

United States Department of Agriculture  
Grain Inspection, Packers and Stockyards Administration

**DIRECTIVE**

GIPSA 2210.1

9/27/99

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**ADMINISTRATIVE FUND CONTROL SYSTEM FOR  
APPROPRIATIONS AND FEE-SUPPORTED FUNDS**

1. PURPOSE

This Directive:

- a. Establishes the Administrative Fund Control System for appropriations and fee-supported funds in the Grain Inspection, Packers and Stockyards Administration (GIPSA).
- b. Sets forth policy and responsibilities under the system for restricting, controlling, and reporting obligations, with respect to appropriations, fee-supported funds, investments, apportionments, allotments, and allocations.
- c. Sets forth responsibility for investing fee-supported funds in interest-bearing accounts.
- d. Outlines the liabilities for violations of the system.

2. POLICY

- a. All GIPSA Deputies, Directors, Staff Directors, Field Office Managers, Regional Supervisors, Branch Chiefs, Staff and Program Heads, and Chairman of the Board of Appeals and Review are responsible for operating their programs in a manner which will comply with this Directive. They will assist in ensuring the Agency operates within the resources available to it.
- b. The GIPSA Budget Officer, subject to the restrictions of this Directive, is hereby delegated authority to develop and implement policies, processes, and procedures pertaining to budget execution activities, including administrative control of funds. This includes the authority to issue allocations to Agency officials as appropriate. However, initial allocations and substantive changes must be approved by the Administrator and respective program Deputy Administrators, prior to issuance.

- c. Agency officials who receive allocations containing estimated reimbursements or receipts will maintain constant and careful oversight of these amounts to ensure they are realized. If workload-estimate changes result in significant changes in estimated receipts, allocation holders are required to notify the Budget Officer in writing within 30 days of the change in the estimate.
- d. All GIPSA organizations and funds, user fees and appropriated, are subject to the provisions of this Directive.

### 3. AUTHORITIES

The Administrative Fund Control System is required by the following statutes and regulations:

- a. 31 U.S.C. 1341, 1349-1351, 1501-1557 (prescribes violations subject to disciplinary action), commonly known as the Anti-Deficiency Act.
- b. 31 U.S.C. 1104 (budget and appropriations authority of the President).
- c. 31 U.S.C. 1501 and 1502 (requires documentary evidence of obligations).
- d. 31 U.S.C. 1120 (specifies that the fiscal year will be from October 1 through September 30 of the following year).
- e. 31 U.S.C. 1108 (preparation and submission of appropriation requests to the President).
- f. 2 U.S.C. 681-688 (contains deferral and rescission of budget authority).
- g. Departmental Budget Manual, Chapter 4, Budgetary Administration and Reporting, Section 2, Administrative Fund Control System.
- h. Office of Management and Budget (OMB) Circular No. A-34, Instructions on Budget Execution and related OMB guidelines.

### 4. DEFINITIONS:

- a. Accrued expenditures are charges during a given period that are equal to liabilities incurred, and reflect the need to pay for:

- (1) Services performed by employees, contractors, vendors, carriers, grantees, lessors, and other payees;
- (2) Goods and other tangible property received;
- (3) Amounts owed under programs for which no current service or performance is required.

Expenditures accrue regardless of when cash payments are made, whether invoices have been rendered, or in some cases, whether goods or other tangible property have been physically delivered.

- b. Allocation is the notification by the Administrator (or his/her designee) to each Division or Staff Director of the amounts available for obligation by program (including reimbursements or receipts) to finance the programs of the Division, Staff, or other designated organizational unit during the respective fiscal year.
- d. Allotment is an authorization by the Department Head (or his/her designee) to a designated Agency official (the allottee) to incur obligations. Allotments may include quarterly limitations for funds subject to apportionment issued against funds made available pursuant to an appropriation or other statutory authority. An allotment will not be subdivided into sub-allotments.
- e. Apportionment is an approval by OMB of the annual amount available for obligation in an appropriation or fund account, as provided in the annual Appropriations Act. These amounts may be adjusted for changes in reimbursements, actual unobligated balances, and recoveries of prior year obligations without further action by OMB.
- f. Appropriation is an authorization by an act of congress to incur obligations and to make payments out of the treasury for specified purposes and within the limits established.
- g. Deferral is any action or inaction by the Administrator or his/her designee that temporarily withholds, delays, or effectively precludes the obligation or expenditure of budget authority. A deferral consists of:
  - (a) Amounts reserved for contingencies pursuant to the provisions of U.S.C. 684; and
  - (b) Amounts temporarily withheld through the apportionment process for other reasons pursuant to the provisions of 2 U.S.C 681-688.

- g. Obligations are amounts of orders placed, contracts awarded, services received, investments, and similar transactions during a given period that will require payments during the same or a future period. Such amounts will include any disbursements not preceded by recorded obligations and will reflect adjustments for differences between obligations and the actual disbursements. Obligations will be consistent with the requirements of 31 U.S.C. 1501-1502 which provide that no amount will be recorded as an obligation unless it is supported by documentary evidence (see section 6 below).
- h. Operating budget plans are documents prepared by the individual or organization to whom the allocation is given and serve as a benchmark for comparison to actual obligations during the year. Plans are also used in developing the Agency budget estimates for the President's budget.
- i. Receipts are amounts earned which are earmarked by law, agreement, or statute for purposes authorized by the U.S. Grain Standards Act, and the Agricultural Marketing Act of 1946. Amounts to be collected include accounts receivable, receipts earned, but not billed, and amounts anticipated for the remainder of the year. Estimated receipts are considered usable when actually collected. The amounts collected are credited to the fund, current at the time collected, although the amount may have been earned in prior years. At the end of the fiscal year, any unrealized estimates are reversed out of the fund.
- j. Reimbursements are amounts earned or to be collected (other than refunds) for work, sale of personal property, or services furnished between appropriations or to an individual, firm, corporation, or State or local government which, by law, may be credited to an appropriation or fund. This category includes the user-fee accounts. Amounts to be collected include accounts receivable, reimbursements earned, but not billed, and amounts anticipated for the remainder of the year. Estimated reimbursements are considered usable when they are earned. At the end of the year, any unrealized estimates are reversed out of the appropriation or fund.
- k. Rescission is the amount of budget authority that the President determines will not be required to carry out the full objectives or scope of programs for which it is provided. Proper congressional notification is required.
- l. User Fees and Revolving Funds are permanent authorizations under which funds become available through fund operations without further congressional action. This includes all fee-supported funds.

- m. Treasury Warrant is an official document issued pursuant to an appropriation act by the Secretary of the Treasury (Treasury) that establishes the amount of monies authorized to be withdrawn by a USDA agency from the central accounts maintained by the Treasury.

5. ADMINISTRATIVE FUND CONTROL SYSTEM

- a. Design of the System. The Administrative Fund Control System is designed to:

- (1) Establish policy with regard to administrative control of funds.
- (2) Restrict obligations of disbursements against the total amount of each appropriation or fund regardless of requirement for apportionment.
- (3) Restrict obligations or disbursements against the amount of the apportionment or reapportionment made for each designated appropriation or fund.
- (4) Fix responsibility for the creation of any obligation, or the making of any disbursement, in excess of an appropriation or fund, or an apportionment or reapportionment made thereof.
- (5) Provide procedures for dealing with violations of 31 U.S.C. 1514, as well as administrative violations, including reporting requirements.

- b. Fund Control. The system will meet the following requirements:

- (1) Appropriations, Treasury Warrants, funds, apportionments, and allotments will be reflected in appropriate general ledger accounts supported by subsidiary records, which will disclose (on a day-to-day basis) the status of allotments.
- (2) Contingent liabilities and administrative reservations or commitments not yet legally obligated will be recorded and reported as estimates in the accounting system.
- (3) Apportionment and reapportionment schedules will be prepared, as required by OMB.

- (4) Allotments will be established for all appropriations and funds to control obligations or expenditures within amounts in designated apportionments, or otherwise available pursuant to law, and conform to such limitations and conditions as may be specified in approved apportionments or the law. Allotments will be limited to the extent practicable to one allotment for each appropriation or fund available to the Agency.
- (5) Allocations and operating budgets will be:
  - (a) Established to facilitate economical and efficient use of funds, and to direct the use of funds to the approved programs and activities for which they are made available.
  - (b) Established for applicable levels of the Division, Staff, or other designated unit compatible with the effective management of programs and cost.
  - (c) Related to Agency program budget activities as described in the annual President's Budget submission.
  - (d) Financed from appropriations, reimbursements, or revenues.

6. DOCUMENTARY EVIDENCE OF OBLIGATIONS

The provisions of 31 U.S.C. 1501-1502 require that:

- a. No amount will be recorded as an obligation of the U.S. Government, unless it is supported by documentary evidence of:
  - (1) A binding agreement, in writing, between the parties thereto, including government agencies in a manner and form, and for a purpose authorized by law executed before the expiration of the period of availability for obligations of the appropriation or fund concerned for specific goods to be delivered, real property to be purchased, or leased, or work or services to be performed; or
  - (2) A valid loan agreement showing the amount of the loan to be made and terms of repayment thereof; or
  - (3) An order required by law to be placed with a government agency; or
  - (4) A grant or subsidy payable:

- (a) From appropriations made for payment of, or contributions toward, sums required to be paid in specific amounts fixed by law, or in accord with the formula prescribed by law, or
    - (b) Pursuant to agreement authorized by, or plans approved in accord with and authorized by law; or
  - (5) An order issued pursuant to a law authorizing purchases without advertising when necessitated by public exigency, or for perishable subsistence supplies, or within specific monetary limitations; or
  - (6) A liability which may result from pending litigation brought under authority of law; or
  - (7) Employment or services of persons or expenses of travel in accord with law and services performed by public utilities; or
  - (8) Any other legal liability of the United States against an appropriation or fund legally available therefor.
- b. All financial reports prepared as of September 30 will be supported by certifications of the officials designated by the Office of Budget and Program Analysis, generally the Budget Officer. Such certifications will be supported by records evidencing the amounts reported therein as having been obligated. The certifications and records will be retained in, or for the Agency so as to facilitate audit and reconciliation for the period, as may be necessary. The officials designated by the Office of Budget and Program Analysis to make certifications may not re-delegate the responsibility.
  - c. No appropriation or fund which is limited for obligation purposes to a definite period of time will be available for expenditure after the expiration of such period (except for liquidation of amounts obligated), but no such appropriation or fund will remain available for expenditure or liquidation adjustments to expired accounts for any period beyond that otherwise authorized by law.
  - d. Any statement of obligation of funds furnished by any agency of the Government to the Congress or any committee thereof will include only such amounts as may be valid obligations as defined in paragraph a. above.

## 7. RESPONSIBILITIES FOR VIOLATIONS UNDER THE SYSTEM

The Administrator is required, under the Administrative Fund Control System, to fix

responsibility for violations (see section 9 below) to specific officials who are responsible for allotment and obligation controls. The responsibilities of these officials in connection with the allotment of funds and control of obligations under allotments are prescribed below:

- a. The GIPSA Budget Officer is delegated responsibility for issuing allotments and allocations and for limiting allotments under each appropriation or fund to amounts which are not in excess of the lesser of either appropriations or funds made available to the Agency (including estimated reimbursements or receipts) or approved apportionments.
- b. Officials designated as allottee (Administrator or official designated as the allottee) are responsible for limiting obligations to allotments and to quarterly limitations thereof. Where allotments include amounts for estimated reimbursements or receipts, the obligations against such reimbursements may be incurred only to the extent that such estimated funds will actually be realized.
- c. Deputies, Division Directors, Staff Directors and Program Officials to whom allocations are issued are responsible for incurring obligations within the amount designated in such approved allocations.
- d. Office Directors and Unit Managers are responsible for incurring obligations within the amounts designated in an approved operating budget for that office/unit.

## 8. RESPONSIBILITIES FOR OPERATIONS UNDER THE SYSTEM

- a. The Administrator, through the Deputy Administrators and the Budget Officer, will:
  - (1) Restrict and control obligations within total allotments and apportionments. Obligations may not be incurred at any time in excess of the total annual amount available, or the applicable cumulative amount available through the current quarter under any allotment or apportionment.
  - (2) Restrict obligations incurred for reimbursable/receipt activities to the extent that such estimated amounts will actually be realized.
  - (3) Carry out executive and congressional intent in the programming, reprogramming, allocation, and use of funds. Significant changes in the use of funds, or the need for funds, will be brought to the attention of the Office of Budget and Program Analysis.
- b. The Budget Officer will:

- (1) Prepare allotments under each appropriation and fund to amounts which are not in excess of the lesser of either: funds made available (including estimated reimbursements or receipts), or approved apportionments for designated appropriated or revolving funds.
  - (a) Allotments will be made on an annual basis for any appropriation or fund subject to apportionment. Quarterly limitations contained in allotments will be within approved apportionments or other authorized administrative limitation on funds.
  - (b) Allotments will be limited to the extent practicable to one allotment for each appropriation or fund with the Administrator named as allottee. An allotment will not be divided into sub-allotments.
- (2) Prepare for approval by the Administrator and Deputy Administrators, the annual financial management plan containing the proposed allocations by appropriation and revolving fund (including reimbursements and receipts). Allocations will be prepared for both direct charge and distributed activities. The sum total of these allocations will not exceed enacted appropriations or written revenue estimates supplied by Division and Staff Directors. If, during the year, revenue estimates decline, allocations for those fee programs must be reduced correspondingly.
- (3) Develop and maintain an allocation table that:
  - (a) Lists availability by appropriated budget project and each respective fee program. Availability numbers for fee programs must be changed on the table to reflect the most current Form AD-706, Statement of Estimated Reimbursements or Receipts.
  - (b) Lists all distribution percentage formulas.
  - (c) Lists all direct and distributed allocations by the appropriate categories listed in (3)(a).
  - (d) Lists the remaining unallocated funds ((3)(a) minus (3)(c)).
- (4) Issue approved allocations for salaries and administrative expenses to Division and Staff Directors. These allocations will provide Directors with authority to incur obligations, and will be used as the basis for developing operating budget plans for the appropriate division, staff, office, or unit.

- (5) Prior to the beginning of the fiscal year, prepare and distribute to Division and Staff Directors, operating budget instructions and planning allocations. The planning allocations for appropriated funds will be based on the best estimate of funds to be enacted. Planning allocations for fee accounts will be based on written revenue estimates submitted by Division and Staff Directors. The operating budget submitted by Division and Staff Directors will be summarized at an Agency level to ensure they do not exceed available funds as listed in the allocation table.
- (6) Ensure that the National Finance Center (NFC) maintains an appropriate GIPSA accounting code structure, general ledger, and a series of accounting reports that are useful to program managers.
- (7) Ensure that NFC records and maintains a complete, accurate, and timely record of valid obligations incurred to date, and the total budgetary resources available for obligations. In cases involving reimbursements from another federal account, a properly executed agreement, which has been recorded as an obligation of the ordering account, will constitute the minimum assurance that the receivable will be realized.
- (8) Concur with, or request modification to, budgetary reports from the NFC Central Accounting System, on a monthly basis, to ensure that cumulative obligations are within amounts available through the current accounting period and quarter under each applicable apportionment, allotment, appropriation, or fund limitation. Requests for accounting report changes should be sent to the Animal and Plant Health Inspection Service's Washington Financial Services Branch for transmission to NFC.
- (9) Utilizing the budgetary reports from paragraph (6), periodically review (at least quarterly) with Divisions, Staffs, and other allocation holders the current and projected financial status of programs and funds to ensure compliance with existing allocations. The results of these separate reviews will be accumulated into Agency-level reports.
- (10) Utilizing the Agency-level reports from paragraph (7), furnish periodic (at least quarterly) obligation and budgetary forecast reports to the Administrator and Deputies. Where allotments under apportionments include amounts of estimated reimbursements, receipts, or transfers, obligations against these funds may be incurred only to the extent that such estimated funds will be realized. Unrealized amounts must be considered as an offset against available apportionments.

- (11) Annually review all fees and charges for services provided by GIPSA. The specific scope and method of these reviews are described in a separate GIPSA directive.
- (12) Invest available revolving fund cash balances in interest bearing accounts as described in the U.S. Grain Standards Act and the Agricultural Marketing Act of 1946. GIPSA investment policies are described in a separate GIPSA directive.
- (13) Maintain sufficient investment records of principal invested, and interest earned and collected, for all programs whose cash balances are being invested and are earning interest.
- (14) Review all Forms SF-133, Report of Budget Execution.
- (15) Determine if any violations are subject to liabilities prescribed in section 9 below, and prepare, for approval by the Administrator, any reports of violations (see section 9, paragraph a.(2)). This determination will be subject to further review by the General Counsel and the Office of Budget and Program Analysis.
- (16) Prepare rescission and/or supplemental appropriation proposals as required for submission to Congress.
- (17) Comply with statutory limitations or restrictions contained in appropriation acts or other statutes.
- (18) Monitor and control staff-year usage to operate within annual staff-year ceilings or targets.
- (19) Provide management control over obligation limits established by program, project, and activity for short and sometimes erratic periods of fund availability.
- (20) Periodically review the Administrative Control System and recommend or initiate changes where necessary.

c. Division Directors, Staff Directors, and Heads of other designated units responsible for allocations will:

- (1) Operate assigned programs in such a manner so as to obligate funds without exceeding the amounts authorized in their respective allocation.

Funding allocations cannot be exceeded without obtaining prior written clearance from the Budget Officer. Violation of this requirement may result in disciplinary action as described in section 9.

- (2) Establish and maintain an appropriate line of responsibility within the organization for controlling obligations, earning and collecting revenues, and verifying accounting reports.
- (3) Within 30 days of receipt of monthly NFC Central Accounting System reports, notify the Budget Officer of material revenues, obligations, and other financial data that are not accurate, or are not appropriately charged.
- (4) Prepare operating budgets by program, by month, and by appropriate sub-organizational unit for use during the fiscal year as a benchmark for comparing to obligations incurred and revenues earned. Specific operating budget instructions and planning allocations will be issued separately.
- (5) Notify the person in charge of each sub-organizational unit of the amount budgeted for that unit for use as a guide for conducting operations under the operating budget. The sum total of sub-organizational unit operating budgets will not exceed the total annual allocation.
- (6) Develop and maintain a system of accurately estimating industry demand for GIPSA services. This data will be used for preparing revenue estimates. These estimates of workload must be reviewed and updated on a quarterly basis.
- (7) Prepare and submit to the Budget Officer, Form AD-706, Statement of Estimated Reimbursements or Receipts. This form will initially be prepared each spring or summer to assist in the preparation of planning allocations and operating budgets. If revenue estimates materially change, a revised Form AD-706 must be prepared and submitted within 30 days of the change.

d. Officials in charge of sub-organizational units will:

- (1) Operate assigned programs within the assigned operating budget.
- (2) Notify the allocation holder of anticipated obligations that will exceed the operating budget, and obtain approval of such obligations prior to expenditure.
- (3) Submit documents, vouchers, and plans as required.

- (4) Review within 30 days of receipt, all financial reports provided by NFC to ensure that all revenue, obligations, and other financial data are accurate and appropriately charged.
- (5) Inform the responsible division or staff person of any discrepancies between actual data submitted and the data included in the NFC reports. The sub-organizational unit official is responsible for ensuring that all discrepancies are resolved.

9. REPORTING VIOLATIONS SUBJECT TO DISCIPLINARY ACTION

Certain violations are subject to disciplinary action. The Budget Officer will report to the Administrator and Deputies the following violations:

a. Violations Subject to the Anti-Deficiency Act, Section 3679 Revised Statutes (31 U.S.C. 1341).

- (1) Types of violations:
  - (a) Any case where an officer or employee of the United States has made or authorized a disbursement from, or created or authorized an obligation under, any appropriation or fund (including revolving funds) in excess of the amount available therein.
  - (b) Any case where an officer or employee of the United States has involved the Government in a contract or other obligation for the payment of money for any purpose in advance of appropriations made for such purpose, unless such contract or obligation is authorized by law.
  - (c) Any case where an officer or employee of the United States has accepted voluntary service for the United States, or employed personal services in excess of that authorized by law, except in cases of emergency involving the safety of human life or the protection of property.
  - (d) Any case where an officer or employee of the United States has authorized or created an obligation, or made a disbursement, in excess of an apportionment or reapportionment.
  - (e) Any case where an officer or employee of the United States has authorized or created an obligation, or made a disbursement, in

excess of the amount permitted by the prescribed and approved Administrative Fund Control System as outlined in this Directive.

(2) Method of Reporting:

- (a) The GIPSA Budget Officer will report violations to the appropriate Deputy Administrator, and the Administrator, and, in accordance with the Anti-Deficiency Act, prepare the necessary notification letters for signature by the Secretary. These letters will be routed through the Office of Budget and Program Analysis, and addressed to the President, the Speaker of the House of Representatives, and the President of the Senate. For information to be reported, see paragraph c below.
- (b) The letter to the President, forwarded through the Director of OMB, will be an original and 3 copies. The opening sentence of the letter will identify it as "a report on a violation of Section 3679 of the Revised Statutes, As Amended."
- (c) Identical letters will be addressed to the presiding officers of the House of Representatives and the Senate. One copy of the letters will be submitted to OMB with the letter to the President, unless the letters to the presiding officers and the letter to the President are substantially the same.

- (3) Reports on General Accounting Office (GAO) Findings. Reports should also be made on violations not previously reported which are included in findings of GAO in connection with audits and investigations. In these cases, the report should contain an explanation as to why the violation was not discovered and previously reported by the Agency. If the Agency does not agree with GAO that a violation has actually occurred, the report required by OMB Circular No. A-50 should explain the reason for its point of view.

The Federal Managers' Financial Integrity Act (FMFIA) requires an annual agency statement of assurance that programs and activities were reviewed and meet the reasonable assurance criteria established by the Comptroller General. It also requires that agencies report financial situations such as violations of the Anti-Deficiency Act that merit the attention of the President and the congress.

- (4) Liabilities for Violations. Any officer or employee who violates any of the provisions of subparagraphs a.(1) and (3) above, will be subject to

appropriate administrative discipline in accordance with established departmental procedures including, when circumstances warrant, suspension from duty without pay or removal from office. In addition, any officer or employee who knowingly or willfully violates any of those provisions will, upon conviction, be fined not more than \$5,000 or imprisoned for not more than 2 years, or both.

b. Violations not Subject to the Anti-Deficiency Act, Section, 3679 Revised Statutes (31 U.S.C. 1341).

(1) Types of Violations:

- (a) Exceeding the amounts specified in a Division, Staff, or other designated unit allocation under any appropriation or fund, without obtaining prior written clearance from the Budget Officer.
- (b) Exceeding the amounts specified in the guidelines for an operating budget plan without obtaining administrative clearance under the Division, Staff, or other designated unit allocation.
- (c) Accepting, for Government use, gifts of money or other property in the absence of specific statutory authority (16 Comp. Gen. 911(1937)). For FGIS, official personnel **cannot** solicit or accept from any interested party (customer), directly or indirectly, any gift such as a gratuity, meal, favor, discount, entertainment ticket or pass, or loan; a service/gift of training, transportation, local travel, lodging and meal, whether provided in-kind, by purchase of ticket, payment in advance, or reimbursement after the expense has been incurred; or any item having monetary value (5 CFR 2635, Subpart B, dated August 1992, Section 2635.202 and 203(b)).

(2) Method of Reporting. The Budget Officer will submit reports of violations to the Administrator and Deputy Administrators in the form of a memorandum. For information to be reported, see paragraph c. below.

(3) Liabilities for Violations. Any officer or employee who violates any of the provisions in subparagraph b.(1) above, will be subject to appropriate disciplinary action imposed by the Administrator.

c. Information to be Reported. The reports of violations described in paragraphs a. and b. above, will include the following information as applicable:

- (1) The title and 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) The name and position of the officer or employee responsible for the violation.
- (3) All the pertinent facts relating to the violation, including the type of violation (e.g., overobligation of allotment, apportionment, or an over expenditure of an allocation, etc.), the primary reason or cause, and any statement of the responsible officer or employee with respect to any circumstance he/she believes to be extenuating.
- (4) A statement of the administrative discipline recommended or imposed, or any other administrative action taken, with respect to the officer or employee, or an explanation as to why no disciplinary action is considered necessary.
- (5) A statement of any additional action taken by, or at the direction of, the Administrator, including any new safeguards provided to prevent recurrence of the same type of violation.
- (6) A statement regarding the adequacy of the Administrative Fund Control System.
- (7) If two or more agencies are concerned, a statement concerning the steps taken to coordinate the report with the other agencies.

/s/ James Baker  
Administrator