

4 FAM 220

FUNDS AVAILABILITY AND USE

(CT:FIN-407; 08-23-2010)
(Office of Origin: RM/FPRA/FP)

4 FAM 221 FUNDING SOURCES

(CT:FIN-407; 08-23-2010)

- a. Funds are made available to the Department through apportionments received from the Office of Management and Budget. The Department may also receive funds through allotments, allocations, or transfers from other agencies, through receipt of gifts, and from offsetting collections as described in 4 FAH-3 H-110.
- b. Under service agreements with the Department of State, other agencies may provide funds for non-State operations abroad to financial management officers and allotment holders at overseas posts (see 4 FAM 242).

4 FAM 221.1 Department of State Funds

(CT:FIN-407; 08-23-2010)

- a. There are three basic ways funds are provided to management levels in Department organizations, posts, missions, projects (e.g., Overseas Buildings Operations) and/or functions (e.g., Diplomatic Security):
 - (1) Allotment authority authorizes the recipient to issue advice of allotments for specific amounts and period(s);
 - (2) Advice of allotment authorizes an allottee to establish obligations and their subsequent liquidations within stated amounts and periods; and
 - (3) An operating allowance is an authorization to obligate and liquidate within an amount and time period specified. Funds must be allotted before an operating allowance can be established.
- b. Financial management staff in Department bureaus and posts may not allot or transfer funds to other U.S. Government agencies. This includes transferring funds to the Department of Defense via a Military Interdepartmental Procurement Request (MIPR). All fund transfers to other agencies must be processed through the Office of the Deputy Assistant Secretary for State Programs, Operations and Budget (RM/BP).

- c. A bureau may issue an advice of allotment to a post. Similarly, bureaus and posts may provide fiscal-strip information to another bureau or post. When the receiving or sending locations cannot review the fiscal-strip information in the available financial management system (e.g., Global Financial Management System (GFMS) vs. Regional Financial Management System (RFMS)), the financial management staff in the location that can view detailed transaction information will be responsible for coordinating transaction activity and whether the subsequent transaction is properly documented, recorded, and liquidated. The viewing location will also be responsible for addressing any inquiries raised by the other location and/or the applicable certifying officer.
- d. A post or bureau may provide fiscal-strip information for a specific procurement action under a written agreement with another agency when the agency has authority to obligate Department funds. See 4 FAM 840 for procedures related to interagency-reimbursable agreements.
- e. In addition, a post may provide fiscal-strip information via local memorandum or other format to the Department of Defense to purchase supplies from agency stocks. Such arrangements are not considered interagency agreements. Responsibility for documenting and recording the resulting obligation and subsequent liquidations rests with the financial management official in the organization that provided the fiscal information.

4 FAM 221.2 Serviced or Nonserviced Agency Funds at Overseas Posts

(CT:FIN-407; 08-23-2010)

- a. Serviced agencies and organizations may issue individual allotment or operating allowance authorities for program activities at overseas locations (see 4 FAM 240). The responsible official for the serviced-agency funds must validate each authority before entering the amount of funds available into the overseas Regional Financial Management System (RFMS) or the post-level financial system.
- b. A Form DD448, Military Interdepartmental Procurement Request (MIPR), is a Department of Defense (DOD) document that the military services use to provide funding between military organizations. (See DOD Financial Management Regulation (FMR) Volume 1 for further explanation.) DOD, as a local ICASS customer agency, may use a MIPR to request a specific procurement action from a post and to provide the necessary funding and fiscal-strip information for the procurement.
(NOTE: Other ICASS customer agencies may also provide nonserviced fiscal data via cable, memorandum, or other method to post for direct citation on procurement actions.)

- c. The DOD points of contact responsible for executing the program at a post issue and sign MIPRs because they are DOD documents. Financial management officers (FMOs) or other Department of State management staff should not sign these documents as that implies assumption of funds control responsibility for nonserviced funds. Funding and procurement officials in a Department bureau, post, or office are authorized to use the fiscal data on the MIPR on a direct-citation basis but not as a reimbursement for services provided to a DOD military service or organization. Fund citations issued under a MIPR on a reimbursable basis must be returned to the issuing DOD office for re-issuance of the MIPR on a direct citation-of-funds basis.
- d. Under an agreement with the Under Secretary of Defense (Comptroller), DOD organizations may approach the Department at the Washington, DC level to obtain accounting services for funds sent to post under MIPRs. If this does not occur, all MIPRs that are accepted by the DOD point of contact must be treated as nonserviced fund citations (see 4 FAM 242.2). In no case should the FMO or other management officer take responsibility for funds control using a MIPR without first contacting the Office of the Deputy Assistant Secretary for Global Financial Services (RM/GFS).
- e. The financial management officer in a bureau or post, or the designated equivalent at limited staff locations, has the responsibility to ensure there is adequate separation of duties (internal controls) between the authority to track and determine funds availability and the authority to obligate funds.

4 FAM 221.3 Allotment and Allowance Accounting at the Post Level

(CT:FIN-407; 08-23-2010)

- a. Individual posts implement allotment and operating allowance accounting in accordance with Department system capabilities. While the Regional Financial Management System (RFMS) records allotments from the Department's central financial system, the financial management officer (FMO) ensures that the allotted funds are available prior to creating, obligating, and/or liquidating transactions in the financial management system.
- b. The FMO, another agency officer, or their written designees responsible for the control of funds made available to the post, approves obligation documents prepared by authorized personnel at the post, both for legal correctness and availability of funds.
- c. The basic allotment or operating allowance accounting transactions recorded in post-feeder or RM/GFS financial accounting systems include:

- (1) Allotments and operating allowances documenting funds availability;
- (2) Obligations incurred and adjustments;
- (3) Liquidations, including voucher payments, refunds; and
- (4) Other expenditure transactions (e.g., Form FS-477, Liquidation Transfer Journal Voucher, transactions for payments originating outside RFMS).

In addition to these allotment or allowance accounting transactions, posts and RM/GFS must maintain records on transactions involving collections and accruals. Direct questions regarding the procedures to record the above transactions or the maintenance of records involving collections and accruals to the RM/GFS help desk.

- d. The FMO or the designated equivalent at limited staff locations is responsible for ensuring that the post financial management staff verifies allotment and operating allowance balances as well as the obligation and liquidation transactions from the Consolidated Overseas Accountability Support Toolbox (COAST) and other RM/GFS-generated financial reports. Information in the financial management information system must be current and accurate. Adjustments and reconciliations of differences with the servicing RM/GFS center must be timely and in accordance with RM/GFS recording instructions and post procedures.

4 FAM 222 FUNDING AUTHORITY AND DOCUMENTATION UNDER CONTINUING RESOLUTION

(CT:FIN-407; 08-23-2010)

When current year appropriations are not made available through the passage of an appropriations act prior to the beginning of a fiscal year, Congress generally passes a continuing resolution enumerating the parameters within which the Department or affected agencies may continue to establish obligations. This capability is generally extended to all operating elements in the Department. In all cases, confirming funding documents are issued, and the subsequent issuance of the appropriate funding document(s) replaces the interim authority.

4 FAM 223 OBLIGATION AND FUNDS CONTROL RESPONSIBILITIES

(CT:FIN-407; 08-23-2010)

Obligations and funding actions must be supervised and managed by the bureau budget officer domestically or the post management or financial management officer abroad. Consistent with provisions in 4 FAM 133 and 4 FAM 021.2-4, these officers must supervise and control the obligation of funds in a manner consistent with this subchapter and ensure that fiscal personnel discharge laws and regulations.

4 FAM 223.1 Method of Control

4 FAM 223.1-1 Approval of Funds Availability

(CT:FIN-407; 08-23-2010)

The responsible officer must:

- (1) Approve all allotment funding requests;
- (2) Review obligation documents prepared by authorized officials before releasing them to vendors, travelers, contractors, and other agencies where commitments are not recorded in the financial management system;
- (3) Initiate the necessary obligation reviews related to normal recurring charges to ensure a positive control on all obligations against the allotment and the balance of funds still available; and
- (4) Disapprove obligating documents that have not been sent to vendors, travelers, and contractors, when funds are not available and return the document to the issuing officer with the advice that it cannot be processed because of insufficient funds.

4 FAM 223.1-2 Basis of Establishing Obligations

(CT:FIN-407; 08-23-2010)

- a. Responsible officers or their staffs must record properly approved obligations for nonrecurring salary and allowances due through the end of the accounting month and other obligations on the basis of orders for materials, supplies, equipment or services, travel authorizations, contracts, and similar transactions. Recurring payroll obligations are generated through the automated system.
- b. In order to provide maximum control over the unobligated balances of allotments and to avoid Anti-Deficiency Act violations, state these obligations as fully and as accurately as possible. These amounts must include obligations that may be paid at another office.

4 FAM 223.1-3 Record of Obligations and Unobligated Balance

(CT:FIN-407; 08-23-2010)

- a. The financial management office in domestic facilities and at locations abroad must maintain a current record of each allotment's unobligated balance by using the Department's financial management system. As part of the process described in 4 FAH-3 H-134.1, the responsible officer must ensure that each obligation document is checked against the account for sufficiency of unobligated funds before release. Under no circumstances must any obligation document be released that would over-obligate the allotment.
- b. When sufficient funds are available and an expense has been administratively approved, the responsible officer must promptly record the obligation amount.

4 FAM 223.1-4 Retention of Obligation Documents

(CT:FIN-407; 08-23-2010)

Copies of obligation documents are maintained at the bureau for domestic bureaus and at the posts when the obligation is created by post obligating officers. These obligation documents may be in hard copy or electronic formats in accordance with requirements for maintaining electronic records (see 5 FAM 400). Retention of obligations and other financial documents can be found at Records Disposition Schedules.

4 FAM 223.1-5 Payment of Obligations

(CT:FIN-407; 08-23-2010)

The officer responsible for the allotment and the certifying officer in all locations where a Department of State officer performs certification must ensure that all proposed payments are supported by valid obligations. Paying an amount that exceeds the established obligation (unless within system thresholds) may require manually recording an increase to the obligation or an award modification in the fiscal year allotment associated with the obligation. Increases to obligations reduce the unobligated allotment balance in the available allotment. If the required adjustment exceeds available funding or the allotment has been closed, the required funding may have to come from an available funding source or the current fiscal year (see 4 FAM 082, particularly 4 FAM 082.2-2 regarding funding from current year sources).

4 FAM 223.1-6 Payment When Goods Are Received or

Services Rendered Without an Obligation

(CT:FIN-407; 08-23-2010)

When goods have been received or services have been rendered and no obligation has been established, the responsible officer must investigate the reason and determine the propriety of the payment even if the allotment or allowance will be exceeded. If a payment is owed for the goods and services received from an action that is not obligated or if obligated, not properly recorded, the responsible officer must contact the servicing RM/GFS location for guidance.

4 FAM 223.2 Undelivered/Unpaid Orders

(CT:FIN-407; 08-23-2010)

Undelivered/unpaid orders are budgetary assets of the Department. The amount of undelivered/unpaid orders represents the balance of obligations established against which goods and services have not been furnished or liquidation occurred as of the end of the reporting period. While the amount of undelivered/unpaid orders is easily computed, it will not be accurate unless bureaus and posts have adjusted obligation balances (e.g., reviewed unliquidated obligations) and complied with the provisions in 4 FAM 225. Obligations, minus liquidations, plus accounts receivable (e.g., overpayments, etc.), minus accounts payable, equals undelivered/unpaid orders.

4 FAM 223.3 Controls for Fiscal-Serviced Posts

4 FAM 223.3-1 Recurring Charges

(CT:FIN-407; 08-23-2010)

After an allotment or operating allowance is received, the responsible officer at the fiscal-servicing post must determine the total amount required by all posts in the country to meet normal recurring charges, other established expenses, and any special items. He or she will advise each fiscal-serviced post of the types and amounts of recurring charges and special items of expenditure. The fiscal-servicing post arranges payment. The responsible officer at the fiscal-servicing post is responsible for establishing obligations on its records for all such charges.

4 FAM 223.3-2 Petty Expenditures

(CT:FIN-407; 08-23-2010)

The responsible officer at the fiscal-servicing post estimates an amount that may be used by fiscal-serviced posts for petty expenditures and notifies each post of the obligation number and the maximum amount made available for this purpose. This amount must not be exceeded, unless the fiscal-servicing post gives specific authorization. The fiscal-servicing post may request that fiscal-serviced posts pay on certain certified vouchers from the operating cash advance.

4 FAM 223.3-3 Increases, Decreases, and New Obligations

(CT:FIN-407; 08-23-2010)

- a. In the event a fiscal-serviced post contemplates activities not within previously authorized limitations that would require increases in obligations or the establishment of new obligations, the responsible officer at the fiscal-servicing post must approve the increased funding before any orders may be placed. This applies to any and all increases in obligations or establishment of new obligations.
- b. When a fiscal-serviced post finds that it will not need any funds that have been reserved for it by the fiscal-servicing post, the fiscal-serviced post must advise the fiscal-servicing post immediately.
- c. Fiscal-serviced posts must direct all requests for adjustments in obligations to the fiscal-servicing post and not to the Department.

4 FAM 224 INTER-SYSTEM TRANSACTIONS

(CT:FIN-407; 08-23-2010)

- a. Payment and collection transactions that originate outside the Department's regional or domestic accounting system(s) are recorded through system interfaces to create collection, liquidation, advance, or other accounting transactions. These transactions are designed to ensure that disbursements and collections made in and by the Department's financial and nonfinancial systems are recorded against the appropriate allotment or allowances. The transactions are generally known as "FS-477 transactions."
- b. The FMO or the responsible financial operations individual must review FS-477-based reports and records received, and determine whether the transactions (processed or unprocessed) are properly charged or chargeable to an obligation. Rejected, but valid, transactions must be posted in a timely manner.

- c. For transactions paid domestically, contact the GFMS 477 mailbox to obtain supporting documentation for any disputed items.
- d. For transactions paid overseas, contact post to obtain supporting documentation for disputed items. However, the FMO or the responsible official must ensure that all disputed transactions are recorded within 30 days and/or prior to year-end whichever timeframe is shorter.

4 FAM 225 ACCOUNTING CONTROLS AND OBLIGATION MANAGEMENT

(CT:FIN-407; 08-23-2010)

- a. All officers responsible for managing, tracking, and obligating allotted funds must implement procedures for reviewing obligations and available fund balances (see 4 FAM 211 and 4 FAM 212). Each officer must establish procedures to review documents supporting unliquidated obligations (ULOs) with financial management and accounting systems on a monthly basis (including the end of each fiscal year). These procedures must cover deobligation actions that require support from the Bureau of Administration acquisition personnel domestically (e.g., the Office of Acquisitions Management (A/LM/AQM)) or procurement officers at posts.
- b. To facilitate the process, FMOs in domestically-based organizations can obtain monthly reports from a ULO database in the data warehouse (DW), and itemized information can be made available from the DW acquisition module upon request. RM/GFS staff is available to support deobligation efforts that do not require action by acquisition personnel.
- c. For overseas locations, RM/GFS Charleston and RM/GFS Bangkok will send out a quarterly list of all unliquidated post-held obligations to assist in the required monthly ULO review. The Office of the Deputy Assistant Secretary of Global Financial Services (RM/GFS) will establish reporting requirements as deemed necessary to ensure the validity of overseas ULOs.
- d. All financial management staffs must review ULOs with large available balances and ensure that items designated as valid have proper documentary support. Unliquidated obligations with a balance of \$10 or less, prior year Bulk Obligations for Petty Cash, prior year Travel Obligations, and ULOs with no activity in over 1 year as of the beginning of the current month must be targeted and adjusted to zero if they cannot be documented as valid obligations that will be liquidated.
- e. At the end of each fiscal year all ULOs must be validated and supported by documentary evidence as specified in 31 U.S.C. 1501. Other reporting requirements for ULOs may be issued by the Global Financial Operations Directorate (RM/GFS/F) or the Office of the Deputy Chief Financial Officer

(RM/DCFO), as necessary. The FMO or other responsible officer must assign specific responsibility at the operating level and prepare adequate working papers and records that rise to a form suitable for audit (GAO Policy and Procedures Manual for Guidance of Federal Agencies, Title 7, Chapter 3, Section 3.8).

- f. Year-end guidance for addressing ULO balances and other year-end matters will be provided to domestic bureaus and post allotment holders in accordance with the requirements in 4 FAM 270. A yearly certification of ULO balances is required in accordance with 4 FAM 278.

4 FAM 226 THROUGH 229 UNASSIGNED