).** An agreement made by DOE with another Federal agency for the furnishing of materials or services that are chargeable to DOE's appropriations shall be recorded as a valid obligation for the full amount stipulated in the agreement as of the date of acceptance. However, for agreements issued under the authority of the Economy Act, the amounts obligated under appropriations other than no-year appropriations must be obligated by DOE to the extent that they have not been obligated by the performing agency. When the agreement is executed by a transfer appropriation (SF-1151, "Nonexpenditure Transfer Authorization"), the obligation is recorded based on the obligation reported by the performing agency on its SF-133, "Report on Budget Execution."
- (2) **DOE as Performing Agency (Funds In).** Funds provided under reimbursable agreements are to be used solely for the intended purposes and in accordance with the legal and other limitations imposed on the use of funds as specified in the agreements. Failure to adhere to these limitations constitutes an unauthorized use of funds and a potential violation of title 31, section 1301, of the United States Code.
- (a) **Agencies with No-Year Appropriations.** Because no-year funds are available indefinitely, DOE may obligate these funds to the full extent of the agreement when the requirements of this chapter are met.
- (b) **Agencies with Fiscal Year Appropriations.** When the ordering agency's funds availability for obligation is restricted by the appropriation act to the fiscal year, DOE must obligate funds accordingly. For DOE to incur an obligation applicable to such funds for work to be performed in succeeding years, the obligation must meet both a bona fide need of the current fiscal year and the requirements of a valid obligation (see paragraph 2e). Under the Economy Act, any unobligated funds as of the last day of the fiscal year applicable to

agreements under fiscal year appropriations must be reported promptly to the ordering agency and are no longer available for obligations. There is, however, an exception for Economy Act agreements that also cite the Project Order Law (41 U.S.C. 23). Project order interagency agreements are sometimes used by military departments for ordering work and materials under the provisions of the Project Order Law. Unlike other Economy Act transactions, a project order agreement is not required to be deobligated at yearend if the performing agency has not incurred valid obligations under the agreement.

- f. **Interagency Orders Required by Law.** In some instances, the law requires that orders for supplies or services be placed with certain Federal agencies operating under self-sustaining, revolving, or working-capital funds established by law. An obligation shall be recorded at the time the order is issued to the other agency, even though the work may be completed or supplies may be delivered during the ensuing fiscal year. Such orders shall be reviewed annually.

j. **claims.**

- (1) **Tort Claims.** In the case of an award, compromise, or settlement of a tort claim by DOE in an amount of \$2,500 or less, funds are obligated, on the date of the award, compromise, or settlement (28 U.S.C. 2672), out of appropriations made available to DOE. An award, compromise, or settlement in excess of \$2,500 shall be disclosed as a contingent liability but shall be paid by the General Accounting Office under the Permanent Appropriation (31 U.S.C. 1304(a)), in accordance with the instructions found in DOE 2200.6, FINANCIAL ACCOUNTING, Chapter VII, "Liabilities."
- (2) **Contractor Claims Before the Board of Contract Appeals.** Insufficient funds are not obligated under the contract, the Field Element Chief Financial Officer (Field CFO) obligates funds in either of the following cases: (a) when a compromise or settlement agreement in favor of the contractor is effected while a claim is before the Board of Contract Appeals (BC-1), on the date (as soon after the date as possible) of the compromise or settlement agreement, and (b) if the board decision is adverse to DOE, on the date the decision becomes final (30 days after receipt of the decision by either party, unless either party requests board reconsideration within the 30-day period). The status of a board decision can be ascertained by checking with the board recorder.
- (3) **Claims Before the U.S. Court of Claims.** As contractors have the option of presenting their claims directly to the U.S. Court of Claims, the finance office shall obligate funds in the same manner as described in paragraph 5j(2).

k. **Transfers.**

- (1) **Cost of Work Performed by One DOE Office for Another.** When the performing office (or cost-type contractor) enters into an interoffice agreement based upon a certified request to perform work for which funds have been

reserved from another DOE office for the transfer of both the cost and the payment, the performing office shall not record the obligation in its accounts but rather shall send the requesting office a copy of the obligation document. The requesting office shall record a reservation upon issuing the certified request and an obligation as of its effective date upon receipt of the obligating document. Accounting for transfers is covered further in DOE 2200.9B, MISCELLANEOUS ACCOUNTING, Chapter VII, 'Transfers.\*

(2) **Transfers of DOE-Owned Materials and Equipment.** When both the cost and the payment for transfers of DOE-owned (nonexcess) materials or equipment are transferred to the receiving office, the receiving office shall record an obligation of funds upon issuance of the interoffice agreement to the performing office to avoid the possibility of violating the Anti - Deficiency Act. The transferring office shall record a deobligation upon receipt of the approved interoffice agreement. The transfer of excess materials and equipments a nonfund transaction and does not require obligation.

(3) **Adjustments in Amounts Authorized in Formal Interoffice Agreements.** In the event of any potential increase in the amount of an obligation for an interoffice transfer, the performing office shall promptly request a modification to the interoffice agreement from the requesting office prior to incurring the obligation. The obligation adjustment shall be supported by the obligating documents. Upon receipt of the documentation, the requesting office shall adjust the amount obligated. At the end of the fiscal year, the requesting office shall inquire of the performing office whether any decreases have been made in the amount obligated so that unliquidated funds may be deobligated accordingly.

1. **Interest.** DOE is not liable for interest unless it has consented to be liable for interest, either by the enactment of legislation or by contractual agreement. When DOE is liable, the Field CFO shall obligate interest for the amount that is owed during the reporting month.
- m. **Loans.** DOE can make loans only when it is authorized to do so by enabling legislation. A loan agreement is essentially contractual in nature; therefore, to have a valid obligation there must be a proposal by one party and an acceptance by another. Approval of the loan application must be communicated to the applicant during the fiscal year to be recharged, and there must be documentary evidence of that communication. If a loan application is made in one fiscal year and approval is not communicated to the applicant until the following fiscal year, the obligation is chargeable to the later year. When the amount of a loan and the terms of repayment are agreed upon in the application, electronic notification of approval is legally acceptable. To support a recordable obligation, the agreement must be definite and specific. The loan agreement shall be obligated for the total amount of the loan, and it is not reduced by collection on the loan.
- n. **Federal Loan Guarantees.** A Federal loan guarantee is treated as a contingent liability rather than an obligation of funds. When a loan is guaranteed, no



obligation of funds occurs **until** DOE becomes legally **required to** honor its guarantee, general **ly** upon default by the borrower. The total amount of the guarantee **or the sum of** the unpaid principal and applicable accrued interest, **whichever is** lower, shall be obligated upon receipt of documentary **evidence of** the default. The documentation may **be in** the form of a demand from the lender for payment of the defaulted loan. If funds have not been appropriated, **a loan** from the Department of the Treasury may be secured, if authorized **by legisla-**  
**tion**, to make a timely payment. **In this event**, the request for a supplemental appropriation must include the total due the Department of the Treasury, including interest calculated **based on** the expected payment date. **The princi-**  
**pal** and interest are obligated upon receipt of the allotment. For further information on loan guarantees, see DOE 2200.6, FINANCIAL ACCOUNTING, Chapter VII, 'Liabilities.'

- o. **Foreclosures.** The cost of foreclosure **shal** 1 be obligated when the cost is identified and authorized in accordance with **a loan** default or delinquent receivable settlement action.
- p. **Payments in Lieu of Taxes are** discretionary payments made to render financial **assistance to** States and local governments **in which** DOE has acquired property previously subject to State and local taxation and **on which** the Department carries **out activities** authorized by the Atomic Energy Act of 1954, as amended. Funds budgeted for payments in lieu of taxes must be **specifically identified in** the documentation supporting the budget request. In accordance with Office of Management and Budget **(OMB) Circular A-34, "Instructions on Budget Execution,"** payments in lieu of taxes are recorded as obligations in the periods **in which** they are authorized to **be paid** and due. See also DOE **2100.12A, PAYMENT FOR SPECIAL BURDENS AND IN-LIEU OF TAXES**, of 6-9-92, for additional information.
6. **ADJUSTMENTS TO OBLIGATIONS** occur under many conditions, for example, final liq-  
**uidation of an** amount different from the original obligation, initial obligation determined to be invalid, difference from previously recorded estimate, **and cor-**  
**rection** of bookkeeping errors. **Deobligation** is statutorily required **for appropri-**  
**ations** obligated **under an** Economy Act agreement to the extent that the performing agency has not incurred valid obligations under the agreement by the end of the period of availability (the noted exceptions to this **deobligation** requirement are project orders, as discussed in paragraph **5h(2)(b)**). Adjustments **increasing an** obligation after the expiration of the appropriation must be coordinated with the Budget and Execution Branch **(CR-131)**. In addition, Public Law **101-510** requires that **as of 9-30 of** the **5th** fiscal year after the period of obligational availability ends, effective with fiscal year 1989, for each account or appropriation all **obli-**  
**gated** balances shall be canceled. For further information on adjustments, see Chapter II, 'Accounting **for Appropriations** and Other Funds,' paragraph 7.
- a. **Recovery of Funds from Prior-Year Obligations of Unexpired Accounts.** OMB Cir-  
**cular A-34, "Instructions on Budget Execution,"** requires accounting and reporting for adjustments to unexpired accounts. The circular states that changes in obligations incurred in prior years must **not be** netted against current obligations but rather must be reported separately, on **SF-133, 'Report on Budget Execution,'** as recoveries **of prior-year** obligations. Exceptions to this policy are listed **in paragraph 6a(2)(e)**. OMB will automatically

reapportion recoveries that are reported on line **4A** of the monthly **SF-133**, but these funds will not be automatically available to program offices for **reobligation**. These funds will be used to offset management initiatives and, where justified, allotted to program offices.

(1) **Reporting Deobligations.** The following guidance applies to prior-year **deobligations**, with the exception of the exemptions listed in **6a(2)(e)**:

- (a) Downward adjustments of prior-year obligations at the individual contract level shall be **identified in** submissions to the DOE Financial Information System with status code of PY. Status code **PY** shall be encoded in both the unobligated allotments (**5XXX**) and the unpaid obligations (**6XXX**) accounts. Each recovery of funds **obligated in** a prior year will require an allotment authority withdrawal entry with summary classification code **11**. Status code **PY** must be reinserted in both expended allotment (4211 and 4311) and unobligated allotment accounts on the withdrawal entries made by the field organizations.
- (b) **The most** recently obligated funds shall **be deobligated** first unless otherwise **identifiable**. Whenever the amount **deobligated** is greater than the balance **available for deobligation** from the current fiscal year activity, the **deobligation** is charged to the balance available for **deobligation** from the preceding fiscal year. This process is repeated back through preceding fiscal years until the full amount **deobligated is** recorded. Obligations adjusted within the same fiscal year as they were originally obligated are again available for new obligations as if they had never been obligated in the first place. Any new **obligation is** subject to the restrictions governing the appropriation.
- (c) An erroneously reported prior-year **deobligation** must **not be** corrected **unilaterally by** the allottee. To **avoid a** potential deficiency violation, the **allottee** shall request **allotment of** funds required to correct the error, using the procedures described below.

(2) **Requests for Allotment of Funds of Unexpired Accounts.** Allottees must request allotment, submit **justification**, and receive approval for all allotments of funds of unexpired accounts. Requests for **allotment of** funds may be made at any time during **the year** for funds made available in the current year through **deobligation**. The procedure to be followed before funds may be reallocated **is as** follows:

- (a) The **allottee** must submit each request for allotment through the cognizant Headquarters program organization. The request shall contain the following:
  - 1** The appropriation title and symbol.
  - 2** The amount of the request.
  - 3** The budget and reporting classification.

- 4 The approved funding program code.
- 5 A narrative justification for **allotment of** funds recovered through prior-year **deobligation**. The justification shall state whether the request is necessary to meet emergency circumstances: Is mandated by law; is a liability that is in the best interest of the Government to liquidate as soon as possible; or is **necessary to prevent the detrimental delay or postponement of a project, program, or activity**. Any request not meeting these criteria shall be returned to the requester with an appropriate explanation.
- (b) The Headquarters program organization shall review each request for allotment of unexpired accounts and determine whether or not the request can be met with current-year funding.
- (c) If the request cannot be met with current-year funding, the Headquarters program organization shall submit **a request** for allotment, which shall include the same information as in paragraph 6a(2)(a), to the Budget Analysis Division (CR-14) for review. If the request is approved and the funds have been made available through prior-year **deobligations**, the Office of Budget (CR-10) shall issue a revised allotment and approved funding program.
- (d) Correction of Minor Administrative Errors. For correction of the following minor administrative errors, the formal approval **procedures delineated in paragraphs 6a(2)(a) through (c)**, normally shall **not be** required: **identification of an erroneous prior-year deobligation** after the funds have been recovered and discovery of **accounting errors**, such as transposition of amounts or applying amounts to the wrong contract. To avoid a potential deficiency violation, upon discovery of the situations described above the servicing Field CFO shall promptly notify the Budget Execution Branch (CR-131) **by telephone or mail** and request allotment of the funds. Upon receipt of the notification, the Budget Execution Branch will **issue a** revised allotment and approved funding program, correcting the error. However, if an erroneous **deobligation** involves **a significant dollar amount or** is of particular interest or concern to the Chief Financial Officer (CFO; CR-1), additional supportive justification may be required. The **allottee** shall not correct the erroneous transaction; the correction is effected when the **allotment is** issued.
- (e) Exemptions from Requirement to Formally Request Allotment of Funds. The **allottee** shall formally request that the funds be reallocated. The following funds are exempt from the requirement to request allotment, and **deobligations** of these funds should **not be** recorded or reported as prior-year **deobligations**:
- 1 Revolving and trust funds;
  - 2 Power marketing administrations continuing or emergency funds;

- 3 Special Foreign Currency Appropriation;
- 4 Geothermal Resources Development Fund;
- 5 Funds not subject to apportionment, including transfer appropriations;
- 6 Reimbursable work for other Federal agencies;
- 7 Transfers of work using **intra-DOE** work orders;
- 8 Institutional conservation schools and hospitals grant program;
- 9 Strategic Petroleum Reserve petroleum account (off budget);
- 10 **Obligations** for salary, training, travel (to include permanent change of station and temporary duty), and purchase orders for less than \$25,000;
- 11 Adjustments to accruals: and
- 12 Transfer of obligations from one **organization to** another because of a change in contract administration and the obligation amount, the obligations should be reduced accordingly.

(3) Requests for Allotment of Funds of Expired Accounts.

- (a) **Expired Accounts.** Unobligated balances of expired accounts remain available for 5 years for legitimate obligation adjustments. (As of 9-30-93, all obligated balances in M accounts shall be canceled.) Each allottee must request an allotment and submit **justification** and a **certification** for any allotment of funds of expired accounts **directly** to the Budget Execution Branch. The request and **justification should contain the information listed in paragraph 6a(2).** In addition, the certification must state that the request for allotment is for valid obligation adjustments, indirectly related to activity conducted in the expired appropriation from which payments are to be made, and will not cause the original amount of the appropriation to be exceeded.
- (b) **Closed Accounts.** At the end of the 5-year period described in paragraph 6a(3)(a), or on 9-30-93 for M accounts, all **unliquidated obligations** and unobligated balances shall be canceled and the expired accounts shall be closed. Any subsequent payment or obligation associated with one of these closed accounts that comes due shall be paid from an unexpired appropriation made for the same general purpose current at that time. To obtain funding from the unexpired accounts, an allotment request must be submitted **directly to** the Budget Execution Branch along with the **justification and certification described** in paragraph 6a(3)(a). The **certification** shall state that the allotment is to be used for valid obligation payments

directly related to **activity** conducted in the unexpired appropriation from **which** payment **is to be made**.

- (c) **Budget Execution Branch** will perform the program manager function for all closed account balances. **This responsibility will include** maintaining balances of every closed account **and ensuring** that no more than **1 percent** of the unexpired appropriation or the unexpended balances of the appropriation, **whichever is less, is used to** pay any canceled obligation and that no payment is made that would cause cumulative outlays to exceed the unexpended balance of the original appropriation. **For additional** guidance **on these** requirements, see Chapter II, "Accounting for Appropriations and Other Funds," paragraph 7.
- (4) **Apportionments** for recoveries of prior-year obligations shall be accomplished by the use of the following footnote on the bottom of SF-132, "Apportionment and Reapportionment Schedule": "In addition to the amount apportioned herein, recoveries of prior-year obligations are **automatically** apportioned." Expired accounts will not reapportioned. For additional apportionment requirements, see Chapter II, "Accounting for Appropriations and Other Funds," paragraph 7.
- (5) **Funds Not Approved for Allotment**. For budgetary purposes, the CFO, through the **Office of** Budget, shall treat funds not approved for allotment to program organizations as programmatic deferrals **or as** rescissions, or apply thereto offset management initiatives **or to** offset unfunded requirements by following reprogramming, appropriation transfer, or other appropriate procedures in accordance with DOE 5100.13A, BUDGET EXECUTION-RESCISSIONS AND DEFERRALS, of 5-18-92, and DOE 5160.1B, REPROGRAMMING, RESTRUCTURING, AND APPROPRIATIONS TRANSFER PROCEDURES, of 5-18-92.
- b. **Amendments and Modifications of Agreements**. When contract amendments **or modifications** involve changes in amounts for any reason, including corrections of estimates, required obligation adjustments shall be recorded when the changes in amounts are formalized and from funds currently available. However, **when a** change **order is** issued and the amount **involved is** not stated, the obligation shall be adjusted on the basis of the best available estimate. Contract changes under **which a** contractors required to perform additional work involving "Expired, Closed, or **M Accounts**" have specific reporting and approval **requirements**, which are described in Chapter II. "Accounting for Appropriations and Other Funds," paragraph 7.
- c. **Termination of Contracts and Agreements**. When a contractor agreement **is terminated** in whole **or in part** for the convenience of DOE by giving a notice of termination **to the** other party to such contractor agreement, the pertinent obligation shall be decreased to an amount sufficient to meet the settlement costs under the termination. The obligation shall not be decreased below the amount estimated by the contracting officer **on the** basis of the best evidence available of the amount due as a result of such termination. The **deobligation** shall be supported by contract modification or formal termination agreement,

- d. **Furnishing of Items by DOE to Contractors.** When certain items are procured by the contractor with the estimated cost included in the contract amount obligated and it becomes necessary or advisable for DOE to supply such items, a modification or other applicable contract action shall reflect a change in amount, and the pertinent obligation shall be reduced accordingly. Loan of equipment by DOE to a contractor may require similar action.

**7. REVIEW AND REPORTING OF OBLIGATIONS.**

- a. **Periodic Review and Validation of Unpaid Obligation Balances.** Field CFO's have primary responsibility for ensuring that all known transactions meeting the criteria of title 31, section 1501, of the United States Code (see paragraph 2e) have been obligated; that the unpaid balances of these obligations are valid; and that appropriate actions are taken to deobligate any invalid or excess balances. To meet these responsibilities, Field CFO's need the full cooperation of the procurement and program officials. This is particularly true in the area of verifying that unpaid obligation balances are realistic and necessary. Aggressive followup on acquisition or assistance instruments will result in prompt deobligation of unneeded balances and allow earlier reuse for current programs or to meet budget reductions. To accomplish this objective, Field CFO's shall perform regular reviews of unpaid balances during the year, with particular emphasis on large-dollar, inactive, prior-year obligations. In conducting these reviews, Field CFO's shall obtain independent evaluation and confirmation of the amounts needed to liquidate procurement documents from the cognizant contracting officers and, as appropriate, the program officials. In assessing confirmed amounts, Field CFO's may request additional information to support the validity and continued need for the unpaid obligation balance from the contracting officer, the program official, or both.
- b. **Annual Certification.** Annually, Field CFO's are required to certify to the accuracy of the balances contained on TFS 2108, "Yearend Closing Statement." To make this certification, Field CFO's must ascertain that all known obligations prerecorded and correctly stated and that each meets the criteria established in title 31, section 1501, of the United States Code (see paragraph 2e). The reviews conducted under paragraph 7a will assist in this certification. Additionally, a fiscal yearend review must be conducted to ensure that all appropriate adjustments have been recorded as of the last day of the fiscal year. To ensure that all valid obligations have been recorded, this review should include payments made and invoices or other evidence of liability received during the period between the end of the fiscal year and the cutoff date established by the CFO.

U.S. Department of Energy  
Washington, D.C.

PAGE CHANGE

DOE 2200. 5B Chg 1

11-12-92

SUBJECT: FUND ACCOUNTING

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1. PURPOSE. To transmit revised pages to DOE 2200.5B, FUND ACCOUNTING, of 6-8-92.
  2. EXPLANATION. To incorporate in Chapter III, "Accounting for Obligations," a change in policy for **deobligation** of funds from purchase and delivery orders.
  3. FILING INSTRUCTIONS.
    - a. 

<u>Remove Pages</u>	<u>Dated</u>	<u>Insert Pages</u>	<u>Dated</u>
111-17 and 111-18	6-8-92	111-17 111-18	6-8-92 11-12-92
    - b. After filing the attached pages, this transmittal may be discarded.

BY ORDER OF THE SECRETARY OF ENERGY:



DOLORES L. ROZZI  
Director of Administration  
and Management

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DISTRIBUTION:  
All Departmental Elements

INITIATED BY:  
Office of Chief Financial Officer





directly related to activity conducted in the unexpired appropriation from which payment is to be made.

- (c) Budget Execution Branch will perform the program manager function for all closed account balances. This responsibility will include maintaining balances of every closed account and ensuring that no more than 1 percent of the unexpired appropriation or the unexpended balances of the appropriation, whichever is less, is used to pay any canceled obligation and that no payment is made that would cause cumulative outlays to exceed the unexpended balance of the original appropriation. For additional guidance on these requirements, see Chapter II, "Accounting for Appropriations and Other Funds." paragraph.
- (4) Apportionments for recoveries of prior-year obligations shall be accomplished by the use of the following footnote on the bottom of SF-132, "Apportionment and Reapportionment Schedule": "In addition to the amount apportioned herein, recoveries of prior-year obligations are automatically apportioned. - Expired accounts will not be apportioned. For additional apportionment requirements, see Chapter II, "Accounting for Appropriations and Other Funds," paragraph 7.
- (5) Funds Not Approved for Allotment. For budgetary purposes, the CFO, through the Office of Budget, shall treat funds not approved for allotment to program organizations as programmatic deferrals or as rescissions, or apply thereto offset management initiatives or to offset unfunded requirements by following reprogramming, appropriation transfer, or other appropriate procedures in accordance with DOE 5100.13A, BUDGET EXECUTION-RESCISSIONS AND DEFERRALS, of 5-18-92, and DOE 5160.1B, REPROGRAMMING, RESTRUCTURING, AND APPROPRIATIONS TRANSFER PROCEDURES, of 5-18-92.
- b. Amendments and Modifications of Agreements. When contract amendments or modifications involve changes in amounts for any reason, including corrections of estimates, required obligation adjustments shall be recorded when the changes in amounts are formalized and from funds currently available. However, when a change order is issued and the amount involved is not stated, the obligation shall be adjusted on the basis of the best available estimate. Contract changes under which a contractor is required to perform additional work involving "Expired, Closed, or M Accounts" have specific reporting and approval requirements, which are described in Chapter II, "Accounting for Appropriations and Other Funds." - paragraph 7.
- c. Termination of Contracts and Agreements. When a contractor agreement is terminated in whole or in part for the convenience of DOE by giving a notice of termination to the other party to such contract or agreement, the pertinent obligation shall be decreased to an amount sufficient to meet the settlement costs under the termination. The obligation shall not be decreased below the amount estimated by the contracting officer on the basis of the best evidence available of the amount due as a result of such termination. The deobligation shall be supported by contract modification or formal termination agreement,

except for the **deobligation** of small purchase and delivery orders where the CO may use a locally approved **form in lieu of a** contract modification to indicate that remaining funds are unneeded for further payment and **should be deobligated**. For the purpose of this exception, small purchase and delivery orders shall be delimited to the FAR 13 definition of \$25,000 or less.

- d. **Furnishing of Items by DOE to Contractors**. ~~When~~ certain items are procured by the contractor with the estimated cost **included** in the contract amount **obligated** and it becomes necessary or advisable for DOE to supply such items, a modification or other applicable contract action shall reflect a change in amount, and the pertinent obligation shall be reduced accordingly. **Loan of equipment by DOE to a** contractor may require similar action.

## 7. **REVIEW AND REPORTING OF OBLIGATIONS**

- a. **Periodic Review and Validation of Unpaid Obligation Balances**. Field CFO's have primary responsibility for ensuring that all known **transactions** meeting the criteria **of title** 31, section 1501, of the United States Code (see **paragraph 2e**) have been obligated; that the unpaid balances of these obligations are valid; and that appropriate actions are taken to **deobligate** any **invalid or** excess balances. To meet these **responsibilities**, Field CFO's need the **full cooperation of** the procurement and program officials. This is particularly true in the area of verifying that unpaid obligation balances are realistic and necessary. Aggressive **followup on acquisition or** assistance instruments will result in **prompt deobligation** of unneeded balances and allow earlier reuse for current programs or to meet budget reductions. To accomplish this objective, Field CFO's shall perform regular reviews of unpaid balances during **the year**, with particular emphasis on large-dollar, inactive, prior-year obligations. In conducting these reviews, Field CFO's shall obtain independent evaluation and confirmation of the amounts needed to **liquidate** procurement documents from the cognizant contracting officers and, as appropriate, the program officials. In assessing confirmed amounts, Field CFO's may request additional information to support the validity and continued need for the unpaid obligation balance from the contracting **officer**, the program official, **or both**.
- b. **Annual Certification**. Annually, Field CFO's are required to certify to the accuracy of the balances contained on TFS 2108, "Yearend Closing Statement." To make this certification, Field CFO's must ascertain that all known **obligations** are recorded and correctly stated and that each meets the criteria established in title 31, section 1501, of the United States Code (see paragraph **2e**). The reviews conducted under paragraph **7a** will assist in this **certification**. Additionally, a **fiscal** yearend review must be conducted to ensure that all appropriate adjustments have been recorded as of the last day of the fiscal year. To ensure that all valid obligations have been recorded, this review should include payments made and invoices or other evidence of liability received during the period between the end of the fiscal year and the cutoff date established by the CFO.

Vertical line denotes change.

U.S. Department of Energy  
Washington, D.C.

PAGE CHANGE

DOE 2200.5B Chg 1

11-12-92

SUBJECT: FUND ACCOUNTING

- 
1. PURPOSE. To transmit revised pages to DOE 2200. 5B, FUND ACCOUNTING, of 6-8-92.
  2. EXPLANATION. To incorporate in Chapter III, "Accounting for Obligations," a change in policy for **deobligation** of funds from purchase and delivery orders.
  3. FILING INSTRUCTIONS,
    - a. 

<u>Remove Pages</u>	<u>Dated</u>	<u>Insert Pages</u>	<u>Dated</u>
111-17 and 111-18	6-8-92	111-17 111-18	6-8-92 11-12-92
    - b. After filing the attached pages, this transmittal may be discarded.

BY ORDER OF THE SECRETARY OF ENERGY:



DOLORES L. ROZZI  
Director of Administration  
and Management

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INITIATED BY:

Office of Chief Financial Officer



directly related to activity conducted in the unexpired appropriation from which payment is to be made.

- (c) **Budget Execution Branch** will perform the program manager function for all closed account balances. This responsibility will include maintaining balances of every closed account ensuring that no more than 1 percent of the unexpired **appropriation or** the unexpended balances of **the appropriation, whichever is less**, is used to pay any canceled obligation and that no payment is made that would cause cumulative outlays to exceed the unexpended balance of the original appropriation. For additional guidance on these requirements, see Chapter II, 'Accounting for Appropriations and Other Funds,' paragraph.
- (4) **Apportionments** for recoveries of prior-year obligations shall be accomplished by the use of the following footnote on the bottom of SF-132, "Apportionment and Reapportionment Schedule": 'In addition to the amount apportioned herein, recoveries of prior-year obligations are **automatically apportioned.**' Expired accounts will **not be** apportioned. For additional apportionment requirements, see Chapter II, 'Accounting for Appropriations and Other Funds,' - paragraph 7.
- (5) **Funds Not Approved for Allotment.** For budgetary purposes, **the CFO,** through the Office of Budget, shall treat funds not approved for allotment to program organizations as programmatic deferrals, rescissions, or apply them to offset management initiatives or to offset unfunded requirements by following reprogramming, appropriation transfer, or other appropriate procedures in accordance with DOE **5100.13A, BUDGET EXECUTION-RESCISSIONS AND DEFERRALS. of 5-18-92** and **DOE 5160.1B, REPROGRAMMING, RESTRUCTURING, AND APPROPRIATIONS TRANSFER PROCEDURES, of 5-18-92.**
- b. **Amendments and Modifications of Agreements.** When contract amendments or modifications involve changes in amounts for any reason, including corrections of estimates, required obligation adjustments shall be recorded when the changes in amounts are formalized and from funds currently available. **However, when a change order is issued and the amount involved is not stated, the obligation shall be adjusted on the basis of the best available estimate.** Contract changes under which a contractor is required to perform additional work involving 'Expired, Closed, or M Accounts' have specific reporting and approval requirements, which are described in Chapter II, 'Accounting for Appropriations and Other Funds,' \* paragraph 7.
- c. **Termination of Contracts and Agreements.** When a contractor agreement is terminated in whole or in part for the convenience of DOE **by giving a notice of termination to** the other party to such contract or agreement, the pertinent obligation shall be decreased to an amount sufficient to meet the settlement costs under the termination. The obligation shall not be decreased below the amount estimated by the contracting officer on the basis of the best evidence available of the amount **due as** a result of such termination. The **deobligation shall** be supported by contract modification or formal termination agreement,

except for the **deobligation of** small purchase and delivery orders where the CO may use a locally approved **form in lieu of a** contract modification to indicate that remaining funds are unneeded for further payment and should be **deobligated**. For the purpose of this exception, small purchase and delivery orders shall be delimited to the FAR 13 definition of **\$25,000 or less**.

- d. **Furnishing of Items by DOE to Contractors.** When certain items are **procured by** the contractor with the estimated cost included in the contract amount **obligated** and it becomes necessary or advisable for DOE to supply such items, a modification or other applicable contract action shall reflect a **change in** amount, and the pertinent obligation shall be reduced accordingly. **Loan of** equipment by DOE to a contractor may require similar action.

## 7. **REVIEW AND REPORTING OF OBLIGATIONS.**

- a. **Periodic Review and Validation of Unpaid Obligation Balances** Field **CFO's** have primary responsibility for ensuring that all known transactions **meeting** the criteria **of title 31, section 1501, of the United States Code (see paragraph 2e)** have been obligated; that the unpaid balances of these obligations are valid; and that appropriate actions are taken **to deobligate any invalid or** excess balances. To meet these **responsibilities**, Field **CFO's** need the full cooperation of the procurement and program officials. This is particularly true in the area of verifying that unpaid obligation balances are realistic and necessary. Aggressive **followup on acquisition or** assistance instruments will result in prompt **deobligation** of unneeded balances and allow earlier reuse for current programs or to meet budget reductions. To **accomplish** this objective, Field **CFO's** shall perform regular reviews of unpaid balances during **the year**, with particular emphasis on large-dollar, inactive, prior-year obligations. In conducting these reviews, Field **CFO's** shall obtain independent evaluation and confirmation of the amounts needed to **liquidate** procurement documents from the cognizant contracting officers and, as appropriate, the program officials. In assessing confirmed amounts, Field **CFO's** may request additional information to support the validity and continued need for the unpaid obligation balance from the contracting officer, the program official, **or both**.
- b. **Annual Certification.** Annually, Field **CFO's** are required to certify to the accuracy of the balances contained on TFS 2108, "Yearend Closing **Statement.**" To make this certification, Field **CFO's** must ascertain that all known **obligations are** recorded and correctly stated and that each meets the criteria established in title 31, section 1501, of the United States Code (see paragraph **2e**). The reviews conducted under **paragraph 7a** will assist in this **certification**. Additionally, **a fiscal** yearend review must be conducted to ensure that all appropriate adjustments have been **recorded as of** the last day of the fiscal year. To ensure that all valid obligations have been recorded, this review should include payments made and invoices or other evidence of liability received during the period between the end of the fiscal year and the cutoff date **established by the CFO**.

Vertical line denotes change.

U.S. Department of Energy  
Washington, D.C.

PAGE CHANGE

DOE 2200.5B Chg 2

4-2-93

SUBJECT: FUND ACCOUNTING

1. PURPOSE. To transmit revised pages to DOE 2200.5B, FUND ACCOUNTING, of 6-8-92.
2. EXPLANATION. To incorporate Chapter III, "Accounting for Obligations," guidance on reporting uncosted obligations.
3. FILING INSTRUCTIONS.

a. <u>Remove Pages</u>	<u>Dated</u>	<u>Insert Pages</u>	<u>Dated</u>
v (and vi)	6-8-92	v (and vi)	4-2-93
111-15 and 111-16	6-8-92	111-15	6-8-92
		111-16	4-2-93
		111-19 and 111-20	4-2-93

b. After filing the attached pages, this transmittal may be discarded:

BY ORDER OF THE SECRETARY OF ENERGY:



LINDA G. SYE  
Acting Director of Administration  
and Management

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INITIATED BY:  
Office of Chief Financial  
Officer





- b. Amendments and Modifications of Agreements . . . . . **III-17**
- c. Termination of Contracts and Agreements . . . . . 111-17
- d. Furnishing of Items by DOE to Contractors . . . . . **II 1-18**
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- 4** The approved funding program code.
- 5** A narrative justification for **allotment of** funds recovered through prior-year **deobligation**. The justification shall state whether the request is necessary to meet emergency circumstances; is mandated by law; is a liability that is in the best interest of the Government to **liquidate as** soon as possible; or is necessary to prevent the detrimental delay or postponement of **a project, program, or activity**. Any request not meeting these criteria shall be returned to the requester with an appropriate explanation.
- (b) The Headquarters program organization shall review each request for allotment of unexpired accounts and determine whether or not the request can be met with current-year funding.
- (c) If the request cannot be met with current-year funding, the Headquarters program organization shall **submit a** request for allotment, which shall include the same information as in paragraph **6a(2)(a)**, to the Budget Analysis Division (**CR-14**) for review. If the request is approved and the funds have been made available through prior-year **deobligations**, the Office of Budget (**CR-10**) shall **issue a** revised allotment and approved funding program.
- (d) Correction of Minor **Administrative Errors**. For correction of the following minor administrative errors, the formal approval **procedures delineated in** paragraphs **6a(2)(a)** through (c). normally shall not be required: identification of an erroneous prior-year **deobligation** after the funds have been recovered and discovery of accounting errors, such as transposition of amounts or applying amounts to the wrong contract. To avoid a potential deficiency violation, upon discovery of the situations described above the servicing Field CFO shall promptly notify the Budget Execution Branch (**CR-131**) **by telephone or mail** and request allotment of the funds. Upon receipt of the notification, the Budget Execution Branch will issue a revised allotment and approved funding program, correcting the error. However, **if an** erroneous **deobligation** involves a significant dollar amount **or is** of particular interest or concern to the Chief Financial Officer (**CFO; CR-1**). additional supportive justification may be required. The **allottee** shall not correct the erroneous transaction; the correction is effected when the allotments issued.
- (e) Exemptions from Requirement to **Formally Request Allotment of Funds**. The **allottee** shall formally request that the funds be allotted. The following funds are exempt from the requirement to request allotment, and **deobligations** of these funds should not be recorded or reported as prior-year **deobligations**:
- 1** Revolving and trust funds;
  - 2** Power marketing administrations' continuing or emergency funds;

- 3 Special Foreign Currency Appropriation;
- 4 Geothermal Resources Development Fund;
- 5 Funds not subject to apportionment, including transfer appropriations;
- 6 Reimbursable work for other Federal agencies;
- 7 Transfers of work using intra-DOE work orders (includes reconciling transfers);
- 8 Institutional conservation schools and hospitals grant program;
- 9 Strategic Petroleum Reserve petroleum account **(off budget)**;
- 10 Obligations for salary, training, travel (to include permanent change of station and temporary duty), and purchase orders for less than \$25,000;
- 11 Adjustments to accruals: and
- 12 Transfer of obligations from one organization to another because of a **change in** contract administration and the obligation amount, the obligations should be reduced accordingly.

(3) Requests for Allotment of Funds of Expired Accounts.

- (a) Expired Accounts. Unobligated balances of expired accounts remain available **for 5** years for legitimate obligation adjustments. **(As of 9-30-93, all obligated balances in M accounts shall be canceled.)** Each **allottee** must request an allotment and submit justification and a certification for any allotment of funds of expired accounts directly to the Budget Execution Branch. The request **and justification** should contain the information **listed in** paragraph 6a(2). In addition, the certification must state that the request for allotment is for valid obligation adjustments, is directly related to activity conducted in the expired appropriation from which payments are to be made, and will not cause the original amount of the appropriation to be exceeded.
- (b) Closed Accounts. At the end of the **5-year** period described in paragraph 6a(3)(a), or **on 9-30-93** for M accounts, **all unliquidated obligations** and unobligated balances shall be canceled and the expired accounts shall be closed. Any subsequent payment or obligation **associated** with one of these closed accounts that comes due shall be paid from an unexpired **appropriation made** for the same general purpose current at that time. To obtain funding from the unexpired accounts, an allotment request must be submitted directly to the Budget Execution Branch along with the justification **and certification described in paragraph 6a(3)(a).** The certification shall state that the allotment **is to** be used for valid obligation payments

- c. **Reporting of Uncosted Obligations.** An **uncosted** obligation is the balance of the amounts obligated by the Department under its integrated management and operating (M&O) contracts for which costs have not yet been incurred by the integrated M&O contractor. Requirements for reporting **uncosted** balances are established to ensure that analyses of **uncosted** obligations are performed as part of the budget formulation process. Data on **uncosted** obligations for both capital and operating funds shall be reported three times a year: as of 3-31, 6-30, and 9-30 through supplementary reporting due 4-30, 7-31, and 11-30, respectively. (Specific reporting requirements will be provided by the Office of Departmental Accounting and Financial Systems Development (CR-40), pending inclusion in DOE 2200.8B, ACCOUNTING SYSTEMS, ORGANIZATIONS, AND REPORTING, Chapter II, "Internal Reporting.") The **uncosted** obligations shall be reported based on the following categories:
- (1) **Encumbered Uncosted Obligation** represents **uncosted** balances under contracts awarded by the integrated M&O contractor and **uncosted** balances related to other integrated M&O contractor liabilities. Encumbrances consist of **uncosted** balances of purchase orders issued; contracts and subcontracts awarded, including the full liability under lease purchases and capital leases; termination cost for incrementally funded firm fixed price contracts, operating lease agreements, and **multiyear** service contracts that contain termination clauses; and other agreements for the acquisition of goods and services not yet received and **uncosted** balances related to other integrated M&O contractor liabilities. Encumbrances include **uncosted** balances of work orders or authorizations issued to integrated M&O construction contractors, provided that such work is specific in scope and has clear milestones or tangible deliverables.
  - (2) **Unencumbered Uncosted Obligation** is that portion of the **uncosted** obligation balance that has not yet been encumbered by the integrated M&O contractor. The unencumbered **uncosted** obligation balance consists of the following categories:
    - (a) **Approved Work Scope** consists of balances for work that is clearly defined in task or work authorizations or program direction letters. Such work must be specific in scope and have clearly defined milestones and tangible deliverables where possible. This category may not at yearend include any costs for which funds are appropriated in the subsequent fiscal year (for example, level-of-effort for research and development activities or to maintain capability in Defense Programs). Any balances in this category resulting from delays and slippages are prime candidates for reversion to the remaining unencumbered category (see below), absent convincing justification for retention.
    - (b) **Prefinancing** is funding maintained for the purpose of ensuring continuity of contractor operations during a potential funding lapse at the beginning of the fiscal year. **Prefinancing** is limited to the amounts required to cover salaries and related benefits and other mandatory requirements, such as rent and utilities, not otherwise

covered in the encumbered and approved work scope categories, **for up to 20** calendar days.

- (c) **Remaining Unencumbered** is the portion that remains after subtracting approved work scope and prefinancing and is potential excess funding resulting from project and program **underruns** and changing program missions that maybe available for withdrawal and **reallocation to** support current or future Departmental funding requirements.

U.S. Department of Energy  
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PAGE CHANGE

DOE 2200.5B Chg 3

6-14-93

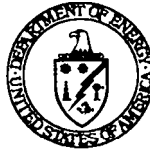
SUBJECT: FUND ACCOUNTING

1. PURPOSE. To transmit revised pages to DOE **2200.5B**, FUND ACCOUNTING, of 6-8-92.
2. EXPLANATION. To incorporate in Chapter **III**, "Accounting for Obligations," a clarification of policy guidance for the funding of service contracts.
3. FILING INSTRUCTIONS.

a. <u>Remove Pages</u>	<u>Dated</u>	<u>Insert Pages</u>	<u>Dated</u>
iii and iv	6-8-92	iii	6-8-92
		iv	6-14-93
<b>III-3</b> and <b>III-4</b>	6-8-92	II <b>I-3</b>	6-8-92
		II <b>I-4</b>	6-14-93

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BY ORDER OF THE SECRETARY OF ENERGY:



LINDA G. SYE  
Acting Assistant Secretary for  
Human Resources and Administration

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- (5) A grantor subsidy payable under any of the following conditions:
- (a) From appropriations made for payment of, or contributions to, amounts required to be paid in specific amounts fixed by law or under formulas prescribed by law,
  - (b) Under an agreement authorized by law, and
  - (c) Under DOE-approved plans consistent with and authorized by law:
- (6) Amiability that may result from pending litigation;
  - (7) Employment or services of persons or expenses of travel under law;
  - (8) Services provided by public utilities; and
  - (9) Other legal liability of the Government against unavailable appropriation or fund.
3. **RESERVATION OF FUNDS.** In accordance with Chapter I, "Administrative Control of Funds," funds shall be reserved prior to incurring obligations. A reservation (also referred to as "commitment" or "initiation") of funds is a budgetary and accounting action taken to reserve funds to insure that funds are available before contractual documents are consummated or to insure that funds are available for current-year requirements for travel, payroll, or miscellaneous noncontractual obligations. A reservation permits the processing of obligations up to the amount of the reservation without recertification of funds availability. If an obligation will exceed the amount of the reservation, then funds must be recertified. A reservation is recorded each time a program release document is created and funds are certified as available. Reservations also are recorded for expected payroll expenditures, contingent liabilities, and other anticipated expenditures. Fund reservations are valid only during the fiscal year in which they are executed. If funds are not obligated by the end of the fiscal year, a new reservation of funds must be made in the new fiscal year.
4. **APPROPRIATION LIMITATIONS.** One of the primary means of control of appropriations by Congress is by placing time limits on their availability. A time-limited appropriation is available for obligation only during the period for which it is made, but it remains available for 5 years for adjustments, including previously unrecorded valid obligations, and for expenditures to liquidate properly made obligations. The numbering system for identifying appropriations is in Chapter II, "Accounting for Appropriations and Other Funds." Classified on the basis of duration, appropriations are of fixed duration (annual and multiple year) and no year. An appropriation is assumed to be an annual appropriation unless the appropriation language specifically states otherwise.
- a. **Annual Appropriations.** An annual appropriation (also called a fiscal year or a 1-year appropriation) is made for a specified fiscal year and is available for obligation only during the fiscal year for which it was made. Unless specified otherwise by law, the appropriation is available only to meet bona fide needs of the fiscal year for which it was appropriated. If annual funds are not obligated by the end of the fiscal year for which they were appropriated, they are no longer available for obligation and are said to have "expired." Expired

accounts maintain their fiscal year identity for 5 years and are available for recording, adjusting, and liquidating obligations properly chargeable to those accounts. Further discussion of fund availability is in Chapter II, paragraph 7. Unless specified otherwise by law, the bona fide need rule (applicable **only** for annual or multiple-year funds) means that obligations may be incurred only to meet needs arising in the current fiscal year. For example, suppose that as the end of a fiscal year approaches, a program purchases a truckload of stores inventory when it is clear, based on current usage, that it already has in stock enough stores inventory to last several years into the future. It would appear that the program is merely trying to use up its appropriation before it expires, and the purchase would violate the bona fide need rule. Determination of what constitutes a bona fide need for a fiscal year depends largely on the facts and circumstances of each case. The following are some instances of bona fide need:

- (1) Delivery of Materials Beyond the Fiscal Year. An obligation can be made against current-year funds for materials to be delivered and paid for in the next fiscal year if delivery is not possible within the current fiscal year and if the goods are not standard commercial items that are readily available from other sources.
- (2) Service Contracts. Generally, service contracts are chargeable to the appropriation current at the time services are rendered. Contracts that cannot be separated for performance by fiscal year, such as service contracts that call for products (for example, a report) may not be funded on an incremental basis without statutory authority. Such contracts, as "entire" or "nonseverable" under the bona fide need rule, are chargeable to the appropriation current at execution rather than funds current at the time goods or services are rendered. If a service contract simply provides for a continuing (that is, severable) service, then only the amount of services to be provided in the current fiscal year may be obligated.
- (3) Replacement Contracts.
  - (a) If a contract performance period has extended beyond the period of availability of a fiscal year appropriation and it becomes necessary to terminate the contract because of contractor's default or for convenience of the Government in response to a court order or determination by another competent authority that the contract award was improper, the moneys remain available to fund a replacement contract provided that the following are true:
    - 1 The original award was made in good faith,
    - 2 The agency has a continuing bona fide need for the goods or services involved,
    - 3 The replacement contract is of the same size and scope as the original contract, and
    - 4 The replacement contract is executed without undue delay after the original contract is terminated.

U.S. Department of Energy  
Washington, D.C.

PAGE CHANGE

DOE 2200.5B Chg 4

8-16-93

SUBJECT: FUND ACCOUNTING

- 
1. PURPOSE. To transmit revised pages to DOE 2200.59, FUND ACCOUNTING, of 6-8-92.
  2. EXPLANATION. To incorporate revisions in Chapter 1, "Administrative Control of Funds," concerning reimbursable work that reflect reporting requirements for actual or apparent violations of appropriation law.
  3. FILING INSTRUCTIONS.

<u>a. Remove Pages</u>	<u>Dated</u>	<u>Insert Pages</u>	<u>Dated</u>
i and ii	6-8-92	i	6-8-92
		ii	8-16-93
1-17 and 1-18	6-8-92	1-17 and 1-18	8-16-93
		<b>I-18a (and I-18b)</b>	6-8-92

b. After filing the attached pages, this transmittal may be discarded.

BY ORDER OF THE SECRETARY OF ENERGY :



ARCHER L. DURHAM  
Assistant Secretary for Human  
Resources and Administration

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- (e) Accounting **classification of** the funds **involved (that is,** appropriation, budget, and reporting numbers).
- (f) For an order level **reimbursable work** violation **the customer's** name and the reimbursable order number.
- (g) Amount of fund authorization or limitation **bel**ieved to have been exceeded.
- (h) Amount and nature (for **exampl**e, **overobligation, overexpenditure,** exceeding budget authority or advances for reimbursable work, or exceeding other legal limitations) of the alleged violation.
- (i) Name, grade, and position of the person responsible for the alleged violation (if the person is no longer employed by the office that is reporting, the report shall provide the date of departure and current address).
- (j) Statement of what the person did or did **not do that resul**ted in the alleged violation.
- (k) Statement about whether the alleged violation was **due to a willful** act, careless disregard of instructions, emergency circumstances, or an error.
- (l) Detailed **statement of** the cause of and circumstances surrounding the alleged violation (including **all** pertinent dates and copies of supporting documents, as appropriate).
- (m) Description **of specific acti**on taken to correct the alleged **viola-**tion and of new procedures or safeguards established to prevent its recurrence. (The report shall describe the specific **acti on in suffi-****cient** detail to allow **evaluation of** its adequacy. If **changes in** directives, systems, or procedures are required that cannot be made except by Headquarters, submit proposals by separate correspondence to the proper authority and refer to these proposals in the report of the alleged violation.)
- (n) Assigned statement by the person determined to be responsible for the alleged violation. (Request assistance from the Office of General Counsel (**GC-1**) to ensure that the person's rights and the integrity of the investigation are preserved. The statement shall include detailed facts about the person accused of causing the all **eged viola-****tion.** If the responsible person either declines **to make** a statement or cannot be reached to obtain a statement, the report shall explain this clearly.)
- (o) If another agency is involved in the alleged violation, the report shall include a statement about the steps taken to coordinate the report with the other agency.

(2) ~~Actual or Apparent Administrative Limitation Violations.~~ For administrative limitation violations, the information in paragraph 8b(1)(a) through (f), along with the following information, shall be reported, in the sequence listed:

- (a) Amount of the administrative limitation alleged to have been exceeded.
- (b) Amount and nature (for example, **overobligation, overexpenditure,** exceeding order level budget authority or advances for reimbursable work, or exceeding other administrative limitations) of the alleged violation.
- (c) Description of specific action taken to correct the alleged violation, **as well** as new procedures or safeguards established to prevent its recurrence. (The report shall describe the specific **action in** sufficient detail to allow evaluation of its adequacy.)

c. Actions Required After Violations Are Reported.

(1) The responsibility of all allottees concerning a reportable violation does not end when they report a violation. **Allottees** should take immediate action to lessen the impact of the violation. Such action may include the following measures:

- (a) Canceling sufficient **noncritical** obligations to eliminate the deficit.
- (b) Initiating contract **modifications** to reduce or terminate sufficient items not representing critical requirements.
- (c) Requesting additional funding through the Office of Budget.

(2) Subsequent actions taken to correct the cause of a violation **do not** eliminate that violation; it still must be reported.

d. Apparent Violations Caused by Accounting Errors. If, after reviewing the circumstances surrounding the apparent violation **of a legal limitation or an** administrative control level limitation and the application of facts to applicable laws and directives, the finance and accounting office concludes that the apparent violation was the result of an accounting error, the Field CFO shall prepare a memorandum explaining the circumstances, the violation, and the corrective actions taken or planned. The memorandum shall also include the specific contract, purchase order, travel order, or other type of procurement instrument that was obligated or paid incorrectly; the account (Financial Information System fund type, approved funding program, balance sheet code, budget and reporting code, and construction project number (PRN) or all equipment not related to construction (EQU), when applicable) to which the obligation or payment was charged by the correction entry; the date and document references of both the erroneous and the correction **entries;** and the name and title of the approving official for the correction entry.

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Paragraph 8e(1)

e. Apparent Violations Caused by Inappropriate Withdrawal of Funds. An excessive or invalid **reduction in** an allotment or approved funding **program**—that is, an erroneous withdrawal of funds in excess of the allotted or unobligated balance—is **not a violation** if either of the following conditions **is met**:

(1) Additional obligations have not been **authorized or** incurred against the funds.

