

# **4 FAH-3 H-120 BUDGET EXECUTION**

## **4 FAH-3 H-121 CONTROL AND APPORTIONMENT**

### **4 FAH-3 H-121.1 Control Responsibility**

*(TL:FMP-1; 9-30-94)*

a. The Department controls its appropriated funds in both a centralized and decentralized environment. Financial Management and Policy, Budget Planning (FMP/BP), is the central coordinator for all budget submissions to the Office of Management and Budget and Congress. In addition, it is responsible for the overall funds control of each appropriation/allotment combination. The Department decentralizes its budgetary control at the allotment and suballotment levels both domestically and abroad. However, certain expenses of the salaries and expenses appropriation are centrally managed (for example, American Salaries by FMP/BP, Post Assignment Travel by DGP/PER).

b. Budget execution is characterized by obtaining funds through the warrant and apportionment process with the U.S. Treasury and OMB, determining internal spending levels through the financial plan, and financial management process, and funds control.

### **4 FAH-3 H-121.2 Treasury Warrants**

*(TL:FMP-1; 9-30-94)*

The U.S. Treasury issues a warrant to establish and make available, by appropriation symbol, the individual amounts appropriated by the Congress. Once the Congress has enacted an appropriation bill and the President has signed it, the Department of the Treasury provides an agency with an Appropriation Warrant—Issued by the Department of Treasury to an Agency—TFS 6200. This warrant provides an agency with the authority to initiate the apportionment process with OMB.

### **4 FAH-3 H-121.3 Apportionment Process**

*(TL:FMP-1; 9-30-94)*

a. An apportionment is intended to achieve an effective and orderly use of available budget authority. It is the action or process by which OMB distributes amounts available for obligation, including budgetary reserves established pursuant to law, in an appropriation or fund account.

b. OMB apportionment is the distribution of appropriated amounts into more specific availability; usually for the four quarters of the current fiscal year as a “Category A” apportionment. OMB alternatively may use a “Category B” apportionment, defining availability in terms other than a time continuum by using such definitions as activities, programs, or projects. OMB may also combine Category A and Category B concepts in an appropriation. Whatever course OMB takes, the Department is required by law to tailor its obligation profile to the terms of the apportionment.

c. To account for the issued funds, agencies using appropriated funds ordinarily submit (1) Form SF-132, Apportionment and Reapportionment Schedule and (2) Form SF-133, Report on Budget Execution.

## **4 FAH-3 H-122 ALLOTMENT OF FUNDS**

### **4 FAH-3 H-122.1 Purpose**

*(TL:FMP-1; 9-30-94)*

a. The Department (FMP/BP) establishes allotments to control the amounts which may be obligated and expended under an appropriation or limitation. Thus, no appropriation shall be obligated nor shall any expenditure be made unless an allotment has been made for that purpose or specific authorization has been granted. Allotments are also made for the purpose of managing obligations and thus preventing deficiencies in, or overexpenditure of, appropriations and appropriation limitations.

b. When approved and established, allotments have the effect and force of appropriation limitations and may not be exceeded or changed without prior approval of the Department (FMP/BP). A violation at the allotment level constitutes a violation of the Anti-Deficiency Act.

### **4 FAH-3 H-122.2 Allotment Authority and Allotment**

*(TL:FMP-1; 9-30-94)*

Once apportionment authority is received by the Department, it is allocated through allotment authorities or advice of allotments issued by FMP/BP to the respective bureau. A bureau is permitted to further divide an allotment authority of its aggregate resources among posts or multiple activities or programs. The subdivision of funds is accomplished by the bureau issuing an Advice of Allotment. Allotment authorities and allotments conform to apportioned distributions and provide to the bureau funds with which to conduct activities and make obligations not to exceed the advice of allotment. Allotted amounts represent decisions made by the Under Secretary for Management in approving financial operating plans.

#### **4 FAH-3 H-122.2-1 Limitations Below the Allotments**

*(TL:FMP-1; 9-30-94)*

a. Allottees are authorized to establish limitations below the allotment level. These limitations may be in the form of an operating allowance, function, object class or budget resource/project. For example, a bureau may issue an allotment to either an office within the bureau or to a post with limitations at the function code level; or a post allotment holder may issue operating allowances to a constituent post that it services. Such limitations shall be fixed in amount and changed only by the authorizing allottee.

b. The chiefs of missions or principal officers at posts are responsible for control of funds and assurance that the amounts provided to post in an allotment and any limitation below the allotment level are not exceeded and are properly used.

c. If an operating allowance or other administrative subdivision of funds is exceeded, the responsible individual is subject to administrative discipline. However, if exceeding an allowance also causes the allotment to be exceeded, the responsible individual is also subject to sanctions under the Anti-Deficiency Act.

#### **4 FAH-3 H-122.2-2 Spending Floors and Spending Ceilings**

*(TL:FMP-1; 9-30-94)*

a. Two other tools used to manage funds are spending floors and spending ceilings. A spending floor indicates that a minimum amount of funding must be spent on a designated activity or program, while a spending ceiling stipulates that a specified activity or program can obligate no more funding than a maximum dollar amount. Spending floors and ceilings are usually derived from amounts appropriated for individual line items in the Congressionally approved budget. However, there are other, less evident sources for floors and ceilings. A partial list of sources include:

- (1) Language in an appropriation act.
- (2) Appropriation-specific or general provision in a report accompanying the appropriation which the Department decides to implement as a matter of policy.
- (3) Statement of intent related to activity or program published in the Congressional Record which the Department decides to implement as a matter of policy.
- (4) OMB policy statement or apportionment mark.
- (5) Financial plan decision by the Under Secretary for Management.

b. Once and wherever established, sound fund control practice must be instituted so that floor and/or ceiling amounts and their respective purposes are specified in writing on fund control documents at every subsequent level (viz., apportionment, allotment authority, advice of allotment, or operating allowance). However, spending floors and ceilings can be adjusted subsequently by seeking funds reprogramming from the appropriate Congressional committees, relief from OMB or reconsideration by the Under Secretary for Management.

## **4 FAH-3 H-123 USE OF FUNDS**

*(TL:FMP-1; 9-30-94)*

Once allotments are received, bureaus and posts may begin the task of obtaining goods and services in accordance with approved programs and funds availability. This may be done through placing orders, writing contracts, hiring personnel, authorizing overtime, preparing travel orders, and requesting services from other organizations. As services are procured, funds pass through various stages:

(1) **Commitments**—An intent to incur a financial liability. For example, a request for contractual procurement requires that a procurement official enter into a binding financial obligation with a contractor for certain goods or services.

(2) **Obligations**—Binding commitments to pay for orders placed, contracts awarded, services received, and similar transactions requiring payments, as defined by 31 U.S.C. 1501.

(3) **Unobligated Balances**—The balances of all budgetary resources available for obligation (for example unobligated balances of budgetary authority).

(4) **Expenditures**—The actual payment for goods or services rendered based on a valid obligation and certification of receipt.

## **4 FAH-3 H-124 FINANCIAL PLANNING**

### **4 FAH-3 H-124.1 Department's Financial Plan Process**

*(TL:FMP-1; 9-30-94)*

a. The Department of State's Financial Plan is the process whereby funds appropriated, transferred, or reimbursed to the Department are allocated, allotted, and controlled to provide for the orderly execution of programs, projects, and activities intended to achieve the Department's foreign policy goals and objectives.

b. The financial plan process of the Department is multi-phased involving the preparation and submission of field budget plans, bureau financial plan requests, decisions by the Under Secretary for Management, and periodic monitoring (including an annual midyear review).

c. Financial plans are prepared to reflect and implement policies, programs, and priorities contained in Bureau Program Plans.

## **4 FAH-3 H-124.2 Field Budget Plans**

### **4 FAH-3 H-124.2-1 Description**

*(TL:FMP-1; 9-30-94)*

The purpose of field budget plans is to gather information essential to setting funding levels for diplomatic posts. The plan presents information and programs at the object class level and projects upcoming fiscal year costs through the calculation of wage and price increases and anticipated program changes. These anticipated program changes should be consistent with program priorities reported in the mission program plan; the quantitative resources data in both documents should be fully consistent.

### **4 FAH-3 H-124.2-2 Process**

*(TL:FMP-1; 9-30-94)*

FMP/BP issues field budget plan guidance in the late spring for the upcoming fiscal year. This guidance consists of a hard copy booklet as well as tapes and floppy disks for transmission and submission of the required schedules. Post submissions are used both by the regional bureaus and FMP/BP in determining resource levels for the upcoming fiscal year.

## **4 FAH-3 H-124.3 Salaries and Expenses Financial Plan**

### **4 FAH-3 H-124.3-1 Financial Planning System**

*(TL:FMP-1; 9-30-94)*

The Financial Planning System through FMP/BP provides the Department with an automated system to generate and maintain the exhibits required for the initial submission of the Financial Plan (FINPLAN). The system is developed on a minicomputer so that offices and bureaus can enter their resource requirements into a standard system containing the program and object class activities identified for the Department.

## **4 FAH-3 H-124.3-2 Process**

*(TL:FMP-1; 9-30-94)*

a. The financial planning system process begins with the issuance of formal guidance in late June prior to the beginning of the fiscal year. Bureaus are required to develop financial plan requests based on goals and objectives contained in mission and bureau program plans and used in formulating the budget. In developing bureau requests, the bureaus identify nonrecurring costs, project wage and price adjustments, and request increases to support specific program activities. Bureaus are also required to develop advanced acquisition plans for contract actions that will take place during the next fiscal year.

b. Bureau requests are submitted in an automated format to FMP for review. FMP/BP and DGP conduct a joint review of bureau requests and develop options for matching Department priorities to available resources. FMP and DGP recommend to the Under Secretary for Management the Department's financial plan. Upon the under secretary's approval, the financial plan decisions are implemented through the allotment of funds to bureaus.

## **4 FAH-3 H-125 FINANCIAL PLAN EXECUTION**

*(TL:FMP-1; 9-30-94)*

Once the financial plan levels are determined and allotments affected, bureaus prepare monthly obligation phasing plans so that obligation trends can be monitored throughout the year. Senior financial managers are briefed on the trends which are used in conjunction with other financial material to review and refine the Department's FINPLAN. In addition, a formal midyear review is conducted to analyze unfunded requirements in the context of overall fund availability and obligation patterns.

## **4 FAH-3 H-126 REIMBURSABLE COSTS**

### **4 FAH-3 H-126.1 Coordination and Allocation**

*(TL:FMP-1; 9-30-94)*

On a reimbursable basis, the Department provides a variety of goods and services to other agencies both overseas and domestically. FMP/BP coordinates and arranges for the collection and proper allocation of these funds to the appropriate operating bureaus of the Department.

## **4 FAH-3 H-126.2 Reimbursable Cost Categories**

*(TL:FMP-1; 9-30-94)*

Reimbursable services fall into two cost categories.

### **4 FAH-3 H-126.2-1 Direct Service Costs**

*(TL:FMP-1; 9-30-94)*

Direct service costs (also called direct program reimbursements) are those costs of goods or services that can be identified as being incurred wholly for the benefit of a specific agency, for example language training, purchase of office equipment for another agency, and translation services.

### **4 FAH-3 H-126.2-2 Common Administrative Support Services**

*(TL:FMP-1; 9-30-94)*

a. The common administrative support services rendered by the Department to its own programs and those of other agencies overseas are reimbursable services. These common services include personnel support, budget and fiscal services, medical support, mail and pouch service, and the full range of general services including building support, procurement services, and motor vehicle service.

b. Common support costs differ from direct service costs in that common support costs cannot be readily identified as being attributable to a specific agency. Therefore, the costs are distributed among all benefitting agencies according to cost sharing tenets of the Foreign Affairs Administrative Support (FAAS) system. A full description of the FAAS system, its historical evolution, philosophy, and operating tenets is set forth in 4 FAH-2

## **4 FAH-3 H-127 THROUGH H-129 UNASSIGNED**