

4 FAH-3 H-130 OBLIGATION OF APPROPRIATIONS

(CT:FMP-39; 06-15-2007)
(Office of Origin: RM/FPRA/FPMC)

4 FAH-3 H-131 SCOPE

(CT:FMP-39; 06-15-2007)

This subchapter addresses basic budgetary responsibilities and controls for individuals managing the recording and tracking of obligations. Policies and authorities concerning obligation validity criteria are contained in 4 FAM 050 and 4 FAH-3 H-050.

4 FAH-3 H-132 PURPOSE OF OBLIGATION CONTROL

(CT:FMP-39; 06-15-2007)

Obligation control is necessary to *prevent* overexpenditure of available funds. Allotments are made *to* prevent deficiencies in appropriations and *expenditures in excess of* appropriation limitations. The allotment document prescribes firm and fixed limitations *on the amount of the allotment* that allottees may not exceed.

4 FAH-3 H-133 MANAGEMENT RESPONSIBILITY FOR FUNDS CONTROL

(CT:FMP-39; 06-15-2007)

- a. Funds are allotted to bureau assistant secretaries, office directors, chiefs of mission, or principal officers in accordance with the control responsibilities stated in 4 FAM 082.1. Final responsibility for the funds may be delegated in writing to the highest ranking officials in the decisionmaking processes, who have actual or constructive knowledge of what actions are taken in the obligations and expenditure of funds. Generally, this will be the office/bureau budget officer domestically or the post management or financial management officer abroad.*
- b. At posts abroad, the management officer is responsible for supervising the obligation of funds and for ensuring that fiscal personnel discharge*

laws and regulations. The financial management officer, when assigned to post, will have the responsibilities prescribed by 4 FAM 021.2-4 and will also ensure that obligating documents are properly prepared and approved.

4 FAH-3 H-134 METHOD OF CONTROL

4 FAH-3 H-134.1 Approval of Funds Availability

(CT:FMP-39; 06-15-2007)

- a. The officer responsible for obligating funds (the responsible officer) must approve all funding requests. In addition, where commitments are not recorded in the financial management system (e.g., at locations abroad), the responsible officer must review obligation documents prepared by authorized officials before releasing them to vendors, travelers, contractors, other agencies, etc.*
- b. The responsible officer must also initiate the necessary obligation documents related to normal recurring charges to ensure a positive control on all obligations against the allotment and the balance of funds still available.*
- c. The responsible officer should disapprove obligating documents that have not been sent to vendors, travelers, contractors, etc., 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 FAH-3 H-134.2 Basis of Establishing Obligations

(CT:FMP-39; 06-15-2007)

- 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 FAH-3 H-134.3 Record of *Obligations and Unobligated Balance*

(CT:FMP-39; 06-15-2007)

- a. *The financial management office in domestic facilities and at locations abroad maintains 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 overobligate the allotment.*
- b. *When sufficient funds are available and an expense has been administratively approved, the responsible officer must promptly process and record in the account the obligating documents. Incurring and recording an obligation thus reduces the amount of funds available for future obligation.*

4 FAH-3 H-134.4 Payment of Obligations

(CT:FMP-39; 06-15-2007)

The responsible officer in all locations must ensure that all proposed payments are supported by valid obligations. Paying an amount that exceeds the established obligation requires recording an increase to the obligation (unless within system thresholds), which has the direct effect of reducing the unobligated allotment balance.

4 FAH-3 H-134.5 Payment When Goods Are Received or Services Rendered

(CT:FMP-39; 06-15-2007)

The responsible officer must process and record a payment when goods have been received or services have been rendered and no obligation has been established, even if the allotment or allowance has been exceeded.

4 FAH-3 H-135 CONTROLS FOR FISCAL-SERVICED POSTS

4 FAH-3 H-135.1 Recurring Charges

(CT:FMP-39; 06-15-2007)

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 FAH-3 H-135.2 Petty Expenditures

(CT:FMP-39; 06-15-2007)

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 FAH-3 H-135.3 Increases, Decreases, and New Obligations

(CT:FMP-39; 06-15-2007)

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. 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. *Fiscal-serviced posts must direct all* requests for adjustments in obligations to the fiscal-servicing post and not to the Department.

4 FAH-3 H-136 THROUGH H-139 UNASSIGNED