

ADMINISTRATIVE CONTROL OF FUNDS

Chapter 1912

1912-0 Purpose

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1912-0 PURPOSE

The purpose of this chapter is (1) to describe the NIH system for administrative control of funds, (2) to fix responsibility for violations of revised Section 31 U.S.C. 1341(a), as amended, or regulations relating thereto, and (3) to provide a means of reporting such violations to the President, through the Director of the Office of Management and Budget, and to the Congress. The system of administrative control of funds described herein is based on the DHHS Accounting Manual Chapter 2-10 which was separately submitted for OMB review as required by Section 3679 of the revised statutes (later revised Section 31 U.S.C. 1341 (a)) and approved by OMB letter of May 17, 1967.

1912-1 PROVISIONS OF LAW (See 31 U.S.C. 1341 (a))

A. Systems Requirements

1. Section 1341 (a) provides for financial apportionments and reappportionments by the Director of the Office of Management and Budget. It requires the head of each executive agency, subject to the approval of the Director of the Office of Management and Budget to prescribe by regulation a system of administrative control (not inconsistent with any accounting procedures prescribed by or pursuant to law), which shall be designed to (1) restrict obligations or expenditures against each appropriation to the amount of apportionments or reappportionments made for each such appropriation and (2) enable the agency head to fix responsibility for the creation of any obligation or the making of any expenditure in excess of an apportionment or reappportionment.
2. All personnel delegated responsibilities regarding the administrative control of funds will familiarize themselves with, and remain continually aware of, the legal and regulatory requirements. The basic references are:
 - A. Section 31 U.S.C. 1341 (a)
 - B. OMB Circular A-34, as amended
 - C. Title 2, GAO General Policies/Procedures and Communication Manual

- D. DHHS Departmental Accounting Manual Chapter 2-10
- E. NIH Manual 1130, Finance #11 “Administrative Control of Funds”

B. Prohibitions

Section 1341 (a) contains the following prohibitions:

1. No officer or employee of the United States may make or authorize an expenditure or obligation exceeding an amount available in an appropriation or fund for the expenditure or obligation.
NOTE: Although not contained in Section 1341 (a), this includes cases of “zero spending levels” for specifically targeted programs/activities for which Congress has enacted legislation explicitly prohibiting any spending.
2. No officer or employee of the United States may involve the Government in a contract or obligation, for the payment of money before an appropriation is made, unless authorized by law.
3. No officer or employee of the United States may make or authorize an expenditure or obligation of funds required to be sequestered under Section 252 of the Balanced Budget and Emergency Deficit and Control Act of 1985.
4. No officer or employee of the United States may involve the Government in a contract or obligation for the payment of money required to be sequestered under Section 252 of the Balanced Budget and Emergency Deficit and Control Act of 1985.

C. Penalties and Administrative Actions

Section 1341 (a) provides that there shall be furnished to the President, through the Director of Management and Budget and to the Congress, information on violations of the character specified in Paragraph B above. In addition to any penalty or liability under other law, it provides that any officer or employee of the United States who commits a violation shall be subjected to appropriate administrative discipline, including when circumstances warrant, suspension of duty without pay or removal from office, and any officer or employee who shall knowingly and willfully commit such a violation shall, upon conviction, be fined not more than \$5,000 or imprisoned for not more than two years or both.

D. Reporting Requirements

It is the responsibility of any NIH employee who is aware of an apparent violation of Section 1341 (a) to initiate immediately a written report of such violation to the Deputy Director for Management, NIH.

The Director, NIH, will compile written reports of apparent violations of the anti-deficiency statutes by officers or staff of the National Institutes of Health. Reports will be forwarded through administrative channels to the Assistant Secretary for Management and Budget, DHHS; a copy of each report will be forwarded to the Deputy Assistant Secretary, Budget, for review and action. Reports will contain the following information:

1. The title and symbol of the appropriation or fund account, the amount of the violation, and the date on which the violation occurred..
2. The name and position of the person responsible for the violation.
3. All pertinent facts concerning the violation and primary reason or cause.
4. A statement of the responsible person giving any circumstances he believes to be extenuating.
5. A statement of additional action taken by, or at the direction of, the responsible official, indicating any new safeguards provided to prevent recurrence of the same type of violation.
6. A statement regarding the adequacy of Department regulations as implemented by NIH to prevent violations of the type reported, with recommendations for improvements.

1912-2 LEVEL OF FUND CONTROL

A. Definitions (Extracted from OMB Circular A-34)

1. Budget Authority - is the authority provided by Federal law to incur financial obligations that will result in outlays or expenditures.
2. Appropriation - a specific form of budget authority that is set forth in an act or other provision of law to provide new authority to incur obligations. NOTE: Some types of appropriations i.e., to liquidate contract authority, do not provide new authority to incur obligations and are not counted as budget authority.

3. Apportionment - is a distribution made by OMB of amounts available for obligation in an appropriation or fund account into amounts available for specific time periods, programs, activities, projects, objects, or combinations thereof.
4. Allotment - is authority delegated by the head or other authorized employee of an agency to agency employees to incur obligations within a specified amount, pursuant to apportionment or reapportionment action or other statutory authority making funds available for obligation.

B. Allotment

1. Allotments are made at the highest practicable level within fund availability authorized by Continuing Resolutions, Appropriation Acts and fund limitations contained therein, apportionment schedules, and Section 601 of the Economy Act advances or reimbursement agreements. In this context, the objective is to finance each allottee with a single allotment for each appropriation or fund affecting him/her. In no case will allotments be made below the appropriation level unless necessary to comply with appropriation limitations or inter-agency agreements set forth above. Overobligation of an allotment will be subject to the provisions of the Anti-deficiency Act, Section 1341 (a). Allotments will be issued by the first day of the fiscal year and amended during the year as required by appropriate legislation and/or apportionment changes.
2. No-year and multi-year accounts having year-end available balances will be considered expired for obligation purposes. However, available balances will be reapportioned and allotted in the subsequent fiscal year for obligational purposes.
3. Fiscal year allotments will be issued for all NIH appropriations accounts, Small Business Innovation Research accounts, inter-governmental fund accounts and trust fund accounts.

For clarification purposes, the following definition shall apply to the term "allottee." An allottee is a person who receives an allotment and is charged with the responsibility of (a) administering the allotted funds for the purpose intended, (b) conforming to any limitations of appropriation acts and other governing laws, (c) complying with the anti-deficiency statute, and (d) ensuring that a check for funds availability is made prior to initiating any action to obligate the funds. As an allottee, that person is subject to the penalties imposed for any violation of the terms of the allotment.

The allottee should be an operating official who has responsibility for program performance of an entire program, a specific identifiable portion of a program, or a distinct operation, and who is in a position to determine relative essentiality of various types of expenditures required to carry out the assigned mission.

4. Allotments are issued to the Deputy Director, NIH for the OD; the Director of the respective NIH Institutes and Centers, and the Director of the National Library of Medicine.

The allotment structure is shown in **Exhibit 1912-1**. Allotments are established for the amounts made available to each allottee for:

- a. Each appropriation (exclusive of reserved amounts) plus the estimated reimbursements which are authorized by law to be deposited to the credit of the appropriation.
 - b. Each specific limitation set forth in the language of the Appropriation Act.
5. The appropriated funds allotted within the National Institutes of Health normally include a single allotment for “direct programs” of the various Institutes and Centers, the Office of the Director, NIH, the National Library of Medicine, and for Buildings and Facilities. Allotments are also issued for Small Business Innovation Research accounts, the NIH Gift Funds, the Management Fund (which finances general administrative and support services and is funded on a reimbursable basis by other NIH appropriations), funds received either from transfers or other separate appropriations (e.g., the Diabetes funds provided by the Balanced Budget Act, and the special Superfund activity appropriation) the Service and Supply Fund (a Working Capital Fund) and when applicable, for IC Royalty and CRADA fund accounts.
 6. Each allottee has both statutory responsibility for compliance with Section 1341 (a) and high level managerial responsibilities with respect to the activities carried on pursuant to the purposes of the appropriations. Allotments are issued by the OD/Office of Financial Management (OFM) on Advice of Allotment Form PHS-114-1 to inform the allottee officially of the amount of funds available for obligation. It shows the current annual funding plan by quarters and in total, and a record of all changes in the funding plan, from the beginning of the fiscal year.

7. When funds are made available by a resolution of Congress (Continuing Resolution Authority) rather than by an act of a specific appropriation, only so much of the annual funding plan as is authorized thereby is shown in the Advice of Allotment. After funds have been appropriated by the Congress and apportioned by the Office of Management and Budget, the entire annual funding plan is distributed in the first subsequent Advice of Allotment.

C. Allowances

1. Subdivisions of obligational authority below the allotment level, i.e., sub-allotments, allowances, limitations, etc., are uniformly designated as allowances. Generally, allowances are initiated by the appropriate IC or OD Budget Officer who enters the Advice of Allowance data into the Administrative Database (ADB) Fund Control Module on behalf of the allottee. The Advice of Allowance is then monitored by each IC via a built in checks and balances capability in the ADB Fund Control Module which ensures that the funds are within the limits of the allotment.

While allowances are subject to strict fund control procedures, violation or over obligation of an allowance will be subject to administrative actions other than those imposed under the Anti-deficiency Act.

2. Specific limitations or restrictions which apply to the allowance are specified in the remarks section. At least one allowance is issued under each allotment to facilitate the fund control processes of the automated accounting system. A separate allowance will be prepared which will be reflective of either direct and/or reimbursable authority by Activity. Additional allowances may be established for other purposes such as limiting obligational authority. Allowances are issued for all funds available to NIH. Copies of financial status reports (Chapter 1982, Exhibits 1982-1, 1982-4, 1982-6 and 1982-7) are furnished by the Office of Financial Management to assist the allowance holder.
3. The OFM staff will review and monitor the total allowances issued and the related cumulative commitments and obligations at the appropriation level through various report data. Should an allowance be exceeded, the appropriate Budget/Finance Officer will be notified by OFM so that the necessary steps can be taken to correct the problem.

Allowances are issued for the current year only regardless of the expiration date of the appropriation, i.e., annual, multi-year or no-year. All

unobligated allowance amounts are withdrawn as of the end of the fiscal year and in the case of multi-year and no-year funds which have not expired may be reissued in the new fiscal year.

D. Operating Budget Subdivisions

An Operating Budget Subdivision is defined as any level below an Allowance that results in an obligation or expenditure being continually monitored and reviewed in order to stay within the bounds of the Allowance. This level is required to meet the operational needs of the IC rather than to serve as a means of apportionment control. Similar to the Allowance level, strict fund control procedures should be applied and a violation or overobligation of an Operating Budget Subdivision will be subject to administrative action as opposed to the penalties of the Anti-deficiency Act.

An Operating Budget may be issued to the official within the Allowance organization who is responsible for the budget/program activity.

E. Prior Year Funds

The determination that prior year funds are available for restoration rests with the IC Budget Office staff. The authority to approve prior year fund requests based on allowability criteria will rest with the same IC personnel i.e., contracting, administrative, grants management, and personnel officers, who presently have authority to obligate current year funds.

In accordance with NIH Manual Chapter 1743 “Keeping and Destroying Records” Section 1900-B-3 “Appropriation Allotment Files”, approving officials will maintain supporting documentation for a period of six years and three months from the end of the fiscal year current during which funds were approved. Copies of the supporting documentation must be made available to OFM for auditing purposes. The NIH’s Central Accounting System (CAS) remains the official system of record for use in determining the availability of funds.

F. Control of Reimbursable Authority

1. Allotments will reflect the amount of reimbursable authority by quarter included in the total amount allotted. This information will be in memorandum form and shown at the bottom of the Advice of Allotment Form. Amounts shown as reimbursable authority must be consistent with the amounts authorized on the latest Apportionment and Reapportionment Schedule (SF-132).

2. Separate allowances will be issued for the reimbursable authority consistent with paragraph B above. In no case will reimbursable and appropriated funds be combined in the same allowance.
3. Each customer who places an order(s) within an allowance will be treated as a project and identified by a unique CAN. **(Exception: Should you have an agreement that is to be renewed each subsequent year for a given time frame, you may repeat the use of a CAN).**

NIH ALLOTMENT STRUCTURE

Exhibit 1912-1

<u>APPROPRIATION</u> <u>SYMBOL</u>	<u>TITLE</u>	<u>ALLOTTEE</u>	<u>ALLOTMENT</u>
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NOTE: The following represent appropriation symbols belonging to the NIH.

75 0807	National Library of Medicine		
	General Research	Director, NLM	01
	Small Business	“ ”	03
75 0819	John E. Fogarty International Center for Advanced Study in the Health Sciences		
	General Research	Director, FIC	01
75 0838	Buildings and Facilities		
	General Research	Director, ORS	01
75 0843	National Institute on Aging		
	General Research	Director, NIA	01
	Small Business	“ ”	03
75 0844	National Institute of Child Health and Human Development		
	General Research	Director, NICHD	01
	Small Business	“ ”	03
75 0846	Office of the Director		
	General Research	Deputy Director, NIH	01

NIH ALLOTMENT STRUCTURE**Exhibit 1912-1**

<u>APPROPRIATION SYMBOL</u>	<u>TITLE</u>	<u>ALLOTTEE</u>	<u>ALLOTMENT</u>
75 0848	National Center for Research Resources		
	General Research	Director, NCRR	01
	Small Business	“ ”	03
75 0849	National Cancer Institute		
	General Research	Director, NCI	01
	Small Business	“ ”	03
75X0849	Supplement	“ ”	02
75 0851	National Institute of General Medical Services		
	General Research	Director, NIGMS	01
	Small Business	“ ”	03
75 0862	National Institute of Environmental Health Sciences		
	General Research	Director, NIEHS	01
	Small Business	“ ”	03
	Superfund	“ ”	04
75 0872	National Heart, Lung, and Blood Institute		
	General Research	Director, NHLBI	01
	Small Business	“ ”	03

NIH ALLOTMENT STRUCTURE**Exhibit 1912-1**

<u>APPROPRIATION SYMBOL</u>	<u>TITLE</u>	<u>ALLOTTEE</u>	<u>ALLOTMENT</u>
75 0873	National Institute of Dental and Craniofacial Research		
	General Research	Director, NIDR	01
	Small Business	“ ”	03
75 0884	National Institute of Diabetes and Digestive and Kidney Diseases		
	General Research	Director, NIDDK	01
	Small Business	“ ”	03
	Diabetes Research Initiative	“ ”	09
75 0885	National Institute of Allergy and Infectious Diseases		
	General Research	Director, NIAID	01
	Small Business	“ ”	03
75 0886	National Institute of Neurological Disorders and Strokes		
	General Research	Director, NINDS	01
	Small Business	“ ”	03
75 0887	National Eye Institute		
	General Research	Director, NEI	01
	Small Business	“ ”	03

NIH ALLOTMENT STRUCTURE**Exhibit 1912-1**

<u>APPROPRIATION SYMBOL</u>	<u>TITLE</u>	<u>ALLOTTEE</u>	<u>ALLOTMENT</u>
75 0888	National Institute of Arthritis & Musculoskeletal and Skin Diseases		
	General Research	Director, NIAMS	01
	Small Business	“ ”	03
75 0889	National Institute of Nursing Research		
	General Research	Director, NINR	01
	Small Business	“ ”	03
75 0890	National Institute on Deafness and other Communication Disorders		
	General Research	Director, NIDCD	01
	Small Business	“ ”	03
75 0891	National Human Genome Research Institute		
	General Research	Director, NHGRI	01
	Small Business	“ ”	03
750892	National Institute of Mental Health		
	General Research	Director, NIMH	01
	Small Business	“ ”	03
75 0893	National Institute on Drug Abuse		
	General Research	Director, NIDA	01
	Small Business	“ ”	03

NIH ALLOTMENT STRUCTURE

Exhibit 1912-1

<u>APPROPRIATION SYMBOL</u>	<u>TITLE</u>	<u>ALLOTTEE</u>	<u>ALLOTMENT</u>
75 0894	National Institute on Alcohol Abuse and Alcoholism		
	General Research	Director, NIAAA	01
	Small Business	“ ”	03
75 0896	National Center for Complementary and Alternative Medicine		
	General Research	Director, NCCAM	01
	Small Business	“ ”	03
75 3966	National Institutes of Health Management Fund		
	Management Fund *	Deputy Director for Management, NIH	01
75X4554	National Institutes of Health Service and Supply Fund		
	Intra-governmental Revolving Fund *	Deputy Director for Management, NIH	01
75X8248	National Institutes of Health Unconditional Gift Fund		
	Management Fund *	Deputy Director for Management, NIH (Within OD) IC Director/Deputy Director (Within Respective IC)	01

NIH ALLOTMENT STRUCTURE

Exhibit 1912-1

<u>APPROPRIATION SYMBOL</u>	<u>TITLE</u>	<u>ALLOTTEE</u>	<u>ALLOTMENT</u>
75X8253	National Institutes of Health Conditional Gift Fund		
	Management Fund *	Deputy Director for Management, NIH (Within OD) IC Director/Deputy Director (Within Respective IC)	01
75X8888	National Institutes of Health Patients Benefit Fund		
	Management Fund *	Director, Clinical Center	01

NOTE 1: As previously stated, when applicable, allotments are prepared for IC Royalty, (via the NIH Management Fund) CRADA, and Gift Fund accounts.

NOTE 2: The Small Business allotment is representative of both SBIR and STTR funds.

NOTE 3: The titled accounts designated by an asterisk (*) can be referenced in the OMB Circular A-11 and represent OMB and Department of Treasury assigned fund type identifiers.

NIH ALLOTMENT STRUCTURE**Exhibit 1912-1**

<u>APPROPRIATION SYMBOL</u>	<u>TITLE</u>	<u>ALLOTTEE</u>	<u>ALLOTMENT</u>
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NOTE: The following represent appropriation symbols belonging to the Department of HHS whose funds are managed by NIH:

750120	National Center for Complementary and Alternative Medicine		
	Extramural Research and Training	Director, NCCAM	01
750140 (Annual)	Office of the Director		
	Emergency Fund	Deputy Director for Management, NIH	01
	National Institute of Child Health and Human Development		
	Emergency Fund	Director, NICHD	01
	National Institute of Allergy and Infectious Diseases		
	Emergency Supplemental	Director, NIAID	06
750140 (Multi-year)	Office of the Director		
	Y2K Supplemental	Director, CIT	01

NIH ALLOTMENT STRUCTURE**Exhibit 1912-1**

<u>APPROPRIATION SYMBOL</u>	<u>TITLE</u>	<u>ALLOTTEE</u>	<u>ALLOTMENT</u>
75X0140	National Institute of Child Health and Human Development		
	Emergency Supplemental	Director, NIAID	06
	National Cancer Institute		
	Emergency Supplemental	Director, NCI	04