



US Department  
of Transportation  
**Maritime  
Administration**

**MANUAL OF ORDERS**

**MARITIME ADMINISTRATIVE ORDER**

REVOKES

MAO 410-1, dtd.  
6/13/74, & Amdt. 1,  
dtd. 10/1/76

NO.

410-1

EFFECTIVE DATE

June 17, 1983

SUBJECT

CONTROL OF FUNDS

Section 1. Purpose:

This order prescribes a system for the administrative control of all funds in the Maritime Administration; enables the Administrator to fix responsibility for creating any obligation or making any outlay inconsistent with the law and the provisions of this order; and enables the Administrator to promptly report any violations required by statute to the Secretary.

Section 2. General Information:

2.01 If an obligation or outlay is authorized in excess of an allotment, the person responsible for the allotment shall be subject to the penalties provided by the Anti-Deficiency Act (31 U.S.C. 665). The Act provides in part:

"Sec. 665 Appropriations

"(a) Expenditures or contract obligations in excess of funds prohibited.

No officer or employee of the United States shall make or authorize an expenditure from or create or authorize an obligation under any appropriation or fund in excess of the amount available therein; nor shall any such officer or employee involve the Government in any 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.

"(b) Voluntary service forbidden.

No officer or employee of the United States shall accept voluntary service for the United States or employ personal service in excess of that authorized by law, except in cases of emergency involving the safety of human life or the protection of property.

"(h) Expenditures in excess of apportionment prohibited; penalties.

No officer or employee of the United States shall authorize or create any obligation or make any expenditure (A) in excess of an apportionment or reapportionment, or (B) in excess of the amount permitted by regulations . . . .

"(i) Administrative discipline; reports on violations.

(1) In addition to any penalty or liability under other law, any officer or employee of the United States who shall violate subsections (a), (b), or (h) of this section shall be subjected to appropriate administrative discipline, including, when circumstances warrant, suspension from duty without pay or removal

from office; and any officer or employee of the United States who shall knowingly and willfully violate subsections (a), (b), or (h) of this section shall, upon conviction, be fined not more than \$5,000 or imprisoned for not more than two years, or both.

"(2) In the case of a violation of subsections (a), (b), or (h) of this section by an officer or employee of an agency, or of the District of Columbia, the head of the agency concerned or the Mayor of the District of Columbia shall immediately report to the President, through the Director of the Office of Management and Budget, and to the Congress all pertinent facts together with a statement of the action taken thereon."

2.02 Office of Management and Budget (OMB) Circular No. A-34, "Instructions on Budget Execution," generally requires apportionment on an obligation basis (Sections 12.1, 42.1) of each appropriation made to the Department and each public enterprise fund, but does not require apportionment of intradepartmental revolving funds, trust funds, consolidated working funds, or allocation\*accounts unless specifically required by OMB (Section 41.1).

2.03 DOT 2700.7B, "Administrative Control of Funds," establishes policy and prescribes a system for the administrative control of funds in the Department of Transportation and enables the Secretary to promptly report to the President and to the Congress on those violations required to be so reported.

2.04 DOT 2700.8A, "Accounting Principles and Standards," establishes uniform accounting principles and standards for DOT.

2.05 The Maritime Administration Manual of Orders authorizes officials to take administrative actions for specific purposes or activities, e.g., execution of contracts, authorizations for travel, and appointments of personnel.

2.06 Maritime Administrative Order 410-2, "Transfer of Funds for Work or Services," establishes the policies and procedures governing: (a) reimbursable agreements with other U.S. Government agencies for the performance of work under the Economy Act (31 U.S.C. 686) or other legislative authority; and (b) receipt of funds from non-Federal sources for services rendered by the Maritime Administration.

2.07 Maritime Administrative Order 630-5, "Ready Reserve Fleet (RRF) Administrative Procedures," generally describes responsibilities and procedures for controlling funds required in carrying out the Ready Reserve Fleet Program and related contracting activities. Specific instructions and procedures will be developed and promulgated as required by the Office of Financial Management, in conjunction with the appropriate program offices and the Office of Budget, which describe responsibilities and procedures for administrative control of funds for modification or repair of Government-owned ships under master lump sum repair contracts and the repair and maintenance of ships under general agency agreements.

### Section 3. Principles and Policies:

#### 3.01 Allotment Principles

- 1 An Allotment and Fiscal Plan Advice, Form MA-323 or 323A, issued by the Budget Officer, provides the budgetary authority for and a funding limitation on administrative actions for specific purposes or activities. Allotment and Fiscal Plan Advices also fix responsibility on specific officials for conformance with such budgetary limitations on their administrative actions. These Allotments automatically terminate as of September 30 each year. For the Operating-Differential Subsidy appropriation, the form "Allotment of Operating-Differential Subsidy Outlay Authority" provides the authority for individual disbursing offices to make cash payments to operators.
- 2 Allotments shall be issued consistent with the manner in which funds are apportioned to the Maritime Administration. Additional controls shall be established in the fiscal plans and accounting system to ensure compliance with limitations included in appropriations language. Fiscal plans and related accounting support shall be executed on the same basis as funds are allotted.
- 3 Allotments of funds pursuant to enacted appropriations shall be issued by the Budget Officer based on approved fiscal plans submitted by responsible program officials. Allotments for interim funding requirements under continuing resolutions shall be also the responsibility of the Budget Officer.

#### 3.02 In furtherance of these principles, the following policies shall be observed:

- 1 Allotments shall be issued at the highest practicable level within each appropriation. Where authority exists for an official in a Region Office (Region) or the U.S. Merchant Marine Academy (the Academy) to take administrative action resulting in the obligation of funds, the allotment of funds will be made to the Region Director, Superintendent, or other official, as appropriate. Similarly, allotments will be made to officials in Washington, D.C., as appropriate.
- 2 In determining the initial amount or any revision of the allotments, the Budget Officer shall consider the direction of higher authority, the recommendations of the allottee or other officials, and shall consult with and take into consideration the recommendations of the officials responsible for the development of the policies and programs which the allottee is responsible for executing.
- 3 Suballotments will normally not be used in the control of funds. Detailed financial plans will be introduced into the accounting system as the means of detailed control of funds. The Budget Officer is responsible for coordinating the development and obtaining the required approvals of all financial plans. Normally this will be integrated with the annual budget cycle. Requests for use of suballotments will be submitted to the Budget Officer, who will coordinate the review of the requirement with the Director, Office of Financial Management and other offices as required.

3.03 Approved accounting systems, including both mechanized and manual fund control records and procedures, shall be the basis for financial and budgetary reports related to administrative control of funds. Commitment, obligation, and expenditure controls take precedence over other administrative controls.

3.04 Budget and accounting personnel and allottees shall cooperate continuously in maintaining efficient use of funds within the limitations of administrative control. It is essential that consultation be held when it appears that there may be problems in meeting the requirements of any laws governing administrative controls. All practical efforts should be expended to resolve known or perceived problems before they become violations of the Anti-Deficiency Act.

Section 4. Responsibilities:

4.01 The Budget Officer shall:

- 1 Maintain budgetary control of funds available, including appropriations, limitations, apportionments, allotments, and transfers of funds.
- 2 Prepare and submit on a timely basis apportionment requests and related fiscal plans.
- 3 Allot funds to assure compliance with limitations imposed by Congress, Office of Management and Budget, Department of Transportation, and/or the Maritime Administrator. Wherever feasible, allotments shall be made on an annual basis with quarterly limitations to comply with the quarterly apportionments approved by the Office of Management and Budget. Aggregate allotments shall not exceed their respective apportionments or reapportionments. Adjustments in the allotments may be made during the year to reflect changes in fund availability, requirements, and/or fiscal plans. However, it should not be necessary to issue allotments at less than monthly intervals except under unusual circumstances.

4.02 The Director, Office of Financial Management shall:

- 1 Insure that the accounting system and supporting records provide full support for the administrative control of funds and meet the requirements of DOT Order 2700.8A, "Accounting Principles and Standards."
- 2 Develop procedures as required to provide financial data for Departmental as well as MARAD management reports on a timely basis.
- 3 Advise the Budget Officer of any instance where issued allotments exceed apportionment availability.
- 4 Furnish periodic financial reports of allotments, commitments, obligations, and expenditures to operating offices, the Budget Officer, the Department of Transportation, the Department of the Treasury, and other officials as required.
- 5 Advise the Budget Officer when appropriation refunds which may be credited to the original spending appropriation are received and when advances or allocations of funds for work or services to be performed by the Maritime Administration are received.

4.03 The Division of Accounting Operations and the Department of Budget and Accounts, U.S. Merchant Marine Academy shall:

- 1 Maintain accounting control over allotments of appropriations.
- 2 Record allotments in conformity with Allotment and Fiscal Plan Advices (Form MA-323 or 323A) or Contingency Allotments issued by the Budget Officer.
- 3 Record commitments, obligations, and expenditures incurred. Upon receipt of a commitment or an obligating document which would exceed an issued allotment:
  - (1) If the document represents a binding contractual obligation, the obligation shall be recorded and the Budget Officer shall be promptly notified of the amount by which the obligation has been incurred in excess of the allotment.
  - (2) If the document represents a commitment or a nonbinding obligation, it shall not be recorded unless authorized by the Budget Officer. All others shall be returned to the issuing office, clearly marked "Funds Not Available."

4.04 Officials receiving an allotment or suballotment (allottees) shall assure that funds are not committed or obligated in excess of amounts provided in fiscal plans. In doing so, they shall assure timely validation of each commitment and obligating document against plans established in support of administrative and fund management controls. In the case of Operating-Differential subsidy payments, validation will be of the payment vouchers. Validation shall be made on each document to certify that funds are available in the allotment at the time that the action is effected unless an exception is authorized by the Budget Officer. In carrying out this function, the allottee shall designate an allotment control officer. The designee shall not be an employee who is responsible for execution and administration of contracts or other procurement actions. The allotment control officer, if not a member of an accounting office, will comply with procedures established by the Division of Accounting Systems and will be subject to the technical guidance of the Division of Accounting Operations in performing this function.

No contract or other committing or obligating document may be executed until validated as required above.

4.05 Committing and Obligating Officials. All committing and obligating documents including but not limited to Requisitions, Purchase Orders (CD-45, SF-44), Contracts, Bills of Lading, and Reimbursable Agreements initiated by allottees, or other officials, must be validated by the allotment control officer for availability of funds and compliance with the current Fiscal Plan. A copy of the validated document shall be promptly submitted to the appropriate accounting official prior to the ordering of goods or services. No individual shall make or authorize an expenditure or create or authorize a commitment or an obligation without approval of the allottee.

Section 5. Allotment of Funds:

Appendix I lists fund titles and symbols, and standard allottees within each fund.

Section 6. Reports of Violation:

6.01 It shall be the primary responsibility of the Chief, Division of Accounting Operations to immediately initiate written reports of obvious or possible violations. However, any employee having knowledge of an apparent violation is responsible for initiating a written report. In both instances, the report shall be addressed to the Maritime Administrator and shall be routed through the Budget Officer and the Associate Administrator for Policy and Administration.

6.02 The Maritime Administrator shall report violations to the Secretary, through the Assistant Secretary for Administration, immediately after it has been established that a violation has occurred, and shall also send an information copy of the report to the Assistant Secretary for Budget and Programs.



H. E. SHEAR  
Maritime Administrator

ALLOTTEES OF FUNDS

Standard allottees will be as follows; however, additional allottees may be assigned by the Budget Officer, with the written concurrence of the Associate Administrator for Policy and Administration.

- I. Ship Construction, 69X1708
  1. Associate Administrator for Shipbuilding and Ship Operations.
- II. Operating-differential Subsidies, 69X1709
  1. Associate Administrator for Maritime Aids for:
    - a. Subsidy accruals for current fiscal year ship operations.
    - b. Appropriated funds for Special Trade Agreements and settlement of special claims.
  2. Region Directors for:
    - a. Appropriated funds for payment against operating-differential subsidy contracts.
- III. Research and Development, 69X1716
  1. Associate Administrator for Research and Development.
- IV. Operations and Training, 69X1750
  1. Region Directors for:
    - a. All objects of expense for the Region except items to be centrally procured.
    - b. Maintenance and repair of State Marine School training vessels in the Central and Western Regions.
  2. Superintendent, U.S. Merchant Marine Academy for:
    - a. All objects of expense for the U.S. Merchant Marine Academy.
    - b. Contingencies of the Superintendent.
  3. Maritime Administrator for:
    - a. Entertainment of officials of other countries.
    - b. Representation allowances.
  4. Director, Office of International Activities for:
    - a. Representation allowances used by Foreign Maritime Representatives.

- b. Entertainment of officials of other countries as authorized by the Maritime Administrator.
5. Director, Office of Maritime Labor and Training for:
  - a. Grants to State Marine Schools.
  - b. Student incentive payments to cadets.
6. Associate Administrator for Shipbuilding and Ship Operations for:
  - a. Maintenance and repair of East Coast Training Ships.
  - b. James River Reserve Fleet expenses.
  - c. Centrally procured items for all Ready Reserve Fleets.
7. Director, Office of Budget for:
  - a. All objects of expense for Washington Headquarter's costs and centrally managed programs not otherwise funded.
- V. Federal Ship Financing Fund, 69X4301
  1. Associate Administrator for Maritime Aids.
- VI. War Risk Insurance Revolving Fund, 69X4302
  1. Associate Administrator for Maritime Aids.
- VII. Vessel Operations Revolving Fund, 69X4303
  1. Associate Administrator for Shipbuilding and Ship Operations and Central and Western Region Directors for:
    - a. Procurement.
    - b. Miscellaneous expenses incidental to defaulted mortgage contracts.
    - c. Expenses incidental to activation, repair, operations, deactivation, etc., of Government-owned vessels.
    - d. Custody and husbanding expenses of Government-owned vessels other than those in the Reserve Fleet.
  2. Director, Office of Budget for:
    - a. Miscellaneous reimbursements to other MARAD funds.
- VIII. Special Studies, Services, and Projects, 69X8547; Gifts and Bequests, 69X8501; Advances and Transfers from Other Government Agencies.

The Budget Officer will allot the funds to the officials with the responsibility for performing the required service or function.