



DEPARTMENT OF THE ARMY
WILMINGTON DISTRICT, CORPS OF ENGINEERS
P.O. BOX 1890
WILMINGTON, NORTH CAROLINA 28402-1890

IN REPLY REFER TO

CESAW-RM-F

CESAW-DR 37-1-5
1 October 1987

District Regulation
No. 37-1-5

Financial Administration

Administrative Control of Funds

1. Purpose. To prescribe policy in connection with administrative control of funds (both appropriations and apportionments), and to preclude violation of 31 USC 1517.
2. Applicability. This regulation is applicable to all elements of the Wilmington District.
3. References.
 - a. AR 37-20, 30 May 1985, Administrative Control of Appropriated Funds.
 - b. AR 37-21, 26 May 1977, with changes, Establishing and Recording of Commitments and Obligations.
 - c. ER 37-2-10, 1 April 1969, with changes, Accounting and Reporting-- Civil Works Activities.
 - d. ER 37-345-10, 1 March 1968, with changes, Accounting and Reporting-- Military Activities.
 - e. ER 37-1-24, 24 February 1986, Operating Budgets.
 - f. AR 37-108, Financial Administration.
4. Statutory Provisions. The legal basis for strict funds controls is contained in 31 USC 1517, USC 1514a, DOD Directive 7200.1, Section 3732, Revised Statutes (41 USC 11) as implemented by DOD Directive 7220.8 (R.S. 3732). Pertinent provisions of these laws are:
 - a. That no officer or employee of the United States shall:
 - (1) Authorize or create an obligation or expenditure in excess of available funds under any appropriation, allotment, suballotment, allocation, apportionment, or other limitation established for the purpose of controlling funds.

*This regulation supersedes SAWDR 37-1-5 dated 18 June 1979.

(2) Involve the Government in any contract or other obligation for payment of money in advance of appropriations, unless specifically authorized by law.

(3) Accept voluntary services or employ personal services in excess of that authorized by law, except in emergencies involving the safety of human life or the protection of property.

b. Record obligations in the accounts of the Finance and Accounting Officer except when fully documented. Documentation will be evidenced by properly executed contracts, purchase orders, transportation requests, travel orders, bills of lading, requisitions, Intra-Army orders, MIPR's, letters, TWX messages, or other forms prescribed by the performing agency.

5. Delegation of Authority/Responsibility. The delegation of authority to cause the obligation or expenditure of funds carries with it the responsibility for controlling and restricting such actions so as not to exceed the funds authorized. Procedures will be established by offices managing funds to assure proper control of funds so as not to preclude any possibility of overobligation.

a. Resource Management Office. The Resource Management Officer is responsible for administrative control of funds and for certification of fiscal year-end financial reports for the Wilmington District.

b. Finance and Accounting Officer.

(1) Authority to certify availability of funds is delegated to the Finance and Accounting Officer by the District Engineer in writing. Redlegation to other Finance and Accounting personnel who may be authorized to certify in the name of the Finance and Accounting Officer will be assigned in writing by the Finance and Accounting Officer. As Disbursing Officer, the FAO is responsible statutorily for the legality of expenditures, the correctness of computations and the facts underlying the vouchers and for exercising his statutory prerogative to obtain advance decisions from the Comptroller General. The FAO is responsible for safeguarding, depositing and accounting for Government funds collected and entrusted to his care.

(2) The Finance and Accounting Officer will be responsible for a review of his records and controls to reveal any issuance of authorization or incurrence of obligations in excess of fund availability under any fund subdivision. He will also make a monthly review of status of fund reports received by him to detect potential violations, if any.

(3) Unliquidated obligation files will be analyzed continuously by the Finance and Accounting Officer for assurance that obligation documents provide complete coverage for obligations actually incurred and are valid

according to the criteria established by AR 37-108, CH 1, para 4-307. Program managers or their representatives shall assist the F&A Officer in periodic reviews of obligation documents. The F&A Officer will retain documentary evidence generated as a result of these reviews to support the annual certification of obligations.

c. Budget Officer.

(1) The Budget Officer is responsible for advising the District Engineer, staff, and operating officials on operating budget management and administration. He/She provides guidance, establishes budget estimates, and monitors budget execution of the total District budget. The Budget Officer participates in District funds control functions insuring appropriateness of fund usage and coordinates with the F&A Officer and Program/Functional managers on availability and applicability of funds cited.

(2) The Budget Officer is responsible for the development, coordination, and execution of the Plant Replacement and Improvement Program (PRIP). He/She also oversees administration of travel targets/limitations on District funds. He/She receives annual apportionments, monitors, and identifies excess shortages or shortfalls and revokes excess or requests additional apportionments as required.

d. The Chiefs of each functional element are responsible for development of an operating budget within the parameters of guidance provided, for the area for which he/she is responsible, to include financial requirements therefor. Financial management involves each division or office chief's effective and efficient use of resources in the accomplishment of assigned mission. Appendix B cites staff elements specifically responsible for appropriated and/or Contributed Funds.

(1) The need for funds will be planned in such a manner that timely action may be taken to prevent a deficit in any funds entity. Whenever a need arises for additional funds, apportionments, revocations, etc., the Program Management Branch will be furnished all information and justification necessary for the preparation of required documents to effect local adjustment of funds and/or submission to higher authority.

(2) Work in progress will be suspended immediately upon exhaustion of funds and will be reinstated only upon receipt of documentary evidence of additional funds. Sufficient advance notice of actions contemplated will be furnished to the District Engineer by the Chief of the Division concerned prior to execution thereof. Urgency of the project is not a valid reason for an overobligation of funds.

(3) No work of any type, for which funds are not available, will be commenced prior to actual receipt of documentary evidence of fund availability to include Reimbursable Work Orders.

e. All employees in an official capacity to obligate the government to include Contracting Officers, COR's, Ordering Officers and others to be determined by Division Chiefs are required to read 31 USC 1517, AR 37-20 and AR 37-21 annually. This will be accomplished on or about 15 October each year. This action will be documented and filed in the Resource Management Office.

6. Report on Violation. It is essential that extreme care be exercised by all concerned to prevent any overobligation or overexpenditure of funds. Should a violation of 31 USC 1517 occur, it is the responsibility of the commander of the installation or activity to instruct the individual(s) in the necessary corrective action to preclude recurrence and promptly report the violation through the Commander of South Atlantic Division to the Chief of Engineers in accordance with AR 37-20 and USACE Supplement 1. The report will clearly and accurately describe all circumstances surrounding the violation, including the naming of the individual(s) directly responsible for the violation, and action to preclude recurrence of the violation. Normally, this responsibility can and will be fixed on one individual. The report will include recommendations to the Chief of Engineers for the appropriate disciplinary action to be imposed on the individual(s) named. The Chief of Engineers, within the purview of his authority, will determine the discipline to be administered in each instance. A knowing and willful violation is a criminal offense punishable under 31 USC 1350. The offender is subject to a fine not more than \$5,000, imprisonment for not more than 2 years, or both.

7. Summary. The Resource Management Officer is responsible for establishment of local policy and procedures for administrative control of funds within the parameters of guidance provided in the references above. However, each of us with either direct or delegated authority performing in the capacity of resident contracting officers, and ordering officers must assume our responsibility to make a major contribution to the effectiveness of administrative control of funds.



2 Appendices
A - 31 USC 1517
B - Responsible Program Managers

PAUL W. WOODBURY
Colonel, Corps of Engineers
Commanding

DISTRIBUTION:
B

31 USC 1517

Appropriations - Expenditures or contract obligations in excess of
Funds Prohibited

(a) 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 such purpose, unless such contract or obligation is authorized by law.

Voluntary service forbidden

(b) 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.

Apportionment of appropriations; reserves; distribution; review

(c) (1) Except as otherwise provided in this section, all appropriations or funds available for obligation for a definite period of time shall be so apportioned as to prevent obligation or expenditure thereof in a manner which would indicate a necessity for deficiency of supplemental appropriations for such period; and all appropriations or funds not limited to a definite period of time, and all authorizations to create obligations by contract in advance of appropriations shall be so apportioned as to achieve the most effective and economical use thereof. As used hereafter in this section, the term "appropriation" means appropriations, funds, and authorizations to create obligations by contract in advance of appropriations.

(2) In apportioning any appropriation, reserves may be established to provide for contingencies, or to effect savings whenever savings are made possible by or through changes in requirements, greater efficiency of operations, or other developments subsequent to the date on which such appropriation was made available. Whenever it is determined by an officer designated in subsection (d) of this section to make apportionments and reapportionments that any amount so reserved will not be required to carry out the purposes of the appropriation concerned, he shall recommend the rescission of such amount in the manner provided in the Budget and Accounting Act, 1921, for estimates of appropriations.

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(3) Any appropriation subject to apportionment shall be distributed by months, calendar quarters, operating seasons, or other time periods, or by activities, functions, projects, or objects, or by a combination thereof, as may be deemed appropriate by the officers designated in subsection (d) of this section to make apportionments and reapportionment. Except as otherwise specified by the officer making the apportionment, amounts so apportioned shall remain available for obligation, in accordance with the terms of the appropriation, on a cumulative basis unless reapportioned.

(4) Apportionments shall be reviewed at least four times each year by the officers designated in subsection (d) of this section to make apportionments and reapportionments, and such reapportionments made or such reserve established, modified, or released as may be necessary to further the effective use of the appropriation concerned, in accordance with the purposes stated in paragraph (1) of this subsection.

Officers controlling apportionments of reapportionments

(d) (1) Any appropriation available to the legislative branch, the judiciary, or the District of Columbia, which is required to be apportioned under subsection (c) of this section, shall be apportioned or reapportioned in writing by the officer having administrative control of such appropriation. Each such appropriation shall be apportioned not later than thirty days before the beginning of the fiscal year for which the appropriation is available, or is made available, whichever is later.

(2) Any appropriation available to an agency, which is required to be apportioned under subsection (c) of this section, shall be apportioned or reapportioned in writing by the Director of the Bureau of the Budget. The head of each agency to which any such appropriation is available shall submit time or times as the Director may prescribe, as may be required for the apportionment of such appropriation. Such information shall be submitted not later than forty days before the beginning of any fiscal year for which the appropriation is available, or not more than fifteen days after approval of the Act by which such appropriation is made available, whichever is later. The Director of the Bureau of the Budget shall apportion each such appropriation and shall notify the agency concerned of his action not later than twenty days before the beginning of the fiscal year for which the appropriation is available, or not more than thirty days after the approval of the Act by which such appropriation is made available, whichever is later. When used in this section, the term "agency" means any executive department, agency, commission, authority, administration, board, or other independent establishment in the executive branch of the Government, including any corporation wholly or partly owned by the United States which is an instrumentality of the United States. Nothing in this subsection shall be so construed as to interfere with the initiation, operation, and administration of agricultural price support programs and no funds (other than funds for administrative expenses) available for price support, surplus removal, and available under Section 612(c) of

Title 7, with respect to agricultural commodities shall be subject to apportionment pursuant to this section. The provisions of this section shall apply to any corporation which obtains funds for making loans, other than paid in capital funds without legal liability on the part of the United States.

Apportionment necessitating deficiency or supplemental estimates

(e) (1) No apportionment or reapportionment, or request therefore by the head of any agency, which, in the judgment of the officer making or the agency head requesting such apportionment or reapportionment, would indicate a necessity for a deficiency or supplemental estimate shall be made except upon a determination by such officer or agency head, as the case may be, that such action is required because of (a) any laws enacted subsequent to the transmission to the Congress of the estimates for an appropriation which requires expenditures beyond administrative control; or (B) emergencies involving the safety of human life, the protection of property, or the immediate welfare of individuals in cases where an appropriation has been made to enable the United States to make payment of, or contributions toward, sums which are required to be paid individuals either in specific amounts fixed by law or in accordance with formulae prescribed by law.

(2) In each case of an apportionment or a reapportionment which, in the judgment of the officer making such apportionment or reapportionment, would indicate a necessity for a deficiency or supplemental estimate, such officer shall immediately submit a detailed report of the facts or the case to the Congress. In transmitting any deficiency or supplemental estimates required on account of any such apportionment or reapportionment, reference shall be made to such report.

Exemption of trust funds and working funds expenditures from apportionment

(f) (1) The officers designated in subsection (d) of this section to make apportionments and reapportionments may exempt from apportionments trust funds and working funds expenditures from which have no significant effect on the financial operations of the Government, working capital and revolving funds established for intragovernmental operations, receipts from industrial and power operations available under law any appropriation made especially for -

- (1) interest on, or retirement of, the public debt;
- (2) payment of claims, judgments, refunds, and draw-backs;
- (3) any item determined by the President to be of a confidential nature;

(4) payment under private relief Acts or other laws requiring payment to designated payees in the total amount of such appropriation;

(5) grants to the State under subchapters I, IV, or X of chapter 7 of Title 42, or under other public assistance subchapter in such chapter.

(2) The provisions of subsection (c) of this section shall not apply to appropriations to the Senate and the House of Representatives or to any Member, committee, Officer (including the office of the Architect of the Capital), officer, or employee thereof.

Administrative division of apportionment; simplification of system
For subdividing funds

(g) Any appropriation which is apportioned or reapportioned pursuant to this section may be divided and subdivided administratively within the limits of such apportionments or reapportionments. The officer having administrative control of any such appropriation available to the legislative branch, the judiciary, or the District of Columbia, and the head of each agency, subject to the approval of the Director of the Bureau of the Budget, shall 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 (A) restrict obligations or expenditures against each appropriation to the amount of apportionments or reapportionments made for each such appropriation, and (B) enable such officer or agency head to fix responsibility for the creation of any obligation or the making of any expenditure in excess of an apportionment or reapportionment. In order to have a simplified system for the administrative subdivision of appropriations or funds, each agency shall work toward the objective of financing each operating unit, at the highest practical level, from not more than one administrative subdivision for each appropriation or fund affecting such unit.

Expenditures in excess of apportionment prohibited; penalties

(h) 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 prescribed pursuant to subsection (G) of this section.

Administrative discipline; report on violations

(i) (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

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

Extract taken from UNITED STATES CODE ANNOTATED - Title 31 - Money and Finance

APPENDIX B

Appropriation

Operation & Maintenance
General Investigations
Construction General
Contributed Funds
Flood Control & Coastal
Emergency
Maintenance & Operation,
Navigatable Waters
Revolving Fund

Responsible Official

Ch, Construction Operations Division
Ch, Planning Division
Ch, Engineering Division
Ch, Program Management Branch

Ch, Emergency Management Office

Ch, Construction Operations Division
Ch, Resource Management Office