

## U.S. NUCLEAR REGULATORY COMMISSION MANAGEMENT DIRECTIVE (MD)

**MD 4.2**

### **ADMINISTRATIVE CONTROL OF FUNDS**

**DT-15-13**

*Volume 4*

Financial Management

*Approved By:* Maureen Wylie, Chief Financial Officer

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Division of Planning and Budget

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#### **EXECUTIVE SUMMARY**

Directive and Handbook (MD) 4.2, "Administrative Control of Funds," are being revised to reflect the reorganization of the Office of the Chief Financial Officer and major policy changes. Areas of the handbook that have been significantly revised include—

- Section II, "Key Legal Requirements for Funds Control";
- Section IV, "Allotment Financial Management";
- Section V, "Allowance and Financial Plan Process";
- Section VI, "Commitment and Obligation of Funds";
- Section VII, "Deobligation of Funds"; and
- Section VIII, "Reimbursable Work Performed by the NRC for Others."

Previous Part X, "Financial Management," has been removed. Prior references in MD 4.2 on resource reallocations will be addressed with updated policy in the new MD on budget execution (SRM-COMSECY-13-0011).

This revision also incorporates clarified guidance on position delegations for allowance holders in accordance with the Office of the Inspector General Audit of the U.S. Nuclear Regulatory Commission's Budget Execution Process (OIG-13-A-18) dated May 7, 2013.

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**I. POLICY**

It is the policy of the U.S. Nuclear Regulatory Commission that agency systems for the administrative control of funds conform to the policies, procedures, and standards specified in this management directive (MD), in compliance with the requirements of Office of Management and Budget (OMB) Circular A-11, "Preparation, Submission, and Execution of the Budget"; the Antideficiency Act (31 U.S.C. 1341 et seq.); the Impoundment Control Act of 1974 (2 U.S.C. 681–688); the Chief Financial Officers Act of 1990 (Pub. L. 101-576) (CFO Act); NRC Appropriations Acts; Government Accountability Office (GAO) guidance; and the Economy Act (31 U.S.C. 1535).

**II. OBJECTIVE**

Maintain financial control over the allotment, allocation, and obligation of appropriated and apportioned funds and ensure compliance with applicable Federal laws, policies, and practices.

**III. ORGANIZATIONAL RESPONSIBILITIES AND DELEGATIONS OF AUTHORITY****A. Chairman**

1. Prescribes a system for the administrative control of funds available to the NRC consistent with accounting procedures prescribed under law.
2. Recommends to the other Commissioners significant changes to the programs and resources described in the NRC budget during the implementation of the plan based on proposals received from the Chief Financial Officer (CFO) and the Executive Director for Operations (EDO).

**B. Commission**

1. Approves significant changes to the programs and resources described in the NRC budget during the implementation of the plan.
2. Grants waivers for recovery of less than full cost under reimbursable agreements, except for the Office of the Inspector General (OIG).

**C. Inspector General (IG)**

1. Investigates allegations of fraud, waste, abuse, or misconduct by NRC employees, as well as allegations of mismanagement of agency programs.
2. Reviews circumstances surrounding Antideficiency Act violations and, as appropriate, conducts an investigation or audit.
3. Advises the Chief Financial Officer (CFO) of facts derived from investigations or audits that have funds control implications.

**D. Chief Financial Officer (CFO)**

1. Performs the functions of the agency CFO as specified in the CFO Act and MD 9.20, "Organization and Functions, Office of the Chief Financial Officer."
2. Discharges all financial management activities and functions, including responsibility for the administrative control of the NRC's funds.
3. Establishes policies and procedures for the NRC's budget execution and the administrative control of funds during the implementation of the approved NRC budget.

4. Maintains financial controls over the allotment and obligation of appropriated and apportioned funds to ensure compliance with applicable laws, policies, and practices.
5. Provides policy advice on the qualifications, recruitment, performance, training, and retention of all agency financial management personnel. Reviews and exercises concurrence authority over the descriptions and skill requirements for allowance holder financial management positions. Provides advice to the Executive Director for Operations, office directors, and regional administrators on the selection of financial managers. Provides input to allowance holders in the annual performance assessment of their financial managers.
6. Monitors the financial execution of the NRC's budget and prepares timely reports for the Chairman, the Commission, and NRC senior management.
7. Approves and submits requests to OMB for apportionment and reapportionment of appropriated funds available to the NRC.
8. Issues allotments for the amounts apportioned by OMB or otherwise authorized by law to the Budget Director, Division of Planning and Budget, Office of the Chief Financial Officer.
9. Determines if there is a violation of the Antideficiency Act (31 U.S.C. 1341 et seq.) or other agency funds control requirements. Reports Antideficiency Act violations to the Chairman and the Inspector General (IG). Advises the Chairman on whether a report should be made to Congress. Directs proper corrective actions and takes disciplinary steps where warranted. (See Section IV.H of this handbook for determining responsibilities for violations of the Antideficiency Act.)
10. Advises the Chairman and other agency officials on the financial implications of proposed courses of action.
11. Maintains oversight of the financial management aspects of utilization of full-time equivalent (FTE) positions.
12. In consultation with the Office of the General Counsel, makes determinations on the proper use of appropriated funds.
13. Serves as the principle agency liaison with OMB and with the Office of Congressional Affairs to congressional appropriations staff on matters pertaining to the agency budget.

**E. Chief Human Capital Officer (CHCO)**

In accordance with FTE allocations provided by the Budget Director, issues current and revised fiscal year ceiling allocations for FTE staff resources to all NRC offices and regions in accordance with MD 10.38, "Position Management."

**F. Budget Director, Division of Planning and Budget (DPB), Office of the Chief Financial Officer (OCFO)**

1. Administers the NRC's budget execution and resource management process.
2. Prepares requests to OMB for apportionment of funds.
3. Executes all allottee responsibilities as delineated in the handbook to this directive.
4. Assumes supervisory authority and fiduciary responsibility for allotments issued, including the legal responsibility in accordance with the provisions of the Antideficiency Act to ensure that allotment limitations are not exceeded.
5. Delegates authority to and rescinds authority from agency allowance holders.
6. Issues all agency financial plans and allowances consistent with the approved NRC budget, NRC allotments, and applicable authorization and appropriation acts.
7. Reviews financial plan and allowance change requests submitted by the NRC's allowance holders to assess the effects of these requests on the approved NRC budget and the NRC reprogramming thresholds specified by Congress; approves change requests up to those thresholds; and refers other proposed changes to the CFO, along with appropriate recommendations for action.
8. Approves in advance agreements under which the agency is to perform reimbursable work for others or receive nonexpenditure transfers of funds from other Federal agencies.
9. In accordance with the approved NRC budget, provides the Office of the Chief Human Capital Officer with FTE allocations for NRC offices and regions.

**G. Controller, Division of the Controller (DOC), Office of the Chief Financial Officer (OCFO)**

1. Maintains the agency accounting system for the administrative control of funds.
2. Accounts for and reports on the status of the NRC's funds.
3. Manages the NRC Central Allowance for the agency's small offices and the agency's travel allocations with the exception of the NRC regions and OIG.
4. Records the obligation of funds.

**H. Allowance Holders (Agency Officials Delegated Authority by the Budget Director to Receive Allowances)**

1. Assume supervisory authority and fiduciary responsibility for financial plans and allowances issued to them, including the responsibility to ensure that allowance limitations are not exceeded.
2. Execute all allowance holder responsibilities as delineated in the handbook to this directive.
3. Delegate to an allowance financial manager the authority to carry out the duties necessary to discharge allowance holder responsibilities as defined in this MD.

**I. Director, Acquisition Management Division (AMD), Office of Administration (ADM)**

1. Approves requests for redelegations of authority submitted by program office officials for approving requisitions in the agency acquisition system.
2. Approves written delegations (warrants) to contracting officers and procurement personnel in regional offices to obligate funds.
3. Has overall responsibility for the operation of the agency acquisition system through which contractual funds are obligated.

**IV. APPLICABILITY**

The policy and guidance in this MD apply to all NRC employees and contractors.

**V. DIRECTIVE HANDBOOK**

- A.** Handbook 4.2 provides procedures and practices to be followed in the agency's administrative control of funds during the implementation of the approved NRC budget.
- B.** Any questions about policy interpretation or the proper treatment of items not specifically addressed in this MD should be referred to the Budget Director.

**VI. REPORTS**

- A.** The CFO reports violations of the Antideficiency Act to the Chairman and the IG.
- B.** The Chairman reports violations of the Antideficiency Act to the President and Congress, and transmits a copy of the report to GAO.
- C.** The CFO reports deferrals and rescissions to OMB in accordance with the requirements of OMB Circular A-11 and the Impoundment Control Act of 1974 (2 U.S.C. 681–688).

## VII. REFERENCES

### ***Code of Federal Regulations***

10 CFR Part 170, "Fees for Facilities, Materials, Import and Export Licenses, and Other Regulatory Services under the Atomic Energy Act of 1954, as Amended."

10 CFR Part 171, "Annual Fees for Reactor Licenses and Fuel Cycle Licenses and Materials Licenses, Including Holders of Certificates of Compliance, Registrations, and Quality Assurance Program Approvals and Government Agencies Licensed by the NRC."

48 CFR Chapter 1, "Federal Acquisition Regulations."

48 CFR 32.703-2, "Contracts Conditioned Upon Availability of Funds."

### ***Decision of the Comptroller General of the United States***

64 Comp. Gen. 370 (1985), available at <http://www.gao.gov/products/457339>.

### ***Government Accountability Office***

*Principles of Federal Appropriations Law*, Third Edition, available at <http://www.gao.gov/legal/redbook/redbook.html>.

### ***Nuclear Regulatory Commission***

Audit of NRC's Budget Execution Process (OIG-13-A-18) dated May 7, 2013, available at <http://pbadupws.nrc.gov/docs/ML1312/ML13127A125.pdf>.

Management Directive—

4.1, "Accounting Policy and Practices."

4.4, "Internal Control."

4.5, "Contingency Plan for Periods of Lapsed Appropriations."

5.4, "Official Representation Expenses."

9.17, "Organization and Functions, Office of the Executive Director for Operations."

9.20, "Organization and Functions, Office of the Chief Financial Officer."

10.1, "Recruitment, Appointments, and Merit Staffing."

10.2, "Staffing Assistance for International Organizations."

10.38, "Position Management."

11.1, "NRC Acquisition of Supplies and Services."

11.7, “NRC Procedures for Placement and Monitoring of Work With the U.S. Department of Energy (DOE).”

11.8, “NRC Procedures for Placement and Monitoring Work With Federal Agencies Other Than U.S. Department of Energy (DOE) Laboratory Work.”

14.1, “Official Temporary Duty Travel.”

NRC Appropriations Acts.

SRM-COMSECY-13-0011, “Management Directive 4.7, Policy and Practices Governing Nuclear Regulatory Commission Long-Range Planning, Budget Formulation, and Resource Management” ([ML13140A054](#)).

“U.S. NRC Regulation for the Administrative Control of Funds,” approved December 22, 1998 ([ML14260A318](#)).

“U.S. NRC Reimbursable Work Procedures Manual,” available at [http://fusion.nrc.gov/ocfo/team/ocfo\\_admin/dpba/Pages/RUP.aspx?PageView=Shared&initialTabId=Ribbon.WebPartPage&VisibilityContext=WSSWebPartPage](http://fusion.nrc.gov/ocfo/team/ocfo_admin/dpba/Pages/RUP.aspx?PageView=Shared&initialTabId=Ribbon.WebPartPage&VisibilityContext=WSSWebPartPage).

Web Sites—

Allowance Financial Managers Contacts:

[http://fusion.nrc.gov/ocfo/team/ocfo\\_admin/dpba/Lists/Allowance%20Financial%20Managers%20Contacts/AllItems.aspx](http://fusion.nrc.gov/ocfo/team/ocfo_admin/dpba/Lists/Allowance%20Financial%20Managers%20Contacts/AllItems.aspx).

Office Support TAC Guide (effective FY2014):

[http://fusion.nrc.gov/ocfo/team/ocfo\\_admin/DOC/FSB/TL/Documents/Shared%20Documents/AdministrativeActivityCodes.pdf](http://fusion.nrc.gov/ocfo/team/ocfo_admin/DOC/FSB/TL/Documents/Shared%20Documents/AdministrativeActivityCodes.pdf).

### ***Office of Management and Budget (OMB)***

OMB Circular A-11, “Preparation, Submission, and Execution of the Budget,” revised annually, available at <http://www.omb.gov>.

OMB Memorandum M-91-07, “Guidance for Preparing Organization Plans Required by the Chief Financial Officers Act of 1990 (CFO Act),” dated February 27, 1991, available at [http://fusion.nrc.gov/ocfo/team/ocfo\\_admin/dpba/OMB%20Memorandum%20M9107/Forms/AllItems.aspx](http://fusion.nrc.gov/ocfo/team/ocfo_admin/dpba/OMB%20Memorandum%20M9107/Forms/AllItems.aspx).

OMB Web Site:

<http://www.omb.gov>.



***Office of Personnel Management (OPM)***

Additional Guidance: Reimbursement for Assignments with Provisions of the IPA Mobility Program, available at  
<http://www.opm.gov/programs/ipa/Mobility.asp#ReimbursementForAssignment>.

***Other Documents***

The U.S. Constitution, Article I, Section 9, Clause 7.

United States v. MacCollom, 426 U.S. 317 (1976).

***United States Code***

Administrative Division of Appointments (31 U.S.C. 1514).

Advances (31 U.S.C. 3324).

Agency Agreements (31 U.S.C. 1535).

Antideficiency Act (31 U.S.C. 1341 et seq.).

The Purpose Statute (31 U.S.C. 1301(a)).

Balanced Budget and Emergency Deficit Control Act of 1985, as amended (Pub. L. 113-82).

Budget and Accounting Act of 1921 (Pub. L. 67-13).

Chief Financial Officer Act of 1990 (Pub. L. 101-576).

Documentary Evidence Requirement for Government Obligations (31 U.S.C. 1501).

Economy Act (31 U.S.C. 1535).

Energy Reorganization Act of 1974 (42 U.S.C. 5801, et seq.).

Energy and Water Development Appropriation Act (42 U.S.C. 5852).

Federal Managers Financial Integrity Act of 1982 (31 U.S.C. 3512).

Impoundment Control Act of 1974 (2 U.S.C. 681-688).

Inspector General Act of 1978 (5 U.S.C. App. 3).

Intergovernmental Personnel Act (5 U.S.C. 3371-3376).

Nuclear Waste Policy Act of 1982, as amended (42 U.S.C. 10222).

Recording Statute (31 U.S.C. 1501(a) and 1502(a)).

## U.S. NUCLEAR REGULATORY COMMISSION DIRECTIVE HANDBOOK (DH)

DH 4.2		ADMINISTRATIVE CONTROL OF FUNDS		DT-15-13	
Volume 4		Financial Management			
Approved By:		Maureen Wylie, Chief Financial Officer			
Date Approved:		June 22, 2015			
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Issuing Office:		Office of the Chief Financial Officer Division of Planning and Budget			
Contact Name:		Deborah B. Mahdi 301-415-6021			
EXECUTIVE SUMMARY					
<p>Directive and Handbook (MD) 4.2, “Administrative Control of Funds,” are being revised to reflect the reorganization of the Office of the Chief Financial Officer and major policy changes. Areas of the handbook that have been significantly revised include—</p> <ul style="list-style-type: none"><li>• Section II, “Key Legal Requirements for Funds Control”;</li><li>• Section IV, “Allotment Financial Management”;</li><li>• Section V, “Allowance and Financial Plan Process”;</li><li>• Section VI, “Commitment and Obligation of Funds”;</li><li>• Section VII, “Deobligation of Funds”; and</li><li>• Section VIII, “Reimbursable Work Performed by the NRC for Others.”</li></ul> <p>Previous Part X, “Financial Management,” has been removed. Prior references in MD 4.2 on resource reallocations will be addressed with updated policy in the new MD on budget execution (SRM-COMSECY-13-0011).</p> <p>This revision also incorporates clarified guidance on position delegations for allowance holders in accordance with the Office of the Inspector General Audit of the U.S. Nuclear Regulatory Commission’s Budget Execution Process (OIG-13-A-18) dated May 7, 2013.</p>					

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## **I. INTRODUCTION**

### **A. Overview**

This handbook includes a purpose statement and a summary of responsibilities for the administrative control of funds. It presents an overview of the U.S. Nuclear Regulatory Commission funds control process and a synopsis of other NRC policies and procedures related to funds control.

### **B. Purpose**

1. This handbook specifies policies and procedures to be followed to maintain proper control over available funds during budget execution.
2. In addition, this handbook provides an overview of the key Federal laws and policies that are the basis for funds control operating standards and the components of the Federal financial management process involved in administrative control of funds.
3. Administrative control of funds issues that are not addressed in this handbook should be referred to the Budget Director of the Division of Planning and Budget (DPB), Office of the Chief Financial Officer (OCFO) (hereinafter "DPB"), or the Chief of the Funds Control Branch (FCB), DPB, for resolution. The NRC's accounting policy can be found in Management Directive (MD) 4.1, "Accounting Policy and Practices."

### **C. Funds Control Responsibilities**

1. The OCFO is responsible for the overall administrative control of funds during budget execution.
2. Within OCFO, the Division of the Controller (DOC) (hereinafter "DOC") is responsible for accounting and reporting on the status of the NRC's funds.
3. DPB is responsible for the NRC's administrative control of funds policies and procedures.
4. DPB issues financial plans and allowances of funds to agency managers designated as allowance holders.
5. Agency allowance holders are responsible for certification of funds availability within their allowances before the execution of an action to obligate funds and for maintaining the detailed procedures necessary to implement the policies and procedures provided in this MD.
6. Agency allowance holders, allowance financial managers (AFMs), and funds certifying officials (FCOs) are responsible for maintaining funds controls over allowances, commitments, and obligations of funds to ensure compliance with applicable Federal laws, policies, and procedures.
7. In accordance with this MD, these functions may be redelegated to designated staff (see Section IV of this handbook for more details).

**D. The NRC's Funds Control Process**

1. The general flow of activities during the NRC's funds control process is shown in Exhibit 11. (See the Glossary in Section XII of this handbook for definition of terms.)
2. After an appropriation is enacted by Congress, OCFO requests an apportionment of funds from the Office of Management and Budget (OMB).
3. OMB apportionment to the agency provides approval to obligate funds.
4. The Chief Financial Officer (CFO) issues allotments to DPB for the amounts apportioned by OMB.
5. DPB issues financial plans and allowances to the NRC's allowance holders within the limits of the allotment.
6. Allowance holders may commit agency funds up to the limits of their financial plans and allowances.
7. Obligating officials may obligate the NRC's funds within the limits of amounts certified as available (committed).
8. Costs or liabilities for payment are incurred against agency obligations. These liabilities result in payments against the obligations.
9. The Antideficiency Act (31 U.S.C. 1341) prohibits the total of payments and unpaid obligations from exceeding amounts allotted, apportioned, or appropriated.
10. The details of this process are discussed in this handbook.

**II. KEY LEGAL REQUIREMENTS FOR FUNDS CONTROL****A. Overview**

1. This section summarizes the key laws and policies that set the standards for administrative control of funds and financial management improvements. These include—
  - (a) The U.S. Constitution;
  - (b) The Budget and Accounting Act of 1921 (Pub. L. 67–13);
  - (c) Section 1311 of the Supplemental Appropriations Act of 1955 (31 U.S.C. 1501(a) and 1502(a));
  - (d) The Antideficiency Act (31 U.S.C. 1341 et seq.);
  - (e) The Purpose Statute (31 U.S.C. 1301(a));
  - (f) The Impoundment Control Act of 1974 (2 U.S.C. 681–688);
  - (g) OMB Circular A-11, “Preparation, Submission, and Execution of the Budget”;
  - (h) Government Accountability Office (GAO) guidance;
  - (i) The Chief Financial Officers Act of 1990 (CFO Act) (Pub. L. 101–576);

- (j) The Economy Act (31 U.S.C. 1535); and
  - (k) The NRC Appropriations Acts.
2. Extracts from some of the key laws and policies that provide the legal basis for administrative control of funds are included.

#### **B. The U.S. Constitution**

Article I, Section 9, Clause 7 of the U.S. Constitution states, “No Money shall be drawn from the Treasury but in Consequence of Appropriations made by Law...” The effect of this clause is that Federal agencies cannot spend appropriated funds except to the extent, and for purposes for which, Congress appropriated the funds. The Supreme Court of the United States has explained, “The established rule is that the expenditure of public funds is proper only when authorized by Congress, not that public funds may be expended unless prohibited by Congress.” *United States v. MacCollom*, 426 U.S. 317 (1976).

#### **C. The Budget and Accounting Act of 1921**

1. The Budget and Accounting Act of 1921, as codified in Title 31 of the United States Code, establishes the statutory basis for an executive budget process by requiring the President to submit to Congress annually a proposed budget for the Federal Government.
2. This Act also created the Bureau of the Budget (reorganized as OMB in 1970) to assist the President in carrying out his or her responsibilities and established the General Accounting Office (subsequently renamed the Government Accountability Office) to assist Congress as the principal auditing agency of the Federal Government.

#### **D. The Recording Statute (31 U.S.C. 1501)**

The primary purpose of the Recording Statute (31 U.S.C. 1501) is to ensure that agencies record only those transactions that meet specified standards for legitimate obligations. Subsection (a) of this Act prescribes specific criteria for recording obligations. This subsection states that an amount shall be recorded as an obligation of the U.S. Government only when supported by documentary evidence and specifies the criteria for recording obligations. (See Exhibit 7, “Documentation of Government Obligations (Recording Statute).”)

#### **E. The NRC Appropriations Acts**

1. The NRC Appropriations Acts give authority, by law, to incur obligations for the agency for specified purposes during the period of availability covered in the appropriation acts. Each act establishes appropriation amounts governing an entire fiscal year (FY).
2. Congress finances the programs of the NRC by providing new budget authority each year in the form of appropriations.



**F. Antideficiency Act****1. Prohibition**

- (a) The Antideficiency Act prohibits any officer or employee of the United States from—
  - (i) Making or authorizing obligations or expenditures in excess of the amount available in an appropriation or fund, an apportionment or reappportionment, or an allotment;
  - (ii) Involving the Government in a contract or obligation for payment before an appropriation is made unless authorized by law; and
  - (iii) Accepting voluntary services for the Government or employing personal services exceeding those authorized by law, except for emergencies involving the safety of human life or the protection of property.
- (b) The Antideficiency Act prescribes administrative discipline and/or criminal penalties and reporting requirements to the President and the Congress in the event of a violation.
- (c) OMB advises Federal agencies to transmit copies of any reports submitted to the President and Congress pursuant to 31 U.S.C. 1351 to the GAO.

**2. System of Administrative Control of Funds**

- (a) An additional requirement of the Antideficiency Act is that the head of each executive agency shall prescribe by regulation a system of administrative control of funds (31 U.S.C. 1514).
- (b) The Chairman of the Commission has prescribed a system that is designed to restrict obligations and expenditures to available amounts, and to fix responsibilities for any violation of the Antideficiency Act.
- (c) This system is designed so that responsibility is placed at the highest practical organizational level consistent with effective and efficient management and control.
- (d) The NRC's system for the administrative control of funds has been approved by OMB and can be found on the NRC Web site at <http://www.nrc.gov/about-nrc/omb-approved-funds-reg.pdf>.

**G. The Purpose Statute (31 U.S.C. 1301(a))**

- 1. One of the most important statutes dealing with the use of appropriated funds is 31 U.S.C. 1301(a).
- 2. This statute states that appropriations shall be applied only to the objects for which the appropriations were made, except as otherwise provided by law.
- 3. This statute, in conjunction with the constitutional requirement that money cannot be paid from the U.S. Department of Treasury (Treasury) except under a congressional appropriation, provides the primary basis for purpose limitations on the availability of funds.

**H. Impoundment Control Act of 1974**

1. The Impoundment Control Act of 1974 (2 U.S.C. 681–688) provides controls over the impoundment of funds by executive agencies.
2. Title X of this Act requires that the President transmit to Congress proposed deferrals and proposed rescissions of budget authority.
3. If Congress does not act affirmatively on a rescission proposal, the funds must be made available for obligation.
4. Deferrals of budget authority may be overturned by an act of Congress.

**I. OMB Circular A-11, “Preparation, Submission, and Execution of the Budget”**

1. OMB Circular A-11 gives guidance on both budget formulation and budget execution.
2. OMB Circular A-11 also provides implementing guidance on the requirements of the Antideficiency Act by providing instructions to agencies on systems for the administrative control of funds. In addition, the circular provides instructions to agencies on the reporting of deferrals and proposed rescissions under the Impoundment Control Act of 1974.
3. This MD implements the budget execution requirements in OMB Circular A-11 by prescribing the standards for the NRC’s funds control process.

**J. Government Accountability Office (GAO) Guidance**

1. The GAO’s mission is to support the Congress in meeting its constitutional responsibilities and to help improve the performance and ensure the accountability of the Federal Government for the benefit of the American people.
2. GAO also issues decisions and reports to Federal agencies concerning the obligation and expenditure of appropriated funds. While not technically binding on the Executive Branch, the GAO decisions on appropriations law are generally considered authoritative.
3. Published decisions of the Comptroller General are cited in this handbook by volume, page number, and year (for example, 64 Comp. Gen. 370 (1985)). Unpublished decisions are cited by file number and date (for example, B-198471, May 1, 1980). GAO’s *Principles of Federal Appropriations Law*, Third Edition, available at <http://www.gao.gov/legal/redbook/redbook.html>, provides a summary of the laws; Comptroller General decisions; and regulations related to appropriations, including guidance on the availability of appropriated funds as to time, purpose, and amount.

**K. Chief Financial Officers Act of 1990 (the CFO Act)**

1. The CFO Act mandates the appointment of an agency chief financial officer at selected Federal agencies, including the NRC, whose responsibilities extend to all aspects of financial management related to operating agency programs. This Act strengthens the role of an agency CFO to—

- (a) Direct, manage, and provide policy guidance and oversight of all agency financial management personnel, activities, and operations;
  - (b) Approve and manage financial management systems design and enhancement projects; and
  - (c) Monitor the financial execution of the budget of the agency in relation to actual expenditures, and prepare and submit to the head of the agency timely performance reports.
2. In addition, the CFO Act specifies that the agency CFO provides agencywide policy advice on the recruiting, selecting, and training of personnel to carry out agency financial management functions. For agencies with major components that perform financial management operations, OMB guidance states that agency CFOs are responsible for approving job descriptions and skill requirements for those who head component financial management activities and operations, and participating in their annual performance evaluation with exception of the Office of the Inspector General (OIG). Refer to OMB Memorandum M-91-07, "Guidance for Preparing Organization Plans Required by the Chief Financial Officers Act of 1990 (CFOs Act)," available at [http://fusion.nrc.gov/ocfo/team/ocfo\\_admin/dpba/OMB%20Memorandum%20M9107/Forms/AllItems.aspx](http://fusion.nrc.gov/ocfo/team/ocfo_admin/dpba/OMB%20Memorandum%20M9107/Forms/AllItems.aspx).

#### **L. The Economy Act**

- 1. The Economy Act authorizes a Federal agency to place interagency agreements for work or services with other Federal agencies and provides that collections for this work shall be credited to the performing agency's appropriation in which the costs were incurred.
- 2. An interagency agreement made under the authority of the Economy Act obligates an appropriation of the requesting agency and creates reimbursable authority for the servicing agency.

### **III. THE NRC'S FINANCIAL RESOURCES**

#### **A. Overview**

- 1. This section summarizes the NRC's financial resources for funding its programs and administrative activities, including a review of the appropriation process, limitations on appropriated funds, and other types of financial resources.
- 2. The steps in implementing an appropriation are followed by a summary of other sources of the NRC's funds.

#### **B. Regular Appropriations**

- 1. Budget Authority

Budget authority is the authority provided by law to incur financial obligations that will result in outlays. An appropriation is the most common means of providing budget authority. An appropriation, which usually follows enactment of authorizing legislation, permits Federal agencies to incur obligations and to make payments out

of the Treasury for specified purposes during the period covered in the appropriation acts. New budget authority represents those funds appropriated by Congress for the current FY.

## 2. Limitations on Appropriations

The NRC's appropriated funds are subject to congressional limits on purpose, amount, and time.

### (a) Purpose Limitations

Congress determines the purposes for which an appropriation may be used. (The statement of purpose is usually contained in the appropriations act; if it is not, examine the language and legislative history of the agency's authorization act, enabling statute, or organic legislation.) Except as otherwise provided by law, the NRC's appropriations must be applied solely to the objects for which they are made and no other (31 U.S.C. 1301). See Section VI of this handbook for more information on reviewing spending requests for availability as to purpose.

### (b) Amount Limitations

- (i) Congress determines the amount the NRC spends on programs by passing appropriation acts. After the appropriation is enacted and agency funds are apportioned, allotted, and allocated, Government officials are empowered to incur obligations and make expenditures up to the amount specified. (See Section 1341 of Title 31 of the U.S. Code.)
- (ii) An example of an amount limitation on obligation authority is the appropriation from Congress for official representation that is part of the NRC's salaries and expenses (S&E) appropriation. Obligation of funds for official representation may not exceed the amount specified in the appropriation act.

### (c) Time Limitations

The basic rule regarding time limitations is that funds must be obligated during their period of availability, and the obligation must be for a "bona fide need" arising during that period.

#### (i) Period of Availability

An appropriation act specifies the period of availability of the authority. The three most common periods are—

- One-Year Appropriation

A 1-year appropriation is available for obligation during only 1 FY.

A 1-year appropriation is also known as an FY or annual appropriation.

- Multiple-Year Appropriation

A multiple-year appropriation is available for obligation for a definite period in excess of 1 year. A multiple-year appropriation is also referred to as "2-year," "3-year," and so forth, budget authority.

- No-Year Appropriation

A no-year appropriation is available for obligation for an indefinite period, unless and until—

- The agency head or the President determines that the purposes for which the appropriation was made have been carried out; and
- No disbursements have been made against the appropriation for 2 consecutive FYs (31 U.S.C. 1555(a)).
- No-year budget authority is usually identified by language like, “to remain available until expended.” The NRC’s S&E appropriation is usually provided with no-year budget authority.

(ii) Bona Fide Needs

Because the period of availability for no-year funds lasts until the funds are expended, the bona fide needs rule does not apply to no-year funds. The bona fide needs rule does apply to 1-year or multiple-year appropriations. The bona fide needs rule means simply that the appropriation is available only for needs of the appropriation’s period of availability. For example, with a 2-year appropriation, the funds are available only for needs during that 2-year period, and not for needs occurring outside of that 2-year period.

3. Impoundment

Impounding (withholding) the budget authority appropriated for a specific time period is also subject to congressional limitations under the Impoundment Control Act of 1974. Impoundment is any executive action or inaction that temporarily or permanently withholds, delays, or precludes the obligation or expenditure of budget authority. The two types of impoundment actions are deferrals and rescissions.

(a) Deferral

A deferral is any executive branch action or inaction that temporarily withholds, delays, or effectively precludes the obligation or expenditure of budgetary resources. Officers or employees of the United States may only defer use of budgetary authority to provide for contingencies or to achieve savings made possible by changes in requirements or greater efficiency of operations, or as otherwise specified by law. Deferrals may not extend beyond the end of an FY. The President is required to report to Congress any proposed deferral of budget authority.

(b) Rescission

A rescission is any legislative action taken by the Congress to reduce budgetary resources, including reductions that were not proposed pursuant to the Impoundment Control Act. Rescissions can be either temporary or permanent. A rescission proposal means a proposal by the President to reduce budgetary resources (new budget authority or unobligated balances of budget authority) pursuant to the requirements of Title X of the Impoundment Control Act of 1974. Resources that are proposed by the President for rescission may be withheld from obligation for 45 calendar days of continuous session of the Congress (excluding an adjournment of more than 3 days on which either House is not in session) pending congressional action on the proposal.

#### 4. Sequestration

Sequestration refers to the cancellation of budgetary resources if revenue or direct spending legislation is enacted that, in total, increases projected deficits or reduces projected surpluses relative to the baseline.

### C. Other Types of Appropriations

Other types of appropriations may be used in some circumstances to provide funds to the NRC.

#### 1. Supplemental Appropriation

A supplemental appropriation is an appropriation enacted after a regular annual appropriations act, when the need for funds is too urgent to be postponed until the next regular annual appropriations act. A supplemental appropriations act provides funds in addition to those in an annual appropriation act.

#### 2. Deficiency Appropriation

A deficiency appropriation provides the funds necessary to cover obligations that have been incurred in excess of available funds. Deficiency appropriations are necessitated by violations of the Antideficiency Act. A deficiency appropriation is subject to the purpose and time limitations, plus any other applicable restrictions, of the appropriation it supplements.

#### 3. Continuing Resolution

A continuing resolution (CR) is a joint resolution that provides continuing appropriations for an FY. A CR is enacted when Congress has not yet passed new appropriations bills and a program's appropriations are about to or have expired, or when the President has vetoed congressionally passed appropriations bills. A CR keeps existing Federal programs functioning on a temporary basis after the expiration of prior-year budget authority until a regular appropriations bill is enacted. A CR usually specifies a maximum rate at which the agency may incur obligations and a time limitation. In addition, the NRC is responsible for complying with guidance issued by OMB pertaining to a CR. See OMB Circular A-11 and the OMB Web site at <http://www.omb.gov>, for bulletins on the apportionment of CRs and for additional guidance on a CR. If there is no appropriation bill or CR (on a temporary basis), the NRC may operate on unobligated carryover funds from the prior FY after these funds have been apportioned by OMB for the current FY. In the absence of these funds, the agency is forced to close down. (Refer to MD 4.5, "Contingency Plan for Periods of Lapsed Appropriations," for details.)

### D. Steps in Implementing an Appropriation

#### 1. Warrants

- (a) Once the NRC's appropriation legislation is passed by Congress, an appropriation warrant (Financial Management Service (FMS) Form 6200) is issued by the Treasury. The appropriation warrant is evidence of the congressional action and serves to establish the amount and period of availability of monies the agency is authorized to withdraw from the Treasury's central accounts.

- (b) Regular appropriation warrants are issued by the Treasury to the receiving agency. Appropriation warrants are also issued to restore portions of unobligated appropriations balances to Federal agencies with annual appropriations; reduce amounts previously appropriated; establish and adjust certain general, special, and trust fund appropriations; and restore previously withdrawn unobligated amounts pursuant to pertinent legislation.

## 2. Apportionments

- (a) An apportionment is a plan approved by OMB to spend resources provided by one of the appropriations acts, a supplemental appropriations act, a CR, or a permanent law. It identifies amounts available for obligation and expenditure. It specifies and limits the obligations that may be incurred and expenditures made for specified time periods, programs, activities, projects, objects, or a combination thereof. Funds appropriated by Congress are “apportioned” to each agency by OMB. The apportionment process is intended to achieve an effective and orderly use of available budget authority by causing obligations to be incurred at a controlled rate.
- (b) The NRC’s apportionments are usually divided into quarterly increments but not necessarily at a rate of 25 percent per quarter. The unobligated balance at the end of the quarter is carried forward for obligation in the subsequent quarter without reapportionment except at the end of the FY. Although the NRC’s no-year unobligated budget authority remains available beyond the end of the FY, the NRC needs a new apportionment before unobligated balances can be obligated in subsequent FYs.
- (c) The Budget Director is responsible for preparing requests for apportionments of the NRC’s budgetary resources. These requests are submitted by the CFO to OMB for approval on an apportionment schedule in accordance with OMB Circular A-11.
- (d) When the NRC’s appropriation is enacted before the beginning of the FY, the budgetary resources in the NRC’s apportionment request include this new budget authority. Otherwise, the budgetary resources in the initial apportionment request for the FY are limited to an estimate of the available unobligated balances at the end of the year, anticipated offsetting collections, and anticipated recoveries of prior-year obligations.

## 3. Allotments and Allowances

The funds apportioned to the NRC by OMB are available for the CFO to allot to the Budget Director. The Budget Director then issues allowances to allowance holders responsible for the NRC’s programs and administrative services.

## E. Other Sources of the NRC’s Funds

In addition to annual appropriations, the NRC’s funds come from several other major sources.

### 1. Available Unobligated Balances at the End of the Fiscal Year

At the end of the FY, the unobligated portion of the NRC's no-year appropriated funds is carried forward for obligation during the next FY. These funds remain available for obligation indefinitely until exhausted or until the no-year budget authority is canceled. However, the prior-year unobligated balance must be reapportioned by OMB before it can be allotted, allocated, and obligated during the new FY.

## 2. Recovery of Prior-Year Obligations

Recovery of prior-year obligations is another source of the NRC's funds. These recoveries occur through downward adjustments of prior-year obligations and downward adjustments for the difference between obligations previously recorded and outlays made for their payment. When prior-year funds are deobligated in the current FY, they lose their association with the allowance holder and become available for reuse once they have been formally reapportioned by OMB, reallocated by the CFO, and reallocated by the Budget Director. In some instances, recoveries of prior-year obligations (prior-year deobligations) must be reported and approved by the Congressional reprogramming process. Although deobligated prior-year funds may lose their association with the allowance holder, the recoveries still retain their original purposes for which the funds were appropriated. Refer to Section VII, "Deobligation of Funds," of this handbook for more information on deobligations.

## 3. Nonexpenditure Transfers

Nonexpenditure transfers are accounting transactions that transfer amounts from one appropriation or fund account to another. These transactions transfer all or part of the budget authority from one account to another in the same year the authority was made available. Transferred amounts are subject to the same time, purpose, and amount limitations stated in their parent appropriation. Standard Form (SF) 1151, "Nonexpenditure Transfer Authorization," is the official document prepared by the transferring agency and submitted electronically to the Treasury. For example, the NRC may receive a nonexpenditure transfer (SF 1151) from the Department of Energy (DOE).

## 4. Nuclear Waste Fund

When appropriated to the NRC, the Nuclear Waste Fund (NWF) is received through a nonexpenditure transfer authorization (SF 1151). Section 302 of the Nuclear Waste Policy Act of 1982, as amended (42 U.S.C. 10222), established the NWF for the purpose of funding the disposal of high-level radioactive waste and spent nuclear fuel. The NWF consists of money paid by NRC-licensed nuclear power reactors to DOE to site, construct, and develop high-level nuclear waste management facilities. DOE transfers funds to the NRC from the NWF for funding agency obligations and expenditures associated with the NRC's regulatory responsibilities of the Nuclear Waste Policy Act, and these funds may not be used to fund any of the NRC's other activities and programs. These funds remain available until expended.



## **IV. ALLOTMENT FINANCIAL MANAGEMENT**

### **A. Overview**

This section describes the NRC's process for managing the resources allotted and allocated within the agency to fulfill program and administrative responsibilities. It includes the purpose and a general description of the allotment financial management process, followed by the role and responsibilities of the officials (allowance holders) who receive allowances. The processes for delegating authority to AFMs and FCOs are described, together with guidance on qualifications, standards, and training for individuals designated for these positions. Examples of various types of potential funds control violations are presented in Section IV.H of this handbook. An illustration of the NRC's allotment financial management structure is shown in Exhibit 1 of this handbook.

### **B. Introduction**

1. The NRC's system for the administrative control of funds is implemented through the assigned responsibilities, established procedures, and documentation requirements of the allotment financial management process. The purpose of this process is to ensure that—
  - (a) Funds are used only for authorized purposes.
  - (b) Funds are economically and efficiently used.
  - (c) Obligations and expenditures do not exceed the amounts appropriated, apportioned, allotted, allocated, and specified as statutory limitations.
  - (d) Funds are not impounded without congressional knowledge and approval.
2. The NRC's funds control system is based on complementary and interrelated fiduciary responsibilities of the CFO, managers, and the NRC officials who receive allowances of agency funds. OCFO is responsible for maintaining the NRC accounting system that contains the official balances of funds apportioned, allotted, allocated, committed, obligated, and paid. The NRC's allowance holders are responsible for the internal records and controls in their organizational units.

### **C. Allottee Responsibilities**

1. The CFO issues allotments to the Budget Director. The Budget Director is the agency allottee for all of the NRC's financial resources.
2. The allottee's responsibilities include—
  - (a) Issuing allowances and financial plans to officials who have been delegated the authority to commit, obligate, and expend funds within the amounts specified on their Advice of Allowances and Financial Plans.
  - (b) Reviewing and approving changes to allowances and financial plans.
  - (c) Ensuring that the total amount allocated will not exceed the total amount allotted.
  - (d) Supervisory and fiduciary responsibility for allotments issued, including legal responsibility in accordance with the provisions of the Antideficiency Act.

**D. Allowance Holder Responsibilities**

1. Those NRC officials delegated authority by the Budget Director to receive funds are referred to as allowance holders. These officials are allocated funds and are issued annual financial plans by the Budget Director to implement their program and administrative responsibilities. (For more information on financial plans, see Section V, "Allowance and Financial Plan Process," and Section XII, "Glossary" of this handbook.) The delegation of authority to the allowance holder is made in writing and is delegated to an NRC personnel position, not to a specific individual. Since the delegation of authority is to the position, those employees designated acting for those persons serving as the allowance holder have delegated authority to approve financial plan change requests. If the employee acting serves as the deputy to the allowance holder, the financial plan request should indicate that the deputy is acting during that particular period. If the acting allowance holder is not the deputy, then a copy of the delegation memorandum should be included as proof along with the actual financial plan request (i.e., NRC Form 289A, "Request for Financial Plan Changes"). If a delegation memorandum does not exist, then the financial plan change request must specify that the person approving the request is acting for the allowance holder. The allowance holder must be copied on all requests whenever someone is acting on behalf of the allowance holder.
2. As discussed in the following paragraphs, allowance holders have several broad responsibilities:
  - (a) Compliance with funds and full-time equivalent (FTE) availability ceilings;
  - (b) Commitment and obligation of funds for the proper purpose;
  - (c) Commitment and obligation of funds in the proper timeframe;
  - (d) Certification of funds availability;
  - (e) Maintenance of funds control records; and
  - (f) Fiduciary responsibility.
3. Compliance with Funds and Full-Time Equivalent (FTE) Availability Ceilings
  - (a) Allowance holders have a responsibility to ensure that commitments, obligations, or expenditures do not exceed amounts provided in allowances. In addition, the NRC's funds control policies limit commitments and obligations to the line-item values and the footnotes in the financial plan issued with the allowance. Allowance holders and all members of the allowance holder's staff are responsible for adhering to these funds availability ceilings in all actions related to the certification, commitment, or obligation of allocated funds.
  - (b) OCFO is responsible for verifying that commitments and obligations are within the funding limitations specified in allowances and financial plans. The agency's official accounting reports are the source for verification.
  - (c) Actual FTE should be monitored on a regular basis to ensure they do not exceed ceilings specified on the current year FTE allocation memoranda.

#### 4. Commitment and Obligation of Funds for the Proper Purpose

Allowance holders are responsible for ensuring that allocated funds are committed, obligated, and expended for the purposes for which they were appropriated as reflected in the current allowances and financial plans. Refer to Section VI of this handbook for further guidance on the commitment and obligation of funds for proper purposes.

#### 5. Commitment and Obligation of Funds in the Proper Timeframe

Allowances and financial plans expire at the end of the FY. Funds may only be committed or obligated against a current allowance. Funds may be obligated only to meet current legitimate needs. Spending actions (i.e., contracts or agreements) are obligated against funds currently available, normally at the time the need arises. Allowance holders should initiate the obligation of funds necessary to fulfill their administrative and programmatic needs to provide continuity between FYs. However, funds should not be committed and obligated merely to preclude loss of funds to the allowance holder at the end of the FY.

#### 6. Certification of Funds Availability

- (a) Allowance holders are responsible for certifying the availability of funds (i.e., committing funds) within their allowances.
- (b) Certifying funds ordinarily precedes obligation and is the primary funds control mechanism for ensuring that obligations do not exceed allowances.
- (c) Allowance holders may redelegate the authority to certify funds to one or more qualified individuals (e.g., AFMs and funds certifying officials).

#### 7. Maintenance of Funds Control Records

The OCFO is responsible for maintaining the NRC accounting system. Each allowance holder is responsible for ensuring that fund certifications are within the limits established in the accounting system and current allowances and financial plans.

##### (a) Allowance Holder Funds Control Practices

- (i) Each allowance holder is responsible for ensuring that a process is in place to review the financial records required to limit FTE, commitments, and obligations to the amounts authorized. Financial records to be reviewed include—
  - Allowances and financial plans,
  - Documents containing statements certifying the availability of funds,
  - Records of uncommitted balances, and
  - FTE allocation memoranda.
- (ii) In addition, allowance holder offices are responsible for maintaining records of delegations of authority for AFMs and FCOs within their organizations. (Refer to Sections IV.E and IV.F below.)
- (iii) For administrative control of the NRC's funds, the uncommitted balance is the most conservative means for determining the current status of funds availability. Inaccurate or delayed recording of transactions does not alleviate

the allowance holder's responsibility for ensuring that funds are committed and obligated within the limits established by allowances and financial plans.

(b) Control of Obligor Documents

If the allowance holder is the obligor official and the obligations are not processed in the agency acquisition system, the allowance holder is responsible for ensuring that obligation documents not processed in the acquisition system are forwarded promptly for recording in the NRC accounting system (normally within 2 workdays after execution). In most circumstances, the documents are forwarded to the Financial Operations Branch (FOB), DOC.

(c) Reconciliations

Allowance holders are responsible for ensuring that procedures and assigned responsibilities are in place for monthly reconciliations of data recorded in the NRC accounting system. Any differences identified during the reconciliation process should be resolved promptly. Coordinate with DOC as necessary.

(d) Fiduciary Responsibility

While the day-to-day duties related to the above responsibilities may be delegated to individual staff members, allowance holders retain the supervisory and overall fiduciary responsibility for allowances and financial plans issued to them. Thus, the allowance holder retains responsibility for adhering to the requirements of the Antideficiency Act and the NRC's funds control policies and procedures.

## **E. Allowance Financial Managers (AFMs)**

Each allowance holder may designate a single AFM to be responsible for the day-to-day functions of managing the allowance(s). If an AFM is designated, the individual selected must have a direct reporting relationship to the allowance holder. An allowance holder's selection of an AFM should be made in consultation with the CFO. If no one is designated, the allowance holder is the AFM.

### **1. Delegation of Authority to the Allowance Financial Manager**

The delegation of authority to an AFM is made in writing and for a specific individual. (See Exhibit 12 for a format example.) A new delegation of authority is required for a change or cancellation and whenever the designated employee no longer serves as the AFM. Since the delegation of authority is to a specific individual, an employee designated acting for a person serving as an AFM does not have delegated authority to certify funds availability or approve financial plan change requests. Financial plan approvals must come from the allowance holder when the AFM is not available. Delegations are addressed to the Budget Director, OCFO, the Controller, OCFO; and the Director of the Acquisition Management Division (AMD), Office of Administration (ADM). The Director of AMD is not required as an addressee on the written delegation of authority for the salaries and benefits (S&B) allowance. A current list of AFM contacts can be found on the DPB SharePoint site at [http://fusion.nrc.gov/ocfo/team/ocfo\\_admin/dpba/Lists/Allowance%20Financial%20Managers%20Contacts/AllItems.aspx](http://fusion.nrc.gov/ocfo/team/ocfo_admin/dpba/Lists/Allowance%20Financial%20Managers%20Contacts/AllItems.aspx).

## 2. Responsibilities of the Allowance Financial Manager

If an AFM is designated, the individual selected will have the responsibility for and authority to—

- (a) Serve as financial management advisor to the allowance holder and provide advice on the use and status of allocated funds.
- (b) Manage the allowance holder's office process for the administrative control of allocated funds and ensure that the process complies with the requirements contained in this MD.
- (c) Develop and maintain funding plans and strategies (including FTE, commitment, and obligation projections) based on program requirements, and request changes to allowances and financial plans based on shifts in program priorities and funding requirements. (The AFM may request the following changes to allowances and/or financial plans. However, the allowance holder must be copied on these requests: allocations of additional resources to fund unbudgeted requirements, the return of resources, and fund transfers to other allowance holders.) The AFM may not redelegate authority to sign requests for changes to allowances and financial plans. The AFM ensures that allocated funds are economically and efficiently used.
- (d) Certify availability of funds within the allowance(s) assigned to the allowance holder's office consistent with Section IV.F of this handbook. The AFM may redelegate this function.
- (e) Supervise the allowance holder's staff responsible for the administrative control of allocated funds (if the AFM delegates authority for any assigned functions).
- (f) Carry out other additional duties as are necessary to discharge all allowance holder responsibilities as defined in this MD for the allowance(s) assigned to the allowance holder's office.

## F. Funds Certifying Officials (FCOs)

AFMs may redelegate authority to certify funds to one or more qualified FCOs. If an allowance holder is also the AFM, this re delegation is from the allowance holder to the FCO. If an AFM has been designated, the re delegation is from the AFM to the FCO, with only the AFM authorized to designate individuals to serve as FCOs. If funds certifying authority is redelegated, the FCO must have a direct reporting relationship to the individual who has redelegated the authority on issues about the administrative control of allocated funds. For example, if the AFM is a division director, anyone within that division could be an FCO, whether or not the division director is that person's direct supervisor, as long as the FCO can communicate directly (not through other managers) with the AFM on funds control matters. The reporting relationship and accessibility provided must be specified in the FCO position description.

### 1. Redelegation of Authority to Certify the Availability of Funds

- (a) The re delegation of authority to an FCO is made in writing and for a specific individual. The re delegation must include an effective start date and a sample of

the designated FCO signature. (See Exhibit 13 for a format example.) New redelegations are required for additions, changes, or cancellations. All FCOs must be listed on the new memoranda in addition to those newly delegated individuals. Designation of an effective end date is made at the discretion of the allowance holder or the AFM. Written redelegations of authority are addressed to the Budget Director, the Controller, and the Director of AMD. The Director of AMD is not required as an addressee on the written delegation of authority for the S&B allowance. E-mail delegations of authority memoranda and/or notate the Agencywide Documents Access and Management System accession number(s) to [AAFPCChangeRequest.Resource@nrc.gov](mailto:AAFPCChangeRequest.Resource@nrc.gov). A copy should be maintained by the issuing office, and copies should be distributed to all those within that office who are authorized to incur obligations on behalf of the NRC.

- (b) Authority redelegated by the allowance holder or the AFM to the FCO cannot be further redelegated. The prohibition on further redelegation must be included in the written redelegation of funds certifying authority. Redlegation of funds certifying authority should be limited to the minimum number of individuals necessary to ensure effective and efficient management control of funds.

## 2. Role of the Funds Certifying Official

- (a) The FCO is assigned responsibility for and delegated the authority to certify that sufficient funds are available in the current allowance and financial plan for entering into obligations. Ordinarily, funds are certified for availability in the agency acquisition system by the appropriate FCO. For those commitments not processed in the agency acquisition system, the FCO confirms funds availability by signing the appropriate commitment document before the action that creates an obligation on behalf of the NRC.
- (b) When certifying funds availability, the FCO must ensure that the purpose is proper, the amount is available, and the funds are committed and obligated in the proper timeframe. An FCO certifying function includes verifying the accuracy of accounting data on commitment documents and transactions before certifying the availability of funds.
- (c) Individuals other than the FCO may be assigned responsibilities for recording commitments and reconciling data reported in the NRC accounting system. Distributed responsibility for these functions does not alleviate the FCO's responsibility for ensuring that funds only are certified within the limits provided by current allowances and financial plans.

## 3. Separation of Duties for Certifying the Availability of Funds

- (a) Responsibility for funds certification should be assigned to a sufficient number of individuals to provide a system of checks and balances. Guidelines include—
  - (i) Individuals who have been delegated the authority to enter the agency into obligations and to certify funds availability are not eligible to perform as both an obligating official and an FCO for the same spending action. An exception to this requirement is a temporary duty travel authorization. For this document, one individual signs as both an FCO and an authorizing official.

- (ii) Individuals authorized to make or certify the payment of goods or services are not eligible to certify the availability of funds for goods and services.
  - (iii) Some individuals who are authorized to certify funds availability may also have the authority to administratively approve the request of these funds for a particular agency need (i.e., certain office directors and regional administrators). Individuals who have the authority to administratively approve requests and to certify the availability of funds are not eligible to perform both as an approving official and an FCO for the same spending action.
- (b) Exceptions to any of these guidelines must be requested in writing by the allowance holder and submitted to the CFO.

#### **G. Qualifications, Standards, and Training for Allowance Financial Managers and Funds Certifying Officials**

The CFO provides agencywide policy advice on the qualifications, recruitment, performance, training, and retention of all financial management personnel, including review and concurrence authority over the position descriptions and skill requirements for allowance financial management positions. Agency managers must ensure that those who are given financial management responsibility have the appropriate qualifications and receive proper training. The following selection and training requirements have been established for AFMs and FCOs.

##### **1. Qualifications and Standards**

- (a) Following are the minimum skills required to be an AFM. These skills should be incorporated in the position descriptions of each AFM:
- (i) Knowledge of and experience in applying Federal budget implementation and accounting principles, policies, and procedures sufficient to—
    - Understand their relationship to appropriations, apportionments, financial plans, allotments, allowances, commitments, obligations, and various financial reports as implemented at the NRC; and
    - Maintain office procedures for the administrative control of funds to comply with the requirements of this MD.
  - (ii) Knowledge of the NRC's budget activities managed by the office sufficient to develop funding plans, options, and strategies and to adjust to increased or decreased FTE and funding requirements and shifts in program priorities.
  - (iii) Demonstrated ability to analyze complex financial issues, to interpret the implications of those issues as they affect office financial operations, and to develop recommendations for resolving these problems.
  - (iv) Demonstrated ability to communicate effectively and concisely. Writing and verbal skills sufficient to clearly articulate complex financial issues, to interpret the implications of those problems, and to present recommendations in a form suitable for senior management decisions.

- (v) Knowledge of financial systems and internal management controls sufficient to comply with the requirements of this directive.
- (vi) Ability to coordinate and direct assigned personnel (if applicable).
- (b) The minimum skills required to be an FCO include knowledge of and experience in applying Federal budget implementation and accounting principles, policies, and procedures sufficient to—
  - (i) Understand their relationship to allotments, financial plans, allowances, commitments, obligations, and various financial reports as implemented at the NRC; and
  - (ii) Certify the availability of funds from within the assigned allowance(s) consistent with the requirements of this directive.
- (c) These minimum skills should be incorporated into the position descriptions of each FCO.

## 2. Training Requirements

- (a) One of the responsibilities of the agency's CFO is to ensure that agency personnel who are engaged in financial management functions receive appropriate training. Toward this end, the Office of the Chief Human Capital Officer (OCHCO), in conjunction with the OCFO, have developed two training courses that are specifically tailored to meet the needs of AFMs and FCOs. These courses are—
  - (i) Financial Management Seminar  
Review of concepts, policies, and general procedures for monitoring sound financial management of Federal funds. Includes, key principles of Federal Government budget formulation, budget execution, appropriations law, funds control, internal controls, audit, and specific applications to financial management at the NRC.
  - (ii) Administrative Control of Funds  
Provides policies and procedures for proper administrative control of funds in accordance with this MD.
- (b) These courses are presented on a periodic basis. Individuals newly assigned the role of AFM or FCO will be eligible to certify the availability of funds after they have demonstrated to the applicable allowance holder or AFM that they understand the requirements of this handbook as they apply to the AFM or FCO position. Continued authority to certify funds availability depends on the successful completion of these two courses as soon as they become available.
- (c) In addition, the NRC offers another OCFO-sponsored course entitled "NRC Workshop on Reimbursable Work." The material for this course is the "U.S. NRC Reimbursable Work Procedures Manual." This workshop provides background and content for administration of reimbursable work agreements.



- (d) AFMs and FCOs are also encouraged to seek out and attend relevant financial management training available both within the agency and at outside organizations. Contact OCHCO or DPB for course information.

## H. Violations of the Antideficiency Act and the NRC's Administrative Ceilings

The goal of the NRC's system for administrative control of funds is to ensure that the agency's responsibility for not exceeding budgetary limits is fulfilled. The system is based on shared responsibility and levels of individual accountability for adhering to the limits established by the Antideficiency Act and the NRC's administrative ceilings. A commitment, obligation, or expenditure in excess of an amount specified on an allowance or financial plan is a violation of the NRC's administrative control of funds regulations and is a violation of the Antideficiency Act when it causes an overobligation or overexpenditure of an allotment. This section presents examples of potential violations when these limits are exceeded. In addition, this section assigns the accountability and responsibility level(s) for violations and sets out procedures for identifying and reporting violations.

### 1. Responsibility for Violations

- (a) The specific circumstances surrounding a violation of the Antideficiency Act or an NRC administrative ceiling determine responsibility. The following examples illustrate responsibility for four types of potential violations.
  - (i) **Improper Allowance of Funds.** If a violation occurs because funds are allocated that are not yet available or are in excess of unallocated allotments, the Budget Director is held responsible.
  - (ii) **Improper Commitment of Funds.** If a violation occurs because funds are certified as available by a properly delegated FCO but are not available, the allowance holder, the AFM, and the FCO who improperly certified funds availability are held responsible. In this example, designation of both an AFM and an FCO is assumed.
  - (iii) **Authorizing or Creating Obligations Without a Proper Certification of Funds Availability.** If a violation occurs because an individual authorized to enter the agency into an obligation does so without verifying that funds were properly certified as available, the obligating official is held responsible. As an example, the transaction or documentation supporting an obligation must include a proper certification of funds availability from an official delegated authority in writing to certify the availability of these funds.
  - (iv) **Accepting Voluntary Services.** If voluntary services have been improperly accepted for the United States, the person who accepts the voluntary services may be held responsible for the violation.
- (b) Other situations would be examined on a case-by-case basis. Section VI of this handbook provides guidance on pitfalls to avoid in the process of committing and obligating funds within available fund ceilings.

## 2. Identifying and Reporting Violations

The OCFO is responsible for monitoring reports from the NRC accounting system to identify any commitments or obligations in excess of an apportionment, an allotment, an allowance, or a line item on an allowance holder's financial plan. If the reports indicate that a limitation may have been exceeded, OCFO will immediately contact the allowance holder to confirm that the limitation has, in fact, been exceeded and to preclude further obligations until the situation is resolved. If a limitation has been exceeded, the CFO will determine the cause, notify the appropriate agency officials, and ensure that corrective action is taken. The OCFO will then advise the OIG of Antideficiency Act violations. In the event of a violation of the Antideficiency Act, the CFO will report the violation to the Chairman of the Commission, in accordance with the requirements of OMB Circular A-11, Part 4. This reporting requirement is not affected by the amount of funds involved nor corrective actions taken as a result of a violation.

## V. ALLOWANCE AND FINANCIAL PLAN PROCESS

### A. Overview

1. This section describes the NRC's process for issuing allowances of the funds appropriated by Congress, apportioned by OMB, and allotted by the CFO.
2. The purpose and relationships of allowances and financial plans are defined.
3. The NRC "Advice of Allowances and Financial Plan" (AAFP) (Exhibit 2) illustrates the kind of funds control information issued to the NRC's allowance holders.
4. The process and form used for requesting a change in the financial plan are summarized.

### B. Summary of Allowances and Financial Plans

As described in Section III of this handbook, the NRC receives budgetary resources through the appropriation and apportionment process, and sometimes by appropriation transfers. Once OMB has apportioned budgetary resources to the agency and the CFO allots the funds, the Budget Director distributes the first AAFP to each allowance holder. The Budget Director distributes subsequent issues to allocate reapportionments as they are received from OMB and allotted to the Budget Director or in response to requests for changes in allowances or financial plans. The Budget Director will issue separate AAFPs for each unique appropriation symbol.

#### 1. Advice of Allowances

Two types of information are provided on the allowance. The "Actual Allowances" provides authority to incur obligations against funds currently apportioned by OMB, allotted by the CFO (usually on a quarterly basis), and allocated by the Budget Director. Allowances anticipated in subsequent quarters are shown in the "Planned Quarterly Allowances by Funds Source" display.

#### 2. Financial Plan

The financial plan delineates the planned annual allocation of funds to allowance holders consistent with the NRC's budget.

### 3. Relationship of Advice of Allowances and Financial Plan

- (a) The advice of allowances provides authority to incur obligations. The financial plan and footnotes delineate restrictions on how the resources provided in the allowances may be used. The financial plan delineates amounts planned to be allocated on an annual basis, while the advice of allowances delineates the amount currently available for obligation and the anticipated allowance of funds for each quarter of the current FY.
- (b) An allowance holder certifies the availability of funds within the limits delineated by both the advice of allowances and the financial plan.

## C. Advice of Allowances

### 1. General

An advice of allowances provides authority to allowance holders to incur obligations and make expenditures within a specified amount. Allowances are made as funds are apportioned and allotted, and will be incremental since OMB apportions funds on a quarterly schedule. Amounts allotted may not exceed the amount apportioned and amounts provided in advice of allowances may not exceed amounts allotted. Allowances remain available for commitment and obligation until the end of the FY, unless they are reduced by a subsequent advice of allowances. All allowances expire at the end of the FY. Any funds unobligated at the end of the FY cannot be committed or obligated unless they are provided to the allowance holder by a new advice of allowances in the following FY. Section IX, "Unobligated Carryover Funds," of this handbook discusses the process of carrying over unobligated funds at the end of the FY.

### 2. Sources of Funds

- (a) An allowance holder who is responsible for activities financed by more than one source of funds will receive more than one allowance on the advice of allowances. For example, the AAFP issued to a regional administrator may include two allowances: one for Fee-Based Funds and one for Reimbursable Work. Each allowance amount represents a ceiling on the funds that may be obligated. Incurring obligations in excess of an allowance amount is a violation of the NRC's administrative control of funds policies and procedures. The allowance reflects any restrictions on the use of funds for particular purposes related to funds sources.
- (b) Funds from the following sources are listed as separate allowances:
  - (i) Fee-Based Funds

Funds from the agency's S&E and OIG appropriations that are subject to license fee recovery are allocated as a separate line (Fee-Based) on the advice of allowances. This fund source excludes amounts designated as official representation and the General Fund.

(ii) Nuclear Waste Fund

Funds derived from the NWF are for activities related to high-level waste (HLW) disposal. Allowance holders responsible for activities financed from the NWF receive a separate allowance line (Nuclear Waste Fund) on the advice of allowances. (See Section X for additional information about the NWF.)

(iii) General Fund

Funds specifically appropriated to the NRC that are derived from the General Fund of the Treasury are allocated as a separate line (General Fund) on the advice of allowances. These funds are excluded from recovery from license fees.

(iv) Official Representation Funds

The portion of the S&E appropriation designated for official representation is allocated as a separate line (Representation) on the advice of allowances. (See MD 5.4, "Official Representation Expenses.")

(v) Reimbursable Work

Funds for obligations in support of reimbursable work agreements in which the NRC is performing services for others are allocated as a separate line (Reimbursement) on the advice of allowances.

3. Footnotes to the Advice of Allowances and Financial Plan

Restrictions on the uses of funds contained in the appropriation acts, other legislation, other administrative limitations, or reimbursable agreements are detailed in footnotes to allowances and financial plans. These footnotes describe limitations on the purposes for which appropriated funds may be used and are subject to change each FY. Questions on the interpretation of these footnotes should be addressed to the Budget Director. Offices must adhere to all footnote restrictions and guidelines provided on AAFPs issued.

## **D. Financial Plan**

1. General

Financial plans delineate planned annual allocations of funds to allowance holders and are based on the NRC's budget and the legislation that authorizes and appropriates funding for the agency.

2. Categories of Funds

(a) Financial plans delineate various categories of funds to allowance holders, depending upon the broad purposes for which the funds may be used. Allowance holders are authorized to commit or obligate funds only for purposes appropriate to the categories of funds they have received. The categories may include fee-based funds, general funds, reimbursable work, official representation, nuclear waste activities, and funds for personnel compensation and benefits.

(b) Funds for personnel compensation and benefits correspond to OMB object classifications 11, 12, and 13. Amounts for personnel under the NRC's direct S&E appropriation are allocated to the Salaries and Benefits Allowance. Other

personnel costs are allocated to the NRC Central Allowance (CEN). Amounts for personnel under the OIG appropriation are allocated to the Inspector General (IG), including awards. Amounts for awards are allocated directly to office allowance holders.

- (c) Funds for reimbursable work are provided as a separate amount on the financial plan in support of reimbursable work agreements in which the NRC is performing services for others. As designated in the footnotes to the AAFP, each individual reimbursable work agreement ordinarily represents an obligational ceiling that may not be exceeded. (See Section VIII of this handbook for additional information on reimbursable work.)
- (d) Funds for official representation are delineated in the NRC Central AAFP as a separate limitation on the amount to be obligated for official representation expenses.

#### **E. Information on Advice of Allowances and Financial Plans (AAFP)**

Exhibit 2 shows the information contained on the NRC AAFP.

#### **F. Changes to Allowances and Financial Plans**

Although allowance holders are expected to manage funds within the ceilings established in the current AAFP, changes may be required during the course of the FY. Required changes may affect the allowance amounts, the financial plan amounts, or both. Only allowance holders and AFMs are authorized to request changes to allowances and/or financial plans. The AFM should submit the request for changes to the Budget Director. The AFM may request the following changes to allowances and/or financial plans; however, the allowance holder must be copied on these requests: allocations of additional resources to fund unbudgeted requirements, the return of funds, and transfers to or from other allowance holders. The Budget Director has the authority to rescind funds previously allocated to an allowance holder without approval from the allowance holder.

##### **1. Allowance Changes**

In most cases, a change to an allowance also affects the financial plan. An example of a change that affects only the allowance is a request to receive funds scheduled to be allocated in a future quarter of the FY. If only an allowance change is involved, requests for changes are made by the allowance holder or the AFM to the Budget Director. The request includes an explanation of why funds are required earlier in the FY and states that the allowance does not require a financial plan change. If a financial plan change is required, NRC Form 289A also is prepared.

##### **2. Financial Plan Changes**

A financial plan change is necessary when the total amount of funds required for the FY under a particular line in the approved financial plan has changed. Changes in funding requirements may result when—

- (a) The objectives of the financial plan line level can be met with fewer funds than established in the financial plan.

- (b) An objective of the financial plan line can be better met by transferring funds to a different office's financial plan and allowance for obligation.
- (c) An objective of the financial plan line can be better met by transferring funds to different line item(s) on the financial plan and allowance for obligation.
- (d) The objectives of the financial plan line cannot be met within the ceilings currently established in the financial plan. This situation may result from new requirements or changing circumstances since the issuance of the financial plan. (Note: Allowance holders are expected to make efforts to fund new or additional requirements within the ceilings established by the financial plan before requesting an increase.)

### 3. Financial Plan Change Request Process

- (a) The AAFP changes are made through the official accounting system and by attaching NRC Form 289A. By authorizing the request, the allowance holder or AFM attest that funds to support the change are available and have not been committed or obligated. Only allowance holders or AFMs are authorized to request changes.
- (b) The documentation shown in Exhibit 3 is submitted to support NRC Form 289A, the memorandum, or the e-mail request. Depending on the circumstances, DPB may request additional information to support a financial plan change request.

### 4. Request for Financial Plan Changes Form

Exhibit 4 describes the information required on NRC Form 289A and in the official accounting system. The change requests are forwarded to the Budget Director for review and approval by the official accounting system process.

### 5. Timing of Financial Plan Change Requests

- (a) To the extent practical, financial plan change requests should be consolidated.
- (b) Office AAFP change requests received after the 23<sup>rd</sup> of the month will be processed in the accounting system the following month.
- (c) In the absence of unusual circumstances (e.g., significant impacts on the NRC's budget or necessity for congressional reprogramming approval), a revised AAFP will normally be issued within 10 workdays after a request is received by DPB.

## G. Approval Process

### 1. General

- (a) DPB reviews all AAFP change requests. DPB considers the following information in determining whether to approve the request:
  - (i) Impacts on the NRC's budget;
  - (ii) Availability of unallocated, apportioned amounts to support requests for additional funds;
  - (iii) Offices' status of funds;

- (iv) Commission decisions involving resource reallocations; and
  - (v) Congressional reprogramming restrictions.
- (b) Upon approval of the change request by the Budget Director, a revised AAFP is issued to the affected allowance holder(s). Proposed changes are executed only after the AAFP is issued, except on an emergency basis as described below. Upon approval of the change request, allowance holders may enter into commitments and incur obligations in line with the changes.

## 2. Expedited Approval

In emergency situations, the Budget Director or the Deputy Budget Director may provide expedited authorization (e-mail, fax, or telephone) for an AAFP change to the allowance holder or the AFM. In this situation, the change is effective immediately. DPB will confirm the approval by issuing a revised AAFP with the date of the expedited approval as the effective date.

## H. Assignment of Budgeted Amounts to Cost Centers

The NRC's cost center codes are used to identify and assign costs to NRC projects. A cost center represents an agency function or business need that is shared across all or many offices. A cost center does not represent a single procurement vehicle or a specific work function. All commitment and obligation transactions require the designation of a cost center. To ensure good financial planning, a budgeted amount, (i.e., a budget dollar estimate), should be assigned to each cost center. The initial budgeted amount represents the planned annual amount budgeted for the project.

## VI. COMMITMENT AND OBLIGATION OF FUNDS

### A. Overview

This section defines commitments and obligations and describes general policies and requirements for recording commitments and incurring obligations.

### B. Commitment of Funds

A commitment is an administrative reservation of funds for an estimated amount and a specific purpose, based upon the intent to obligate at a future time. A commitment reserves funds but is not an externally binding legal agreement. Commitments are recognized after funds are certified as available and before authorizations, contractual awards, purchase orders, or other procurement and spending actions are approved. Large procurements may take time to award. Commitments help ensure that funds will be available for obligation when the procurement process is complete. They also help in estimating how much future spending actions will cost.

#### 1. Certification of Funds Availability

- (a) Funds are considered committed after they are certified as available by an appropriate FCO. Certification of funds availability is a formal acknowledgment that sufficient funds are available in the current allowance and financial plan to enter into obligations. After the FCO certifies that the funds are available and that

appropriate funds are being used, the amount certified is recorded as a commitment. (See Section IV of this handbook for FCO responsibilities.)

- (b) When certifying funds availability, the FCO must ensure that the purpose is proper, the amount is available, and the funds are committed and obligated in the proper timeframe (see Section IV of this handbook).

## 2. Requirements for Committing Funds

General guidelines for committing funds are shown in Exhibit 5. For the purposes of this section, responsibilities of FCOs apply to allowance holders and AFMs as well.

### (a) Reviewing for Valid Certification of Available Funds

Only those individuals delegated authority in writing by an allowance holder or an AFM may certify the availability of funds (see Section IV, "Allotment Financial Management," of this handbook). Obligating officials may not obligate amounts greater than those certified by authorized FCOs. Delegations and redelegations of authority must be reviewed and used by obligating officials to ensure certifications are valid. If an invalid certification of funds is observed, the obligating official must return the request to the issuing office for proper certification.

### (b) Certification of Funds Before the Beginning of the FY

- (i) To ensure sufficient lead times for certain procurements, it may be necessary to process commitment or obligation documentation before the beginning of a new FY or lengthy CR period. FCOs may certify funds availability, conditional on enactment of the upcoming appropriations act and issuance of an allowance and financial plan. The FCO can use the subject to availability option (i.e., checkbox) in the agency acquisition system for this purpose. However, for those commitments not processed in the agency acquisition system, the conditional certification should state that certification is contingent on future appropriations and reads, "Subject to the availability of FYXX funds." Funds will not be obligated until an allowance and financial plan is received. When funds are provided in the allowance, a new certification of funds availability must be provided on the procurement request before the contract is executed.
- (ii) Conditional certification of funds before the start of the FY for temporary duty travel does not require a new certification of funds when funds are allocated in an allowance. Upon issuance of a new FY allowance, the FCO must ensure that the conditional certifications of funds are immediately recognized as commitments against the allowance.

### (c) Monitoring Open Commitments

A commitment incurred during the current FY remains open until the final obligation is posted or until the end of the FY, whichever occurs first. In some instances, commitments and obligations may not have a one-to-one relationship. For example, the amount committed for a blanket purchase agreement (BPA) would be equal to the total ceiling amount; however, the amounts obligated may result from several individual transactions that offset the ceiling amount. The



commitment would be considered open until the final obligation was incurred against the BPA ceiling amount or once the FY in which the commitment is incurred ends. Since some spending actions take months to process, it is important to monitor the status of amounts committed to ensure that spending actions are not lost in the process or held up because of insufficient or incorrect information. Funds committed but not obligated by the end of the FY must once again be certified and committed in the following FY after these funds are apportioned by the Office of Management and Budget (OMB), allotted by the CFO, and reallocated by DPB in allowance holders' AAFPs. (See Section IX of this handbook for additional information on committed carryover.)

(d) Decommitment of Funds

(i) General

Since an unobligated commitment does not yet represent a binding agreement, it can be canceled and the funds decommitted unilaterally by an authorized FCO. Notification of the decommitment must be provided to the appropriate parties. Funds that are already obligated must be deobligated before being decommitted. Since commitments are only valid during the FY in which they are incurred, decommitment of funds after the end or close of the FY is also not applicable.

(ii) Decommitment of Current FY Funds

An FCO may decommit current FY funds that have not yet been obligated through initiating an action in the agency acquisition system. For those commitment documents that are not processed in the agency acquisition system, the decommitment is accomplished by written notification to the organization responsible for obligating the funds, and the documentation used to decommit funds should be retained. This notification may involve the formal cancellation of a procurement action. The FCO should wait for confirmation from the obligating organization before recognizing the decommitted funds as available.

**C. Obligation of Funds**

An "obligation of funds" is an action that creates a liability or definite promise on the part of the Government to make a payment at some later time. It is also defined as a binding agreement that will result in outlays, immediately or in the future. Budgetary resources must be available before obligations can be incurred legally. For example, a purchase order issued to purchase a computer represents an obligation of the agency to make a payment at a future date and is recorded as an obligation. Upon receipt and acceptance of the computer, the agency incurs a cost and has a legal liability to pay the vendor. The initial recognition of an obligation normally occurs when the order (e.g., purchase order, task order) is placed or the contract is executed. The recording of obligations will also depend upon the terms of the contract. Obligations should not be recorded for anticipated orders that have not yet been placed with a vendor. Payment to the vendor eliminates the liability. The sum of unpaid obligations and payments made represents total obligations for a given procurement. Obligations must be supported by appropriate documentation, including written binding agreements, purchase orders, travel

authorizations, grant awards, and so forth. The documentation must be retained in the agency records to facilitate audit and reconciliation. Guiding principles for obligations are shown in Exhibit 8.

#### 1. Authority to Incur Obligations

- (a) The authority to enter the agency into an obligation differs from the authority to certify the availability of funds under an allowance or the management authority to approve the purpose of the proposed obligation. For example, an office planning to enter into a commercial contract to obtain goods or services obtains a certification of funds availability from the allowance holder's FCO. The appropriate management official approves the purpose of the procurement. A properly designated contracting officer then uses these certifications and approvals to enter the agency into the commercial contract and obligate the funds. The contracting officer causes the contract to be awarded and the obligation to be incurred.
- (b) An NRC employee must have a specific written delegation of authority to enter the agency into a particular type of obligation. The following sections specify who has this authority for the most common types of obligations.

#### 2. Incurring Obligations by Commercial Contracts

Contracting officers in AMD have the authority to enter the agency into commercial contracts, interagency agreements, and purchase orders for small purchases up to the amount limits of their warrants. The IG has this authority as well under the Inspector General Act of 1978 (5 U.S.C. App. 3), Section 6(a)(9). In addition, contracting officers in the regional offices have the authority to issue purchase orders. Agency contracting officers are responsible for complying with the following principles from the Federal Acquisition Regulations (FAR) (Title 48 of the *Code of Federal Regulations* (CFR) Chapter 1) and agency policy:

- (a) Only contracting officers have the authority to enter into, administer, modify, sign, or terminate contracts and make related determinations and findings.
- (b) Contracting officers ensure that sufficient funds are available for obligation. Before executing any contract or contract modification requiring additional funds, the contracting officer will obtain certification from the appropriate FCO that funds are available or expressly condition the contract upon availability of funds in accordance with 48 CFR 32.703-2.
- (c) Contracting officers are responsible for ensuring that the appropriate delegated office director or designee, when authorized, has approved the purpose of the proposed procurement action.

#### 3. Incurring Obligations by Other Actions

The above principles apply in general to other actions that result in the obligation of funds. Examples of these actions include interagency agreements, official travel, training, small purchases, and personnel compensation and benefits.

(a) Interagency Agreements

- (i) AMD provides certain contracting officers and regional administrators with delegated authority to award, modify, and terminate interagency agreements.
- (ii) For those regional administrators and officials who do not have the authority to create agency obligations, interagency agreements may be executed by authorized contracting officers in AMD. All interagency agreements may be executed by authorized contracting officers in AMD whether an office director does or does not have the authority to obligate funds. All interagency agreements require a certification of funds availability before execution.
- (iii) Interagency agreements involving employees from other Federal agencies on detail to the NRC must be executed by the NRC Chief Human Capital Officer (CHCO) except for the OIG. Interagency agreements involving OIG and other Federal agencies are executed by the IG.

(b) Travel and Training

Employees and other individuals are authorized to incur expenses (obligations) for travel or training after the receipt of a properly authorized travel or training authorization document. The authorization must include an administrative approval of an office director or designee, a proper certification of funds availability, and an authorization approval. Employees may be held personally accountable for expenses incurred without proper authorization. MD 14.1, "Official Temporary Duty Travel," delegates authority to authorize travel.

(c) Personnel Compensation and Benefits

Employees are authorized to work at specific pay rates based upon documented personnel actions. Time and labor reporting certified by approving officials provide input to the Payroll and Payments Branch, OCFO on the obligation of payroll amounts.

4. Documenting Government Obligations

Obligations must be supported by documentary evidence of transactions authorized by law. Documentary evidence includes written binding agreements, valid loan agreements, orders, grants or subsidies, liabilities resulting from pending litigation, employment, expenses of travel and public utilities, or any other legal liabilities of the United States. See Exhibit 7 for a summary of the provisions of the Recording Statute (31 U.S.C. 1501). Allowance holders should review obligations charged against their allowances when reconciling data from the official NRC accounting system.

5. Recording Obligations

Prompt and accurate recording of obligations (as described in Exhibit 8) helps to ensure that obligations and expenditures do not exceed amounts available. Most of the procurement-related NRC obligations are recorded in the agency acquisition system and transmitted into the NRC accounting system by an automated process. FOB, DOC, and certain other offices record obligations into the NRC accounting system for those transactions not processed through the agency acquisition system. FSB, DOC, prepares reports on obligations and expenditures for both internal

management reporting and external reporting to OMB, the Treasury, Congress, and the public. Obligations are recorded in the NRC accounting system based on the legal requirements specified in the Recording Statute (31 U.S.C. 1501), "Documenting Evidence Requirement for Government Obligations," the guidance contained in OMB Circular A-11, and guidance from GAO. The basic principles for recording obligations are shown in Exhibit 8.

#### 6. Object Classifications

- (a) Obligations can be classified by the objective of the transaction. OMB Circular A-11 prescribes a standard system of object classifications for reporting obligations to both OMB and the Treasury.
- (b) Obligations are classified by the initial purpose for which they were incurred rather than for the end product or service provided. The NRC's financial codes that implement this standard system are referred to as budget object classifications (BOCs). Further guidance on the assignment of BOCs to commitment and obligation transactions is provided in OMB Circular A-11. Questions about the NRC's BOCs should be directed to the Financial Reporting and Analysis Branch (FRAB), DOC.

#### 7. Interval Between Incurring and Recognizing Obligations

Minimizing the time lag between incurring, recording, and reporting obligations helps to ensure more effective control of funds. Obligor officials should forward copies of obligating documents that are not processed in the agency acquisition system within 2 workdays after receipt to the organization responsible for recording the obligation in the NRC accounting system (normally DOC) and to the appropriate allowance holder. Obligations should be regularly followed up by allowance holder staff to ensure that the obligation is properly recorded in the NRC accounting system.

### D. Differences Between Commitment, Obligation, and Payment Amounts

Differences will often exist between amounts committed, obligated, and actually paid. Accurately estimating the initial amount to be committed and obligated is an important control to prevent payments in excess of available funds.

#### 1. Procurement Differences

- (a) Contracts may not be awarded in amounts in excess of amounts committed. When additional funds are required, contracting officers must request additional funds be certified as available.
- (b) Contracts or purchase orders may be issued for less than the amounts committed. In these instances, excess funds should be decommitted and applied to other requirements.

#### 2. Travel Differences

The amount committed for official travel is an estimate. The amount authorized and recorded as an obligation for travel is an estimate based on the travel authorization. For this reason, the amount claimed on the travel voucher will usually result in a greater or lesser amount ultimately being recorded as the final amount obligated and

paid. Actual travel should be continually compared against estimated costs to identify systematic estimating problems and to ensure that funds are not obligated in excess of those provided in allowances and financial plans.

3. Local Travel Differences

Funds are not committed for local travel before the submission of claims for payment. Local travel expenses are recorded as obligations and payments in the accounting system when they are paid. The FCO should develop review procedures to allow for these practices when determining funds availability.

4. International Agreement Differences

Agreements made with international organizations in which the agreement amount is in a foreign currency are committed and obligated in dollars based on an estimate of the currency exchange rate. FCOs should factor in foreign currency fluctuations when determining funds availability.

5. Rent Differences

The amounts committed for rental payments to the General Services Administration (GSA) may be estimates. As bills are received from GSA, the actual amounts obligated and paid may differ from the initial commitment amounts. FCOs should regularly compare actual rental costs against estimated costs to identify any systematic estimating problems and to ensure that funds are not obligated in excess of those provided in allowances and financial plans.

6. Training Differences

The amount obligated for training represents an initial cost estimate that may require revision upon receipt of an invoice from the training provider. FCOs should allow for these differences when determining funds availability.

7. Personnel Compensation and Benefits Differences

Payroll costs are estimated and committed based upon prior payroll amounts. As actual payroll costs are incurred, the amount initially committed will differ from the amount reported as obligated on the accounting reports. FCOs should regularly compare actual payroll costs to estimated costs to identify any systematic estimating problems and to ensure that funds are not obligated in excess of those provided in allowances and financial plans.

**E. Time Limits and Timing on Obligations**

1. Although most of the NRC's funds are appropriated on a "no-year" basis and do not expire, these funds are apportioned by OMB to the agency on an FY basis. The apportionment expires at the end of the FY. Allotments are required by the Antideficiency Act and OMB Circular A-11 to be issued within the ceilings of amounts apportioned. Therefore, allotments and allowances also expire at the end of the FY.
2. Since new obligations may not be incurred against expired allowances, funds allocated against the NRC's no-year funds are available for incurring new obligations only within the FY for which the allowance was made. The unobligated balance in the allowance is carried forward, and may be reallocated and reallocated in the new FY

after new apportionment action from OMB. (See Section IX of this handbook for information on the carryover of prior-year unobligated balances.)

### 3. Months of Projected Expenditures as a Measure of Performance

- (a) One measure of financial management performance is the amount of total funds available (unliquidated obligations plus distributed unobligated funds) to the allowance holder expressed in months of projected expenditures. In determining a desired number, consider the number of months remaining in the current FY, the necessity for funding, the lag time in reporting contractor costs, and the lag time in realizing deobligations at the completion of contract efforts. The objective is to provide for 30 to 60 days of continuity of funding into a new FY with the recognition of a 2-month lag in reporting of contractor costs.
- (b) Project managers need to apply this measure on a task-by-task or project-by-project basis. Agency financial managers need to apply this measure to the office's overall contract support funding. As a general rule, the total available funds (expressed in months of projected expenditures) should equal the number of months remaining in the current year plus four. The NRC Budget Execution Report summarizes total available funds on a monthly basis for the agency's major allowance holders. Detailed reports are available from the agency's accounting system.

## F. Purpose Limitations

The FCO is responsible for reviewing commitment documentation and questioning any request for spending that appears to be an inappropriate or unauthorized expenditure. If the FCO suspects that a particular action is improper, the FCO should bring it to the attention of the AFM. Funds should not be certified as available until the issue has been resolved.

### 1. Necessary Expenses

- (a) The NRC is appropriated funds for necessary expenses in carrying out the agency's mission. For an expenditure to be justified as necessary, it must—
  - (i) Bear a logical relationship to the agency's appropriations sought to be charged. In other words, it must make a direct contribution to carrying out either a specific appropriation or an authorized agency function for which more general appropriations are available;
  - (ii) Not be prohibited by law; and
  - (iii) Not be otherwise provided for (i.e., it must not be an expenditure that falls within the scope of some other appropriation or statutory funding mechanism).
- (b) Guidance on allowances and financial plans, including footnote restrictions, provides the basis for determining whether expenditures are appropriate. It is the responsibility of the management official authorizing the expenditure to use reasonable discretion to determine whether proposed obligations are appropriate and necessary for carrying out the purposes for which the NRC's funds are appropriated and allocated.

## 2. General Purpose Limitations

- (a) Certain uses of funds are generally classified as improper for Federal agencies, even when the use may bear a logical relationship to the agency's appropriations. Listed below are some uses of funds that ordinarily are improper except under specific statutory authority:
  - (i) Expenditures for entertainment;
  - (ii) Purchase of food for Government employees at their official duty stations and food for non-Government employees;
  - (iii) Leasing of water coolers and/or purchase of bottled water and cups;
  - (iv) Purchase of personal gifts;
  - (v) Payment of State and local taxes;
  - (vi) Purchase of seasonal greeting cards;
  - (vii) Payment of fines and penalties incurred as a result of the agency's activities or the activities of its employees; or
  - (viii) Payment of membership fees of employees in a society or association.
- (b) Before payment, the Chief of FSB must review any documents that contain any of the expenditures listed above.

## 3. Guidance on Purpose Limitations

- (a) Chapter 4 of the GAO's *Principles of Federal Appropriations Law* discusses the availability of an appropriation as to its purpose and provides a basic framework for this concept. In addition, it provides guidelines on this subject for the general operating expenses of Federal agencies, including those specified above.
- (b) When the FCO and the AFM are unable to resolve a funds control issue on the availability of funds for travel or payroll, DOC should be consulted.
- (c) The FCB, DPB, should be consulted on all other questions concerning purposes for which funds may be committed or obligated.
- (d) All inquiries should be submitted in writing to the appropriate office for resolution before certification of funds availability, obligation, or expenditure.

## G. Advance Payments

An advance is a payment made by the NRC to cover a recipient's anticipated expenses or as an advance payment for the cost of goods and services the NRC acquires. An advance is differentiated from a prepayment, which is a payment the NRC makes to cover certain periodic expenses before the expenses are incurred, like rent and magazine subscriptions. Any proposed advance payment arrangement must be approved consistent with the following two subsections.

### 1. Advance Payments to a Non-Federal Entity for Other than Grants

In accordance with 31 U.S.C. 3324, "Advances," an obligation incurred by the NRC may provide for making an advance payment only if authorized by a specific appropriation or other law. The Controller must approve any proposed advance payment arrangement unless the arrangement is consistent with advance payment provisions of MD 11.1, "NRC Acquisition of Supplies and Services"; the FAR (48 CFR Subpart 32.2); or the NRC Acquisition Regulation (48 CFR Subpart 2032.4). However, even if allowed by a specific appropriation or other law, an advance payment should be provided only if there is a compelling business reason to do so.

## 2. Advance Payments to Another Federal Entity

An interagency agreement entered into by the NRC may not provide for the NRC making advance payments unless required by statute or the Federal entity providing the goods and services. NRC policy is not to pay in advance of services rendered or goods provided for interagency agreements. The Controller must approve any proposed interagency agreement that provides for making advance payments to assure that advance payments are actually required and that the interagency agreement provides adequate procedures for making the advance payments, stipulates the submission of cost reports at least quarterly, and stipulates that a refund will be made to the NRC promptly upon completion of performance if the advance payments exceed the actual cost of goods and services later provided.

## H. Unique Types of Commitments and Obligations

A Federal Government employee may be temporarily assigned ("detailed") to the NRC for a specified period of time.

### 1. Interagency Agreements Associated With the Detail of Employees to the NRC

- (a) Employee details from another Federal agency to the NRC require an agreement containing—
  - (i) Legal authority for the NRC to enter into the interagency agreement. In the absence of specific legal authority, the other Federal agency may be prohibited from performing the work or may be prohibited from retaining reimbursements from the NRC for the work performed. Examples of legal authority to enter into interagency agreements include the Economy Act and Section 205(e) of the Energy Reorganization Act of 1974.
  - (ii) Specific description of the goods or services to be provided or work to be performed.
  - (iii) Justification for acquiring services of another Federal agency.
  - (iv) Period of performance, including the expiration date of the agreement. The period of performance must include sufficient time to perform the requested work or services.
  - (v) Total estimated cost to be reimbursed for the work or services to be performed.
- (b) The amount to be committed and obligated for the agreement is generally the employee's S&B costs for the period of the detail. During the detail, the employee



continues to be paid by the lending agency, which bills the NRC for payroll costs incurred. Interagency agreements that do not require the NRC to reimburse the lending agency for the direct S&B costs of the employee require the prior concurrence of the Budget Director.

- (c) The NRC office benefitting from the services of the employee will be charged for the costs of the detail. Obligations for employee details from other Federal agencies are charged to BOC 1181, "Payments for Reimbursable Details." After funds are certified by the appropriate FCO, the CHCO is authorized to sign the agreement on behalf of the NRC. The IG is authorized to sign agreements on behalf of the NRC for employee details funded by the OIG General Appropriation. (See MD 10.1, "Appointments, General Employment Issues, Details, and Position Changes.")
- (d) The employee detail is not authorized to commence until the interagency agreement is signed by a representative of the other agency authorized to accept the agreement.

## 2. Intergovernmental Personnel Act (IPA) Assignments

- (a) The Intergovernmental Personnel Act Mobility Program provides for the temporary assignment of personnel between the Federal Government and State and local governments, colleges, and universities, Indian tribal governments, federally funded research and development centers, and other eligible organizations. Employees of State or local governments and institutes of higher education may be assigned to the NRC on a reimbursable or a nonreimbursable basis under the authority of the Intergovernmental Personnel Act (IPA) (5 U.S.C. 3374). IPA assignments are documented by NRC Form 769,
- (b) "Assignment Agreement." The following financial information must be included on assignment agreements that obligate the NRC's funds:
  - (i) The total estimated cost to be reimbursed for the employee's assignment to the NRC. These costs are normally for direct S&B but might also include travel. The assignment agreement should clearly state if and how travel costs will be paid (either direct reimbursement to the employee or reimbursement to the lending agency). Assignment agreements that do not require the NRC to reimburse the lending agency for the direct S&B costs of the employee require the prior approval of the Budget Director.
  - (ii) The share each agency agrees to pay for the cost of the assignment.
  - (iii) The NRC's accounting classifications to be charged for the commitment and the obligation (appropriation, budget and reporting (B&R) classification, cost center, BOC, and document number). S&B costs are charged to BOC 1180, Other Than Federal Employees. Travel costs are charged to the appropriate BOC under major object class 2100, Travel and Transportation of Persons.
  - (iv) The procedures for the other agency to bill the NRC to obtain reimbursement. These procedures would include the NRC's billing address, a requirement that the final bill be so indicated, and any other data required by DOC.

- (v) Certification of funds availability signifying that funds from the appropriate NRC allowance have been committed for the agreement. This certification must precede the signature of the NRC office director authorized to enter into the agreement.
- (vi) Signatures by representatives of both agencies authorized to accept the agreement. These acceptance signatures on the completed assignment agreement result in an obligation of the NRC's funds. The CHCO is authorized to sign the agreement on behalf of the NRC. The IG has been delegated this authority as well under the Inspector General Act, Section 6(a)(9).
- (c) The NRC allowance holder benefitting from the services of the employee will be charged for the costs of the agreement and is responsible for ensuring that a copy of the accepted assignment agreement is promptly forwarded to DOC to be recognized as an obligation in the NRC accounting system. An IPA assignment may not extend beyond 4 consecutive years whether the assignment is intermittent, part time, or full time. Costs may include basic pay, supplemental pay, fringe benefits, travel, and relocation expenses. (See the Office of Personnel Management (OPM) Web site at <http://www.opm.gov/programs/ipa/Mobility.asp#ReimbursementForAssignment> on the Provisions of the IPA Mobility Program for additional guidance.)

### 3. International Implementing Agreements

- (a) The NRC enters into agreements with foreign organizations that obligate funds. Examples of these agreements include the NRC's financial contributions to projects funded by several foreign governments and situations in which the NRC is ordering specific research services from a research laboratory associated with a foreign government. Agreements with foreign organizations should include similar basic elements that are required for interagency agreements between the NRC and other Federal agencies, including legal authority, description of goods or services provided, the period of performance, total estimated costs, the signature of the NRC obligating official authorized to enter into the international implementing agreement, and the signature of the representative of the international organization authorized to accept the agreement. In addition, agreements that include financial data must be clear about whether they obligate the NRC's funds. There must be supporting documentation reflecting the certification of funds availability before the authorized NRC official signs an agreement that will obligate NRC funds or a formal notification to obligate funds. An NRC official must have a written delegation of authority to sign international agreements that obligate the NRC's funds. The Executive Director for Operations has the authority to sign and obligate funds for international implementing agreements. (See MD 9.17, "Organization and Functions, Office of the Executive Director for Operations.")
- (b) The following is guidance on acceptable approaches to obligating the NRC's funds through international implementing agreements:
  - (i) Agreements with Conditional Funding

An agreement may state that the NRC funding is provided “subject to the availability of funds.” This statement generally applies to multi-year agreements where funds are obligated incrementally over a period of time. In this situation, the NRC has not obligated funds upon signature of the agreement. Agreements conditioned upon the availability of funds should state the mechanism that will be used to eventually obligate funds. The agreement should state that the NRC will issue a formal notice or amendment to the agreement once funds are available to be obligated. Funds must be certified as available before issuing this notice or amendment. Formal notification documents must be signed by an authorized obligating official. Further, an agreement or formal notification document should indicate that the foreign organization must not incur costs beyond the amount of funds that the NRC stated are available. There must be supporting documentation reflecting that funds were certified for availability for the amount specified under the terms of the agreement.

(ii) Agreements that Obligate Funds

Agreements that are written with the intention of obligating funds must be supported by a certification of fund availability in the full amount of funds provided. An agreement signed by both the authorized NRC obligating official and an authorized official of the foreign organization represents an obligation of the NRC's funds and must be forwarded to DOC to be recorded as an obligation.

- (c) Should additional funds not specified on the original agreement or notification document be required, an amendment or modification to the agreement should be written and signed by both agencies to obligate additional funds. Work is not authorized to continue until the amendment or modification is signed.

**I. Creation of Miscellaneous Commitment Documents**

1. Unlike most NRC spending actions, no preobligation or commitment documents exist for GSA rental charges, certain interagency orders, certain public utilities, postage, or payroll. To ensure that funds will be available once the obligation and expenditure has occurred, funds must be reserved using a miscellaneous commitment document. Offices allocated funds for these purposes and are responsible for creating these documents. The document must include—
  - (a) The period of performance;
  - (b) An estimated dollar amount;
  - (c) The appropriate accounting classifications (appropriation, B&R classification, cost center, BOC, and commitment document number); and
  - (d) The FCO's statement for certifying the availability of funds, signature, and date of certification.

2. When it is difficult to determine the precise amount of NRC commitments for certain transactions, the FCO must ensure that funds are available to cover the NRC's potential liability. The FCO must determine the amounts to be reserved or committed based on relevant current and historical data for the various types of transactions involved. These commitments must be reviewed on an ongoing basis.
3. Commitments should be adjusted to reflect the actual costs. Recertification of funds availability is required for charges that exceed amounts previously committed.

## **VII. DEOBLIGATION OF FUNDS**

### **A. Overview**

This section defines deobligation of funds, explains allowance holder responsibilities for deobligation actions, and explains reporting requirements for deobligations. It also describes policy on deobligating funds during contract closeout, describes reducing unexpended obligations and summarizes the general rules for reusing deobligated funds.

### **B. Deobligations**

A deobligation is the cancellation or downward adjustment of a previously recorded obligation. A deobligation may result from a cancellation of a project or contract, price revisions, or corrections of estimated amounts previously recorded as obligations.

#### **1. General Rules for Deobligations**

In general, the rules for obligation also apply to deobligation. Deobligations are generally authorized by the same officials who incurred the obligations and are processed in a similar manner as the original obligation (see Section VI of this handbook for commitment and obligation of funds). A proper and unpaid obligation may not be deobligated without a valid reason. Absent a valid reason, it is improper to deobligate solely to free funds for new obligations.

#### **2. Allowance Holder Responsibilities for Deobligations**

Allowance holders and their staffs are responsible for reviewing obligations incurred against their allowances to identify amounts to be deobligated. This responsibility includes reviewing unpaid obligations to identify goods and services not yet received that are no longer needed. Allowance holder offices are also responsible for initiating appropriate action to deobligate funds.

#### **3. Financial Reporting of Deobligations**

- (a) A deobligation is processed as a zero dollar requisition in the agency acquisition system. After the appropriate action to deobligate is fully executed, the deobligation is recorded in the NRC accounting system.
- (b) Although the deobligation occurs when the appropriate process is executed and completed in the agency acquisition system, funds are available for reobligation only after the deobligation is recorded in the NRC accounting system. If the deobligation process is completed during the FY in which the funds were originally obligated, the deobligated funds are available for reobligation without further allowance of funds. However, these funds should be reobligated only after

the allowance holder has ensured that the deobligation transaction has been recorded in the NRC accounting system. If funds are deobligated after the end of the FY, the funds must be reallocated by DPB before they can be committed or obligated again. DPB will not reallocate the funds unless the deobligation is properly processed and reflected in the NRC accounting system.

### **C. Deobligations During Contract Closeout**

1. After completion of a contract, AMD, with the assistance of the sponsoring technical office, determines that the contract is complete and ready to be closed out. Completion occurs when all required goods and services have been received and accepted, the option provisions of the contract expire, the contract period of performance ends, or the Government gives notice of contract termination. At the outset of this process, AMD, in conjunction with the allowance holder, should conduct an initial contract funds status review and, where appropriate, identify excess funds that could be deobligated. This review should be completed within 90 days of completion of the contract. AMD, working with the technical office, must complete an administrative closeout as required by the FAR (48 CFR 4.804). Administrative closeout procedures include ensuring that the following actions are completed: contract audit, contractor's closing statement, submission of the contractor's final invoice, and a contract funds review and deobligation of any excess funds.
2. Timing of authorizing the deobligation depends on the type of contract and the unique circumstances.
3. During the closeout process, AMD may identify that additional funds need to be obligated and paid against a contract that has an insufficient unpaid obligation balance from its no-year funding. This situation may occur because funds had previously been deobligated, and the subsequent final closeout audit identified additional funds due the contractor. In this situation, the affected program office will fund the contract closeouts using funds in its current advice of allowances. The office should prepare and release a zero dollar requisition in the agency acquisition system, and AMD will modify the contract with the appropriate amount needed for the closeout. The office should note that if the use of current no-year funds to close out a contract action results in a subsequent shortage of funds, DPB will work with the office to fund the shortage up to the amount of the funds used for the contract closeout process. To facilitate timely close out, a requisition should be completed and released in the agency acquisition system within 15 days of AMD's request to the program office for additional funds.
4. In situations where the original obligation was funded with annual or multi-year appropriations, the original multi-year appropriation must be used to obligate the additional funds needed.

### **D. Economy Act Deobligations**

For interagency agreements obligated under the authority of the Economy Act against FY (1-year or multi-year) appropriations, the NRC's funds must be deobligated for amounts the performing agency has not obligated under the agreement by the end of the

final FY. If funds were advanced to the servicing agency that were not obligated, the funds must be returned to the NRC.

### **E. Reducing Unexpended Obligations**

Unexpended obligations are obligations incurred for which goods or services have not been received and payments have not been made by the NRC. To assist in ensuring that unexpended balances are reasonably stated, the following provisions for reducing unexpended obligations have been implemented for temporary duty travel, training, purchase orders, commercial contracts, orders for DOE work, and interagency agreements. The purpose of this effort is to more properly reflect the agency's obligation balances and improve financial management. Allowance holders should perform regular reviews of these balances during the FY with particular emphasis on inactive unexpended obligations from prior FYs. Aggressive followup will assist in prompt deobligation of excess balances.

1. Sunset Provisions for Temporary Duty Travel, Training Requests, and Purchase Orders Funded from No-Year Appropriations
  - (a) All unexpended obligations for temporary duty travel, training, and purchase orders dating back more than 1 FY will be deobligated every October. DOC will notify allowance holders in advance of the deobligation. For example, in October 20X2, all orders funded by FY 20X1 and prior obligations will be deobligated by DOC. If an office determines that it is essential that the unexpended obligation should remain active, a justification must be provided to DOC.
  - (b) If, at a later date, it is determined that a valid invoice needs to be paid on an order that was previously deobligated, an obligation for the invoiced amount will be established and charged against the allowance current at the time of the determination. Offices are still responsible for initiating deobligations of excess funds as soon as they are determined to be unneeded.
  - (c) The policy applies only to those unexpended obligations for temporary duty travel, training, and purchase orders funded from no-year appropriations.
2. Limited Period of Performance for Commercial Contracts, DOE Work Orders, and Interagency Agreements

The period of performance for commercial contracts, orders for DOE work, and interagency agreements is generally limited to 5 years. This limit should facilitate the closeout of unexpended obligations. Commercial contracts, DOE work orders, and interagency agreements will be closed out in accordance with MD 11.1, MD 11.7, and MD 11.8.

### **F. Reusing Deobligated Funds**

Availability of deobligated funds for new obligations depends on the type of funds and the timing of the deobligation. General rules about the availability of deobligations are shown in Exhibit 9.

## **VIII. REIMBURSABLE WORK PERFORMED BY THE NRC FOR OTHERS**

### **A. Overview**

This section defines reimbursable work, including the legal criteria for acceptance. It summarizes the laws that pertain to reimbursable work, defines reimbursable agreements, describes processing procedures for reimbursable agreements, discusses the different types of reimbursable work, and identifies costs to be reimbursed. In addition, this part discusses reimbursement for the detail of employees within the NRC and the NRC's full-cost recovery policy. Please refer to the "U.S. NRC Reimbursable Work Procedures Manual" for more detailed procedures on reimbursable work agreements. A copy of this manual may be obtained from FCB, DPB.

### **B. Definition of Reimbursable Work**

#### **1. General**

Reimbursable work consists of services the NRC performs for an outside organization and for which it is entitled to reimbursement. Federal and non-Federal organizations may order reimbursable work. Reimbursable work performed by the NRC is financed with funds of the ordering Federal agency or by a cash advance from a non-Federal organization and represents additional funding in excess of the agency's appropriated funds.

#### **2. Legal Authority to Accept Reimbursable Work**

- (a) In general, reimbursable work that the NRC provides for an outside organization is part of that organization's mission, not the NRC's mission. If the NRC accepts reimbursement without statutory authorization for an activity for which the agency's appropriations are normally provided, the agency may have improperly augmented its appropriated funds.
- (b) The most common source of authority for a Federal agency to perform reimbursable work for another Federal agency is the Economy Act. The Economy Act allows a Federal agency to obtain goods and services from another Federal agency where the agency requesting the goods and services determines that the work or goods cannot be done or provided as conveniently or economically by a commercial enterprise. A reimbursable agreement made under the authority of the Economy Act obligates an appropriation of the requesting agency. The NRC's use of these funds is subject to any condition or limitation applicable to the funds. For example, if the ordering agency's funds are from a 1-year appropriation, the NRC's use of the funds is also subject to the restrictions associated with 1-year appropriations. The NRC could not obligate funds against an agreement beyond the end of the FY for which funds were provided without a revised agreement providing funds for the new FY.

### **C. Processing Procedures for Reimbursable Agreements**

To commit and obligate funds for reimbursable work, allowance holders must have a reimbursable agreement and a reimbursable allowance on their Advice of Allowances and Financial Plan. Exhibit 10 shows the reimbursable work agreement process.

### 1. Reimbursable Agreements

A reimbursable agreement is essentially a contract between the NRC and another Federal or non-Federal agency to provide work for reimbursement. Advance payments are required from non-Federal organizations to preclude the use of the NRC's appropriated funds to finance reimbursable work and to protect the agency from incurring uncollectible receivables. Amounts contained in the reimbursable agreement or amounts advanced (for non-Federal organizations) form the basis for DPB to issue reimbursable allowances.

### 2. Initiating Reimbursable Agreements

(a) Reimbursable agreements are normally initiated by the outside organization desiring to order goods or services from the NRC. When the outside organization is a Federal agency or other governmental entity, the reimbursable work agreement is generally documented in the form of an interagency agreement. Reimbursable agreements with private organizations require a similar type of agreement. Unsigned draft agreement documents should be forwarded to FCB, DPB, to be reviewed for adequate financial provisions.

(b) Upon agreement by both parties to the language in the draft agreement document, the outside organization should sign the agreement. For reimbursable work for another Federal agency, the agreement signed by the other agency indicates that the other agency has allotted and reserved funds for the project. For reimbursable work for a non-Federal organization, the agreement signed by the non-Federal organization must include an advance of funds to meet the entire cost of the project at least through the end of the FY. Work to be performed in future FYs must be financed by additional advances received before the performance of the work.

### 3. Requirements for a Complete Reimbursable Agreement

The reimbursable agreement is a contractual document that should include the following information:

(a) The legal authority for the NRC to perform the reimbursable work. In the absence of specific legal authority, the NRC may be prohibited from performing the work or retaining reimbursements for the work performed.

(b) A specific description of the goods or services to be provided or the work to be performed. The agreement should include or reference a complete and final statement of work or services to be performed.

(c) A period of performance, including the expiration date of the agreement. The period of performance must include sufficient time to perform the requested work or services. If, during performance of the agreement, a determination is made that an extension will be required, a formal modification to the agreement will be necessary.

(d) The total estimated reimbursable cost of the work or services to be performed. The basis for the cost estimate must be included in the agreement. For example, if the agreement calls for reimbursement for the detail of an NRC employee to an outside agency, the agreement must include the amount of time to be worked



and the relevant employee S&B costs. If the agreement calls for reimbursement of the full costs of the NRC, this fact should be clearly stated. For example, the agreement would state that the NRC is charging for direct professional staff time on the basis of the hourly rate as established in 10 CFR Part 170, in addition to any contractor costs incurred to perform services. If foreign travel costs exist as a result of the agreement, these costs should be reimbursed as well. The agreement must clearly specify if less than full agency costs are to be charged. See Section VIII.F of this handbook for guidance on the costs to be recovered in reimbursable agreements. Refer to the "U.S. NRC Reimbursable Work Procedures Manual" for policy on estimating the NRC's full costs.

- (e) Procedures for the NRC to obtain reimbursement. For reimbursable work for other Federal agencies, the procedures must include billing instructions. For reimbursable work for non-Federal organizations, the procedures must provide for the receipt of an advance of funds by the Accounts Receivable Branch (ARB), DOC, before the performance of work. The procedures also provide for the settlement of any differences at the end of the agreement. If the actual cost of the agreement is less than the amount of the advance, the agreement may need to provide for the return of excess funds. The agreement should also provide for the NRC to bill the outside organization if the actual cost exceeds the amount of the advance.
- (f) Any purpose, time, or amount limitations imposed on the funds.
- (g) The other agency's appropriation account and other relevant accounting classification data (for reimbursable agreements for other Federal agencies).
- (h) Signature by an official of the outside organization authorized to enter the organization into the reimbursable agreement.
- (i) Concurrence signature by the Budget Director. Concurrence by DPB is required before an authorized NRC official may sign to accept the agreement. The Budget Director will not concur on proposed reimbursable agreements for the recovery of less than full costs that are not exempt from the agency's full-cost recovery policy.
- (j) Signature of the NRC official authorized to accept the agreement. For agreements with other governmental entities, acceptance must be completed before the expiration of the period of availability for obligation of the appropriations or funds of the other agency. Agreements for the detail of NRC employees to another Federal agency are executed by the NRC IG for employees of OIG and by the CHCO for all other employee details (see MD 10.1, "Appointments, General Employment Issues, Details, and Position Changes"). Other agreements may be executed by authorized contracting officers or delegated NRC office directors.

#### 4. Memorandum of Understanding

A memorandum of understanding (MOU) is a written agreement broadly stating basic understandings and describing a mechanism for coordinating activities to be engaged in by the agency and an outside organization. An MOU is generally not a binding contract and does not represent a complete reimbursable agreement. The

MOU would only constitute a valid reimbursable agreement if it contained the required information stated above. If reimbursement is required for goods or services to be provided, the MOU would be followed with a reimbursable agreement document that provides for ordering specific goods or services, a period of performance, and a total estimated cost for the work or services to be performed.

5. Review of Agreements by the Office of the Chief Financial Officer

Reimbursable agreement documents signed by the requesting organization are forwarded to the Budget Director for concurrence before acceptance by the NRC. As part of this concurrence, DPB may forward a copy of the document to and consult with DOC, to verify that the following information is acceptable: billing procedure, amount for employee details, estimated travel costs for reimbursable travel, and evidence of advance receipt of funds for agreements with non-Federal organizations. Upon consultation with DOC, and verification by DPB, that adequate reimbursable budgetary resources have been apportioned to support the agreement, the Budget Director will concur on the agreement. The document is returned to the appropriate NRC office for acceptance. This policy also applies to agreements for which the NRC is to perform work for another agency involving issuance of a nonexpenditure transfer of funds (see Section VIII.E of this handbook).

6. Acceptance of Reimbursable Work

After signature by the outside organization ordering goods or services and the concurrence signature of the Budget Director, the authorized NRC official may sign to accept the agreement. The NRC's acceptance signature creates an agreement for the NRC to provide goods or perform services and an obligation for the outside organization to pay authorized costs incurred by the NRC. Copies of the signed agreement must be forwarded promptly to FRAB, DOC; the FCB, DPB; and the outside organization. In addition, the allowance holder or the AFM responsible for obligating funds against the reimbursable agreement must forward the accepted agreement to the Budget Director. If the outside organization is another Federal agency, the other agency records the accepted agreement as an obligation in its accounting system to support subsequent bills from the NRC.

7. Recording Reimbursable Agreement Transactions

Fully signed reimbursable agreements and modifications to existing reimbursable agreements are recorded by FRAB, DOC, in the official accounting system as reimbursable authority received. FCB, DPB, reallocates unobligated carryover funding for reimbursable agreements at the beginning of each FY.

8. Reimbursable Advice of Allowance and Financial Plan

Once DPB receives the accepted agreement, an allowance will be issued. The submission of NRC Form 289A is not required. The reimbursable allowance and financial plan authorizes the commitment and obligation of funds for the specific reimbursable agreement. With the exception of cooperative research agreements (CRA), DPB will assign a unique B&R number for all new reimbursable agreements at the time the allowance is issued. If the terms of the reimbursable agreement provide for continued performance in the following FY, a new reimbursable allowance will be required in the new FY.

#### 9. Commitment and Obligation of Funds for Reimbursable Work

Commitments and obligations are incurred by the NRC as actions are taken to perform work under the agreement. Administrative control of funds policies, limitations, and restrictions contained in Part V of this handbook must be observed for reimbursable allowances and financial plans. Reimbursable work is not authorized to start before issuance of the reimbursable allowance. Commitments or obligations may not exceed the amount of the agreement or the reimbursable allowance. If the reimbursable allowance includes funds for more than one reimbursable agreement, each agreement represents a separate funds ceiling. Allowance holders may not commit or obligate reimbursable funds allocated for a specific agreement to support other reimbursable agreements. Obligations incurred against reimbursable funds for purposes other than those provided on an allowance and financial plan is an unauthorized use of funds and is a potential violation of 31 U.S.C. 1301, "The Purpose Statute." OIG will be advised of instances of overobligation of funds that result in an Antideficiency Act violation.

#### 10. Modifying Reimbursable Agreements

- (a) Modifications to reimbursable agreements are required to change the scope of work, extend the period of performance, or change the total estimated cost of the work or services to be performed. Modifications to reimbursable agreements are processed in the same manner as previously described. If it is determined that the cost of performance has increased, a modification to the agreement must be fully executed and a reimbursable allowance must be issued before the NRC commits or obligates funds in excess of the original cost ceiling.
- (b) All modifications to reimbursable agreements should be submitted to FCB, DPB, for review. Modifications that increase or decrease the funding level provided by reimbursable agreement require the advance concurrence signature of the Budget Director.

#### 11. Collection of Funds for Reimbursable Work

The procedures for the collection of funds for reimbursable work depend upon whether the ordering organization is another Federal agency or is non-Federal.

##### (a) Federal Work

As costs are incurred by the NRC, DOC, OCFO, will create a receivable in the NRC accounting system and will issue bills to the ordering agency in accordance with the terms of the agreement. Upon collection of all costs incurred under the agreement and the deobligation of any uncostered obligations, any remaining unobligated allowance balance will be withdrawn by DPB (if the allowance has not already expired).

##### (b) Non-Federal Work

As costs are incurred by the NRC, they are applied against the agency's liability to return unused funds to the outside organization. Upon completion of the agreement and the deobligation of any uncostered obligations, the unobligated allowance balance is withdrawn and the difference between the advance received and the costs incurred may need to be returned to the outside organization.

## 12. Roles and Responsibilities

- (a) There are various roles and responsibilities associated with executing and monitoring reimbursable work agreements.
- (b) In the performing office, the technical monitors serve as the point of contact for negotiating reimbursable work agreements and subsequently arrange to have the agreed-upon work or services performed by the NRC. In addition, administrative monitors may support the technical monitors by maintaining the status of funds availability and performing other agreed-upon administrative tasks. If no administrative monitor is designated, the technical monitor is also responsible for the administrative functions. Allowance holder staff manage allowances of reimbursable funds for staff costs and contractual support.
- (c) DPB serves as the oversight office for managing the NRC reimbursable funding while coordinating OMB apportionment and the ultimate issuance of funds before performance of the reimbursable work.
- (d) DOC, OCFO, verifies that reimbursable agreements have acceptable billing procedures, amounts for employee details, estimated travel costs for reimbursable travel, and evidence of advance receipt of funds for agreements with non-Federal organizations before forwarding them for signature by DPB. In addition, DOC, OCFO, maintains control of and reports monthly on advance payments to the administrative monitor and DPB, and deposits receipt funds and advance payments in the NRC's appropriation or deposit fund accounts. DOC also bills sponsoring Federal organizations for reimbursable work performed by the Intragovernmental Payment and Collection System or by using SF 1080, "Voucher for Transfers Between Appropriations and/or Funds"; updates the NRC accounting system with all obligations, expenditures, billing, and collection transactions; generates copies of staff labor hours for office certification; and reclassifies expenditures, when necessary. (Please refer to the "U.S. NRC Reimbursable Work Procedures Manual" on detailed instructions on how to track staff hours for full-cost reimbursable agreements.)
- (e) AMD contracting officers have the authority to execute interagency agreements or modify existing interagency agreements. AMD contracting officers serve as agents for interagency agreements for those office directors and regional administrators who do not have delegated authority to sign reimbursable agreements. The IG has been delegated this authority as well under the Inspector General Act of 1978, Section 6(a)(9).
- (f) Those responsible for entering the NRC into a reimbursable agreement should ensure that the NRC recovers full costs (with minor exceptions) in performing work for others.

## D. Types of Reimbursable Work

The following sections discuss unique aspects of various types of reimbursable work agreements.

### 1. Reimbursable Work Involving the NRC's Staff Time

- (a) Reimbursable agreements that provide for the reimbursement of full costs will normally require the charging of the NRC's staff time. After execution of the reimbursable agreement, the reimbursable funding for the NRC's staff time costs is allocated to the allowance holder office that has the lead responsibility for performing the work. The allowance holder certifies funds (i.e., commits funds) for the portion of the reimbursable funding to be used for the NRC's staff costs, split among the following Budget Object Classifications (BOCs):
  - (i) BOC 1110 (salaries),
  - (ii) BOC 1211 (benefits), and
  - (iii) BOC 2690 (overhead).
- (b) The office with the lead responsibility for performing the reimbursable work is responsible for establishing one or more unique Activity Codes within the agency's Human Resources Management System (HRMS) that tie to the Product Code/B&R code established for the reimbursable agreement. These codes should be used by staff in all NRC offices that are performing work on the reimbursable agreement.
- (c) The direct professional staff hours worked by technical staff are charged in HRMS to the Activity Codes established for the reimbursable agreement. Limited exceptions to this rule may be approved by OCFO when management personnel are performing direct technical work. At the end of each quarter, the lead performing office is responsible for reviewing and certifying the correctness of the hours charged to the reimbursable agreement by all NRC offices. This review should include taking any actions to correct data recorded in HRMS. Each FY, DOC will advise offices of the specific quarterly deadlines.
- (d) The direct hours reported to DOC each quarter result in costs that are charged to the reimbursable agreement. Hours reported are converted by DOC into obligations and expenditures against the commitment of reimbursable funds made by the allowance holder with the lead responsibility for the reimbursable agreement. DOC also takes action to bill the ordering agency for these expenditures. Hours are charged using the same hourly rates used for billing the NRC's licensing services that are documented in 10 CFR Part 170. Each FY, DPB will advise offices of the effective date of annual revisions to the hourly rates. (See the "U.S. NRC Reimbursable Work Procedures Manual" for further details.)

## 2. Reimbursable Work Involving Contractual Services

A reimbursable work agreement may require that the agency enter into commercial contracts or standard orders for Department of Energy (DOE) work. After execution of the reimbursable work agreement and receipt of a specific reimbursable allowance and financial plan, the allowance holder may certify funds availability for the requests against the reimbursable allowance.

### 3. Reimbursable Travel

#### (a) Travel Costs

A reimbursable work agreement may require that the NRC incur travel costs. After execution of the reimbursable agreement and receipt of a specific reimbursable allowance and financial plan, the CEN allowance holder may certify funds availability on NRC travel authorizations against the CEN reimbursable travel allowance.

#### (b) Travel Reimbursements from Other Organizations

The NRC may accept reimbursement of travel expenses from other organizations to advise or lecture in conferences, meetings, or training programs. In these cases, the NRC is not required to recover the S&B or overhead costs associated with the travel. Offers by non-Federal organizations to reimburse travel costs may not be accepted as reimbursable work unless there is appropriate statutory authority.

#### (c) Travel Reimbursements From Foreign Governments and International Organizations

Upon invitation, the NRC may accept reimbursements from the International Atomic Energy Agency, other international organizations, and foreign governments for travel expenses. In these situations (42 U.S.C. 5852 (c)), NRC travelers will initially charge travel expenses to the NRC's appropriated funds assigned to the CEN. Reimbursements are received from the outside organization after the travel has occurred. The collections result in corresponding deobligations of travel funding at the end of each quarter. (See the "U.S. NRC Reimbursable Work Procedures Manual" for further details.)

#### (d) Travel Reimbursements from Domestic Nonprofit Organizations

Upon invitation, an NRC traveler may accept direct reimbursements from domestic organizations exempt from taxation under Section 501(c)(3) of the Internal Revenue Code. In this situation, the funds or in-kind expenses received from the nonprofit organization are provided directly to the traveler. The NRC does not account for the travel as reimbursable funding. Since the traveler is on official NRC business, an NRC travel authorization is required with a \$0 cost estimate and a notation that the outside organization is reimbursing the traveler directly.

### 4. Nonreimbursable Employee Details to Other Federal Agencies

(a) When an employee is detailed from the NRC to another Federal agency, the employee's S&B are normally funded on a reimbursable basis. Except under limited circumstances, nonreimbursable details of employees from one agency to another may be a violation of 31 U.S.C. 1301 and may unlawfully augment the appropriations of the agency making use of the detailed employees (64 Comp. Gen. 370 (1985)). These circumstances are as follows:

(i) Nonreimbursable details that pertain to matters similar or related to those ordinarily handled by the lending agency (NRC) and will aid the lending agency in accomplishing a purpose for which the appropriations are provided; or

(ii) When the fiscal impact on the lending agency's appropriation is negligible. To have a negligible impact, usually the detail is for a brief period when the number of persons and cost involved are minimal and the fiscal impact on the lending agency's appropriation is negligible.

(b) The specifics of the proposed work to be performed should be submitted to the Budget Director in writing before commencement of the detail. Information provided should include the purpose and duration of the detail or work to be performed, the benefit to the NRC, and the number of employees involved. All proposed details of NRC employees on a nonreimbursable basis should be concurred on in advance by the Budget Director. See Section VIII.D.12 of this handbook on general policy associated with reimbursable work agreements with OIG.

#### 5. Procedures for Executing Reimbursable Details to Other Federal Agencies

(a) Reimbursable details require a reimbursable interagency agreement document. The employee is paid by the NRC, who bills the other agency on a periodic basis after payroll costs have been incurred. All S&B amounts associated with reimbursable employee details are allocated to the allowance holders' offices where the employee works. If the estimated total cost of the agreement increases, a modification to the agreement should be fully executed and a reimbursable allowance should be issued before permitting the detail to continue beyond the original ending date and before incurring payroll commitments or obligations in excess of the original cost ceiling.

(b) Reimbursable agreements for employee details to other Federal agencies are executed by using the same process previously described. The proposed agreement document signed by the other agency requires the concurrence signature of the Budget Director. Before this concurrence, DPB will request verification of the S&B costs stated on the agreement from DOC. OCHCO and OIG should have the concurrence of the Budget Director before executing the agreement.

(c) After the CHCO or IG sign the agreement, a copy must be forwarded to the FCB, DPB. Once FCB, DPB, receives the accepted agreement, an allowance will be issued. Upon issuance of the reimbursable allowance, the FCO will certify funds availability in the amount of the agreement. The agreement, accompanied by a certification of funds availability, is then forwarded to DOC to support charging payroll obligations and payments against the reimbursable allowance.

#### 6. Details of NRC Employees to State Governments

Reimbursable details to State governments require a reimbursable agreement and an advance of funds. All proposed details of NRC employees on a nonreimbursable basis must be approved in advance by the Budget Director. Additional guidance on reimbursable details to State governments may be found in MD 10.1, "Appointments, General Employment Issues, Details, and Position Changes."

#### 7. Details of NRC Employees to International Organizations

Reimbursable details to an international organization require a reimbursable agreement and an advance of funds. All proposed details of NRC employees on a

nonreimbursable basis must be approved in advance by the Budget Director. Additional guidance on details to international organizations may be found in MD 10.2, "Staffing Assistance for International Organizations."

#### 8. Details of Employees Within the NRC

- (a) When an NRC employee is detailed to, or is performing work for, another NRC organization funded from a different appropriation, the employee's S&B costs during the period of performance are normally charged to the receiving organization's appropriation. NRC employee S&B costs are charged as obligations and payments against the specific appropriation an employee's work supports. For example, costs for employees of OIG are charged to the OIG appropriation. Charging an employee's S&B to an appropriation other than that which the employee's work supports may be an improper augmentation of the benefitting appropriation.
- (b) Under certain circumstances, an employee may be detailed to an NRC organization funded from a different appropriation without charging the receiving organization's appropriation. In this case, the work performance is considered to be nonreimbursable. The exceptions for qualifying as a nonreimbursable detail are the same as stated in Decisions of the Comptroller General, 64 Comp. Gen. 370 (1985) referenced in Section VIII.D.4, "Nonreimbursable Employee Details to Other Federal Agencies," of this handbook. All proposed nonreimbursable work to be performed by an employee within the agency should be reviewed and approved by OCFO on a case-by-case basis. The specifics of the proposed work to be performed should be submitted to the Budget Director in writing before commencement of the work. Information provided should include the purpose and duration of the details, work to be performed, the number of employees involved, and any other pertinent facts.

#### 9. Cooperative Research Agreements (CRAs)

- (a) The NRC is authorized by permanent legislation (42 U.S.C. 5852(c)) to receive, retain, and use funds from foreign entities for the cooperative nuclear safety research program. Cooperative research funding can also be accepted from domestic entities under certain circumstances when approved by the Office of the General Counsel (OGC). These foreign contributions are provided to the NRC in return for access to information that has been developed and continues to arise from the NRC's research programs before final publication and release to the public domain. The contributions are intended to support broad safety research programs and also allow the foreign entity direct participation in the execution of the research program.
- (b) For funds control purposes, the CRA is categorized as a type of reimbursable agreement. However, the full-cost recovery policy, outlined in Section VIII.F of this handbook, does not apply to foreign cooperative research agreements since this funding represents a statutory exception for the NRC to supplement its appropriations to perform work that is a part of its statutory mission.
- (c) A CRA must be executed between the NRC and the foreign entity. The agreement should be accompanied or followed by an advance of funds to meet



the cost of the work to be performed or the financial obligations specified in the agreement. The CRA should include a description of the goods or services to be rendered; the period of performance; the total estimated financial contributions for the cooperative effort to be provided under the agreement; any limitations imposed on the funds; the appropriate signature of an official of the foreign entity; and the signature of the NRC official authorized to accept the agreement. OGC must review the agreement before the NRC's acceptance.

- (d) A copy of the signed CRA must be forwarded by the Program Management, Policy Development and Analysis Staff, Office of Nuclear Regulatory Research (RES), to FRAB, DOC, upon acceptance by the NRC and the foreign party. DOC verifies the receipt of funds, and an allowance will be issued to the RES allowance holder. Allowances are issued to RES on a periodic basis. Unlike other reimbursable allowances, an AAFP that contains a CRA allowance authorizes the commitment and obligation of funds for the total amount specified on the AAFP for CRAs. After issuance of the reimbursable allowance, the allowance holder may certify funds on the appropriate commitment document against the reimbursable allowance. Most of the advances are used to finance work placed at the DOE using standard orders for DOE work. For those agreements that clearly call for services or work to be performed on a cost basis or for the return of unused funds to the foreign entity, a unique B&R number should be established. These agreements will be treated in the same manner as other reimbursable agreements as specified in Section VIII.C of this handbook.

#### 10. The Criminal History Program and the Material and Information Access Authorization Programs

The NRC is authorized by legislation to receive and retain funds for the criminal history program (CHP), the material access authorization program (MAAP), and the information access authorization program (IAAP).

##### (a) Criminal History Program (CHP)

- (i) The NRC requires licensees and applicants for a license who are to be granted unescorted access to a nuclear power facility or access to Safeguards Information to undergo a Federal Bureau of Investigation (FBI) criminal history fingerprint check. The NRC is designated by legislation to collect fingerprint cards from licensees, submit fingerprint cards to the FBI, and provide the results of the fingerprint checks to the licensee. The cost of an identification and records check is paid by the licensee or applicant in advance of work performed. These advance payments are used to reimburse the NRC for payments made to the FBI for criminal history checks, the NRC's S&B costs associated with processing these costs, and for other contracted services related to program administration.
- (ii) A reimbursable allowance with estimated amounts for the CHP will be issued to the ADM allowance holder as a part of the quarterly allowance process. If it is determined that the current amount allocated is insufficient to cover future commitments and obligations, the ADM allowance holder must request an increase in the amount of reimbursable authority. The allowance holder must restrict obligations to the lesser of the amount of reimbursable authority (i.e.,

the estimated amount provided in the advice of allowance) or reimbursable resources actually available (i.e., actual cash receipts collected) for obligation. Funds for FBI criminal history checks and reimbursable FTE costs may be certified for availability on a miscellaneous commitment document against the reimbursable allowance. For contracted services, funds will be committed on the appropriate commitment document.

(b) The Material Access Authorization Program (MAAP) and the Information Access Authorization Program (IAAP)

- (i) The NRC requires licensee personnel, licensee contractors or agents, and other individuals who require access to or control over special nuclear materials or to certain classified information to undergo the necessary background investigations before issuance of a clearance for access authorization. The cost of a background investigation is paid by the licensee or applicant in advance of work performed. Each application must be accompanied by a remittance. These advance payments are used to reimburse the NRC for payments made to OPM for the background investigations and to pay for other necessary costs.
- (ii) A reimbursable allowance with estimated amounts for MAAP and IAAP will be issued to ADM during the quarterly allowance process. If it is determined that the current amount allocated is insufficient to cover future commitments and obligations, the ADM allowance holder must request an increase in the amount of reimbursable authority. The allowance holder must restrict obligations to the lesser of the amount of reimbursable authority (i.e., the estimated amount provided in the advice of allowance) or reimbursable resources actually available (i.e., actual cash receipts collected in fees) for obligation. Funds for OPM background investigations and reimbursable FTE costs may be certified for availability on a miscellaneous commitment document against the reimbursable allowance. For contracted services, funds will be committed on the appropriate commitment document.

11. Salaries and Benefits Costs for CHP, MAAP, and IAAP

CHP, MAAP, and IAAP funding is used to finance the S&B costs that administer programs. At the end of each fiscal quarter, FCB, DPB, identifies FTE and S&B costs for these staff from agency cost accounting reports. FCB, DPB, advises the ADM allowance holder of amounts to commit against CHP and MAAP funds. FRAB, DOC, then records an accounting entry to obligate and expend against the reimbursable allowance and deobligate against the fee-based B&R number initially charged to fund the S&B costs.

12. OIG Reimbursable Agreements

The NRC IG or designee executes agreements where OIG provides services to other organizations. All proposed OIG reimbursable or nonreimbursable agreements will be coordinated with DPB to ensure compliance with financial requirements. DPB will review to ensure that these agreements are executed consistent with apportionments of funds from OMB and are in compliance with Federal financial management statutes, like the Economy Act or the Intergovernmental Personnel Act (IPA). For a confidential nonreimbursable employee detail, OIG should indicate, at a minimum,

whether the detail meets the mission of OIG and whether the fiscal impact is negligible. The agency's full-cost recovery policy described in Section VIII.F of this handbook is not applicable for reimbursable agreements executed by OIG.

#### **E. Nonexpenditure Transfers**

1. In addition to funding from reimbursable work, the NRC receives nonexpenditure transfers from other Federal agencies to perform work. Nonexpenditure transfers generally are documented by an interagency agreement. The interagency agreement includes many of the same provisions found in interagency reimbursable agreements. An interagency agreement to transfer or allocate funds from another Federal agency to the NRC must be reviewed, early on, by FCB, DPB, and requires the concurrence of the Budget Director before an authorized NRC official may sign accepting the agreement.
2. Once signed by both agencies, an interagency agreement to transfer funds must be forwarded promptly to FRAB, DOC; FCB, DPB; and the other Federal agency. In addition to the signed agreement, FRAB, DOC, must receive a completed SF 1151 to transfer the funds before DPB issues an allowance of funds.
3. Nonexpenditure transfers are subject to the following policies for reimbursable agreements:
  - (a) The transfer must fund the full costs of the NRC's services provided, unless excepted as provided in Section VIII.F of this handbook.
  - (b) The transferred funds are subject to the purpose, time, and amount limitations associated with the transferring appropriation and any restrictions specified by the transferring agency.
  - (c) Work may not commence before DPB issues a specific transfer allowance. Commitments and obligations must not exceed the amount of the agreement or the allowance.
  - (d) An obligation incurred against transferred funds for purposes other than those provided on the allowance or financial plan is an unauthorized use of funds and is a potential violation of 31 U.S.C. 1301.

#### **F. Costs to be Reimbursed**

Reimbursable agreements for the NRC to perform work that is not a part of its statutory mission and for which NRC receives no appropriations should provide for the recovery of full costs to NRC. This policy also applies to agreements for which the NRC is to perform work for another Federal agency funded by a nonexpenditure transfer of funds to NRC.

##### **1. Cost Recovery for Reimbursable Agreements**

Outside organizations are charged for reimbursable work based on the type of reimbursable agreement. For reimbursable details to other Federal agencies, the other Federal agency is charged the S&B costs the NRC incurs for those employees. For reimbursable work the NRC performs for both Federal and non-Federal organizations, the NRC recovers full agency costs by charging the rate

charged NRC licensees in effect at the time the work is performed. Use of the license fee rate recovers direct costs, travel, and a share of agency overhead (overhead S&B, and contractor support for general and administrative activities). This rate is applied to the direct professional staff-hours expended by NRC staff to determine NRC costs to be reimbursed by other organizations. In addition, the costs the NRC incurs for direct contractor support and foreign travel in the performance of reimbursable work also are charged. See the "U.S. NRC Reimbursable Work Procedures Manual" for more detailed operating procedures for the recovery of full costs on reimbursable agreements.

## 2. Exceptions to Full-Cost Recovery

- (a) In general, the NRC will recover full agency costs in performing work for others. This rule will not apply when—
  - (i) There is a statutory requirement that the NRC perform the work on a nonreimbursable basis or for less than full cost.
  - (ii) The NRC is permitted by statute to recover less than full costs and the agency has budgeted resources for the unreimbursed costs.
  - (iii) The work supports an NRC license, certificate, or approval held by a Federal agency for which the NRC imposes an annual fee under 10 CFR Part 171, "Annual Fees for Reactor Licenses and Fuel Cycle Licenses and Materials Licenses, Including Holders of Certificates of Compliance, Registrations, and Quality Assurance Program Approvals and Government Agencies Licensed by the NRC."
  - (iv) The Commission grants a waiver of recovery of full costs.
  - (v) Employees are invited to advise or lecture in conferences, meetings, or training programs and reimbursement is limited to travel expenses.
  - (vi) The NRC is providing on-the-job training, limited regulatory advice, and formal technical training to foreign representatives.
- (b) In some cases, recovery of less than full agency costs or performance of work on a nonreimbursable basis must be specified in the reimbursable agreement.

## 3. Requesting Waiver of Full-Cost Recovery

- (a) An NRC office may be requested to perform services for another Federal agency or other organization for less than full-cost reimbursement. In response to this type of request, the NRC office may either—
  - (i) Advise the other organization that the NRC cannot perform the requested services absent an agreement reimbursing the NRC's full costs; or
  - (ii) Request the Commission to waive the recovery of full costs for this work.
- (b) Should a full-cost recovery waiver be desired, the NRC performing office is responsible for initiating the waiver request to the Commission. The request should explain the rationale for why the NRC should perform the work for less than full-cost reimbursement. Potential issues to address in a waiver request

would include whether the NRC had budgeted to perform these services and the relationship of the work, if any, to the NRC's mission. Waiver requests must be coordinated with OCFO and OGC.

## **IX. UNOBLIGATED CARRYOVER FUNDS**

### **A. Overview**

This section defines the types of unobligated carryover funds. It includes information on determining timely commitment of funds and procedures for carrying over uncommitted unobligated and committed unobligated funds for use in a new FY. Carryover reporting and requesting policies are summarized, followed by a description of how carryover requirements vary by type and use of fund.

### **B. Unobligated Carryover Funds**

The NRC's appropriations are usually provided with no-year or 2-year budget authority. This creates circumstances in which the agency may carry over funds that were not obligated before the end of the FY for use in the new FY. Note that 2-year budget authority expires at the end of the second FY; therefore, these funds may not be carried over to a new FY once they are expired. The NRC's funds that are candidates for carryover can be divided into three categories: uncommitted unobligated carryover, unobligated reimbursable carryover, and committed unobligated carryover.

#### **1. Uncommitted Unobligated Carryover**

Uncommitted unobligated carryover represents those funds that are uncommitted as well as unobligated at the end of the FY. The NRC's use of these funds is subject to congressional reprogramming approval. These funds may be reallotted and reallocated in the new FY only after reapportionment by OMB. Once these funds are reapportioned, reallotted, and reallocated, they may be used to fund new commitments and obligations during the FY in which the reapportionment, reallocation, and reallocation processes take place.

#### **2. Carryover of Unobligated Reimbursable Funds**

Unobligated reimbursable work may be carried over and reallocated by DPB when the following conditions are met:

- (a) OMB provides adequate apportionment authority to the NRC.
- (b) The source of reimbursable funds has not expired. For example, a reimbursable work agreement with another Federal agency financed by the other agency's 1-year appropriation is not usually available for obligation in the following FY.
- (c) The period of performance of the reimbursable agreement has not expired.
- (d) Adequate funds have been advanced to the NRC for agreements with non-Federal organizations.
- (e) The year-end NRC accounting reports indicate an adequate balance of unobligated funds against the reimbursable agreement.

### 3. Committed Unobligated Carryover

Committed unobligated carryover (also referred to as “committed carryover”), represents the unobligated balance brought forward to the new FY for the purpose of funding prior-year commitments. This balance represents those funds that were certified as available, and formally committed, but unobligated in the NRC accounting system by the end of the FY. As noted in Section V of this handbook, allocated funds are available for obligation only during the FY for which they are allocated. Thus, any committed funds that remain unobligated at the end of the prior FY may not be obligated after the close of the FY. Use of these funds in the new FY is not subject to congressional reprogramming approval, but they must be reappropriated by OMB, reallocated, and reallocated by the NRC. The funds must have been committed promptly for obligation during the FY in which allocated to qualify as committed unobligated carryover. Generally, a commitment must be made by August 5, or an alternative date established by DPB, in coordination with AMD, to be considered timely. This policy is not applicable to unobligated carryover of reimbursable funding.

#### (a) Requesting Committed Unobligated Carryover for Contracts and Small Purchases

Allowance holders; AMD; and DPB have a shared responsibility in ensuring that committed unobligated funds for contracts and small purchases are carried over into the new FY in a manner that ensures proper administrative control of funds and continued accomplishment of the NRC's mission.

##### (i) Role of AMD

At the start of the new FY, AMD provides DPB a listing of contracts and purchase orders for which funds were certified promptly but were not obligated before the end of the FY. The listing identifies—

- The NRC organization or funding office requesting funding in the new FY for spending actions identified as committed carryover;
- The requisition numbers;
- A description of the requested goods and services; and
- The amounts certified for funds availability in the prior FY.

#### (b) Allocating Committed Carryover

The committed unobligated carryover balance for each allowance holder is determined by DPB based on the information provided by AMD, the AFMs, and year-end accounting reports. Allowance holder unobligated balances in year-end reports are compared to the carryover requests to ensure that funds will not be overcommitted, in which case these funds would not be reallocated to the original allowance holder. The committed unobligated carryover funds are submitted to OMB for reappropriation, which are included as a portion in the overall unobligated carryover amount. Once reallocated, DPB then issues allowances. These funds must be recertified for funds availability and must be used in a manner consistent with the limitations and restrictions specified on applicable allowances and financial plans.

## **X. NUCLEAR WASTE FUND (NWF) POLICY**

### **A. Overview**

This section provides guidance on charging costs to the NRC NWF resources, establishes effective management controls over costs charged to the NWF, and provides tools to monitor use of the NWF.

### **B. Introduction**

The NRC receives NWF resources from congressional appropriations for the sole purpose of fulfilling its regulatory responsibilities under the Nuclear Waste Policy Act. The NWF may not be used to fund any of the NRC's other activities and programs. The agency budgets for its Nuclear Waste Policy Act work within the HLW business line. Costs of activities associated with the NRC HLW business line are charged to the NWF. Offices are not permitted to use other funding sources for HLW activities without approval from OCFO.

### **C. General Funds Control Policies**

General funds control policies for NWF activities include the following:

1. All work directly supporting the NRC HLW business line must be charged to the NWF.
2. Only work authorized by the Nuclear Waste Policy Act may be charged to the NWF.
3. Offices are responsible for managing funds and FTE allocations. If dollars and/or FTEs are insufficient to cover NWF-related costs, offices must reallocate NWF resources internally. Offices with critical unfunded requirements should contact the Budget Director.
4. Offices are expected to review financial reports and monitor their NWF usage.
5. S&B costs charged to the NWF include the costs of both direct and indirect FTEs in the offices that perform work on the HLW business line (BL). Total agency indirect S&B costs chargeable to the NWF in an FY are limited to the amount for indirect NWF S&B in the President's budget as revised to reflect Commission-approved resource allocation changes.
6. A portion of the NRC's corporate support costs are charged to the NWF. The amount of corporate support costs charged to the NWF in an FY is limited to its pro rata share of the amount for corporate support costs in the President's budget as revised to reflect Commission-approved resource allocation changes.

### **D. Charging Travel and Contract Support to the Nuclear Waste Fund (NWF)**

1. Offices should charge HLW-related travel to the NWF and charge mixed-usage travel (i.e., Nuclear Waste Policy Act and non-Nuclear Waste Policy Act) to non-HLW activity accounting codes.
2. Contracts that support both HLW activity and non-HLW activity should be funded in a manner that will ensure that HLW costs are charged to HLW accounting codes and

non-HLW costs are charged to non-HLW accounting codes. Contract costs that cannot be discretely split between HLW and non-HLW should be charged as follows:

- (a) Charge the HLW BL when the activity would not have been undertaken in the absence of the HLW Program.
- (b) Charge non-HLW funding when the contract would have been undertaken in the absence of the HLW Program.

#### **E. Charging Time for High-Level Waste in the Human Resources Management System (HRMS)**

To obtain consistent data on FTEs and S&B chargeable to the NWF, guidelines for reporting time in the HRMS are as follows:

1. All work authorized by the Nuclear Waste Policy Act should be charged to HLW activity.
2. Only work directly supporting the NRC's HLW Program is chargeable to HLW product codes. Staff time associated with an activity that benefits both the HLW BL and a non-HLW BL should be split between the two BLs when possible. Staff time that benefits both HLW and non-HLW activities and cannot be discretely split between the two should be charged as follows:
  - (a) Charge HLW when the activity is being undertaken primarily because of HLW BL requirements.
  - (b) Charge non-HLW activities when the activity would have been undertaken in the absence of the HLW BL.
3. The HLW BL is established in the Budget and Reporting Number Structure Coding Guide under the Nuclear Materials and Waste Safety Program. All time directly chargeable to HLW must be charged to products in the HLW BL.
4. Direct staff should use existing HLW codes to capture staff time expenditures. When existing activity codes are not available, lead reviewers should establish new activity codes to capture staff time expenditures for any HLW work and give the HRMS activity codes to staff providing technical assistance within or outside their organization.
5. Consistent with OCFO Time and Labor Policy, office overhead staff associated with HLW BL activities should charge the standard Office Support codes established for overhead time. (See the Administrative Activity Codes link on the HRMS internal SharePoint site at [http://fusion.nrc.gov/ocfo/team/ocfo\\_admin/DOC/FSB/TL/Documents/Shared%20Documents/AdministrativeActivityCodes.pdf](http://fusion.nrc.gov/ocfo/team/ocfo_admin/DOC/FSB/TL/Documents/Shared%20Documents/AdministrativeActivityCodes.pdf).) OCFO will subsequently allocate a portion of this time to the NWF.
6. Staff time (to include employee details and rotations to other NRC offices) that directly supports the HLW BL must be charged to the NWF. Supervisors, upon giving work assignments, should clearly communicate to employees whether their effort directly supports HLW BL activities or their effort is for the primary purpose of developing the staff's technical skills (i.e., training). Staff time associated with training



activities must be recorded to the appropriate HRMS training activity code and not charged to direct HLW BL activities. OCFO will subsequently allocate a portion of this time to the NWF.

7. All time directly charged to the HLW BL, as well as allocations of administrative and other labor time computed by OCFO, is chargeable to the NWF.

#### **F. Funds Control for NWF FTEs and Salaries and Benefits (S&B)**

1. Throughout the FY, DPB and allowance holders are expected to monitor HLW FTE utilization. DPB maintains FTE allocations for each fund source (i.e., Fee-Based, NWF, and Reimbursement). These allocations are updated to reflect approved changes. The S&B dollars associated with FTEs are allocated to the S&B Allowance. Offices are responsible for—
  - (a) Ensuring that their actual NWF FTE usage does not exceed their NWF allocation; and
  - (b) Establishing a monthly NWF FTE spending utilization plan and providing this information to the DPB Funds Control Branch at the beginning of the FY for inclusion in the monthly Budget Execution Report.
2. An office that does not have budgeted NWF FTE is not permitted to work on HLW activities unless an office with budgeted NWF FTE authorizes use of its allocation, or until NWF FTEs are assigned to the office.
3. Requests for FTE changes must be submitted to the Budget Director. NWF FTE changes may be made in fractional amounts using one decimal place. Requests for FTE changes can only be made by the office director. Transfers between offices must be requested by both office directors. Once transfers are approved by DPB, DPB updates the budget formulation system and issues revised FTE allocations to affected offices.
4. OCFO provides offices with cost accounting reports on at least a monthly basis, which include NWF FTE usage. Offices are required to review these reports to monitor their HLW FTE usage and to initiate requests to DPB for any needed transfers between offices to accommodate details, rotational assignments, or change in FTE allocations.

#### **G. Division of Planning and Budget (DPB), Monitoring of NWF Obligations**

Throughout the FY, DPB monitors the overall obligation of funds against NRC NWF resources. Should the obligation rate indicate a potential funding shortfall, actions will be initiated to either reallocate other NWF resources within the HLW BL or reduce the rate of HLW obligations.

**XI. ACRONYMS AND ABBREVIATIONS**

AAFP	Advice of Allowances and Financial Plan
ADM	Office of Administration (NRC)
AFM	allowance financial manager
AMD, ADM	Acquisition Management Division, Office of Administration (NRC)
ARB	Accounts Receivable Branch
B&R	budget and reporting classification
BL	business line
BOC	budget object classification
BPA	blanket purchase agreement
CEN	Central Allowance (NRC)
CFO	Chief Financial Officer (NRC)
CFR	<i>Code of Federal Regulations</i>
CHCO	Chief Human Capital Officer (NRC)
CHP	Criminal History Program
Comp. Gen.	published Comptroller General decision
CR	continuing resolution
CRA	cooperative research agreement
DOC	Division of the Controller (NRC)
DOE	Department of Energy
DPB	Division of Planning and Budget (NRC)
FAR	Federal Acquisition Regulations
FBI	Federal Bureau of Investigation
FCB	Funds Control Branch (NRC)
FCO	funds certifying official
FMS	Financial Management Service
FOB	Financial Operations Branch (NRC)
FRAB	Financial Reporting and Analysis Branch (NRC)
FSB	Financial Systems Branch (NRC)

FTE	full-time equivalent position (hours)
FY	fiscal year
GAO	Government Accountability Office
GSA	General Services Administration
HLW	high-level waste
HRMS	Human Resources Management System
IAAP	Information Access Authorization Program
IG	Inspector General
IPA	Intergovernmental Personnel Act
MAAP	Material Access Authorization Program
MD	Management Directive
MOU	memorandum of understanding
NRC	U.S. Nuclear Regulatory Commission
NSIR	Office of Nuclear Safety and Incident Response (NRC)
NWF	Nuclear Waste Fund
OCFO	Office of the Chief Financial Officer (NRC)
OCHCO	Office of the Chief Human Capital Officer (NRC)
OGC	Office of the General Counsel (NRC)
OIG	Office of the Inspector General (NRC)
OIS	Office of Information Services (NRC)
OMB	Office of Management and Budget
OPM	Office of Personnel Management
RES	Office of Nuclear Regulatory Research (NRC)
S&B	salaries and benefits
S&E	Salaries and Expenses (appropriation)
SF	Standard Form
U.S.C.	United States Code

## **XII. GLOSSARY**

### **Administrative control of funds**

See "Funds control."

### **Administrative division or subdivision of funds**

Any distribution of an appropriation or fund. Overobligation or overexpenditure of the following administrative divisions of funds is always a violation of the Antideficiency Act: apportionments and allotments. Overobligation or overexpenditure of other administrative divisions of funds is a violation of the Act only when the overobligation results in the overobligation of an apportionment or allotment, but is considered a violation of the NRC's funds control policies and procedures.

### **Advances**

Payments made in contemplation of the later delivery of goods, services, or other assets. An advance payment does not become expended until there is delivery of goods, services, or other assets.

### **Advice of allotments**

A document that provides authority to the Budget Director to incur obligations and make expenditures within specified amounts. An advice of allotments may contain more than one allotment. Incurring obligations in advance of or in excess of an allotment amount currently provided for on the advice of allotments is a violation of the Antideficiency Act.

### **Advice of allowances and financial plan (AAFP)**

An allocation of funds below the allotment level. The form is divided into two sections:

**Advice of Allowances.** The advice of allowances section provides authority to an authorized allowance holder to incur obligations and make expenditures within specified amounts. An advice of allowances may contain more than one allowance. Incurring an obligation in advance or in excess of an allowance amount currently provided for on the advice of allowances does not necessarily result in a violation of the Antideficiency Act; however, it is a violation of the NRC's administrative control of funds policies and procedures.

**Financial Plan.** The financial plan delineates the planned annual allocation of funds to allowance holders consistent with the budget. Each allowance holder is responsible for ensuring compliance with the funding limitations specified in the current financial plan. While exceeding financial plan restrictions does not necessarily result in a violation of the Antideficiency Act, this action is a violation of the NRC's administrative control of funds policies and procedures.

### **Agency limitation**

For fund control purposes, any administrative division or subdivision of funds made by agency officials that restricts the use of Government funds.

**Allocate**

The act of issuing advice of allowances and financial plans from the Budget Director, Office of the Chief Financial Officer, to agency allowance holders.

**Allotment**

Authority delegated by the agency head (or other authorized designee) to agency employees (allottees) to incur obligations within a specified amount. The amount allotted by an agency cannot exceed the amount apportioned by the Office of Management and Budget (OMB). An allotment is part of an agency system of administrative control of funds the purpose of which is to keep obligations and expenditures from exceeding apportionments and allotments. Incurring obligations in excess of an allotment is a violation of the Antideficiency Act.

**Allowance financial manager (AFM)**

Responsible for and has authority to perform the following duties: manage the allowance holder office's process for the administrative control of allocated funds and ensure that the process complies with the requirements contained in MD 4.2, develop and maintain funding plans and strategies, ensure that allocated funds are economically and efficiently used, certify availability of funds within the allowance(s), and supervise allowance holder staff responsible for the administrative control of allocated funds.

**Allowance holders**

Agency officials delegated authority by the Budget Director are allocated funds for use in implementing their program and administrative responsibilities. These officials are referred to as "allowance holders."

**Antideficiency Act**

Federal law that prohibits the making of expenditures or the incurring of obligations in advance of an appropriation; prohibits the incurring of obligations or the making of expenditures in excess of amounts available in appropriation or fund accounts unless specifically authorized by law (31 U.S.C. 1341(a)); prohibits the acceptance of voluntary or personal services unless authorized by law (31 U.S.C. 1342); requires the Office of Management and Budget, via delegation from the President, to apportion appropriated funds and other budgetary resources for all executive branch agencies (31 U.S.C. 1512); requires a system of administrative controls within each agency (see 31 U.S.C. 1514 for the administrative divisions established); prohibits incurring any obligation or making any expenditure in excess of an apportionment or reapportionment or in excess of other subdivisions established pursuant to sections 1513 and 1514 of title 31 of the *United States Code* (31 U.S.C. 1517); and specifies penalties for deficiencies (see Antideficiency Act Violation). The Act is recodified as Sections 1341(a), 1342, 1514, and 1517(a) of Title 31 of the U.S. Code.

**Apportionment**

A plan, approved by OMB, to spend resources provided by one of the appropriations acts, a supplemental appropriations act, a continuing resolution, or a permanent law. It

identifies amounts available for obligation and expenditure. It specifies and limits the obligations that may be incurred and expenditures made for specified time periods, programs, activities, projects, objects, or a combination thereof. The amounts apportioned limit the amounts of obligations that may be incurred.

**Appropriation**

A provision of law (not necessarily in an appropriations act) authorizing the expenditure of funds for a given purpose. Usually, but not always, an appropriation provides budget authority.

**Budget and reporting classifications**

Provides a framework for controlling funds in a manner consistent with the structure in the NRC's budget. In addition, the B&R structure defines responsibilities of allowance holders for funding obligations for particular purposes.

**Budget authority**

Authority provided by law to incur financial obligations that will result in outlays. Specific forms of budget authority include appropriations, borrowing authority, contract authority, and spending authority from offsetting collections.

**Budgetary resources**

Amounts available to incur obligations in a given year. Budgetary resources consist of new budget authority and unobligated balances of budget authority provided in previous years.

**Budgeted amount**

The planned annual amount budgeted for the project.

**Certification of funds availability**

The formal acknowledgment by the funds certifying official (FCO) that sufficient funds are available in the current allowance for entering into obligations. This acknowledgment is evidenced by the signature of the FCO on an appropriate commitment document or by a funds certification approval in the agency acquisition system before execution of an obligation. The certification of funds is the act of committing funds.

**Commitment**

An administrative reservation of funds for an estimated amount and a specific purpose, based upon the intent to obligate at a future time. A commitment is accomplished in anticipation of approved authorizations, contractual awards, purchase orders, or other spending actions. A commitment can be viewed as a proposed obligation that is recorded in the accounting records in advance of becoming a valid obligation. A commitment occurs once the initial validation of funds occurs (i.e., the certification of the availability of funds).

**Commitment document**

A document that contains a certification of funds availability statement and a signature. It serves as the source document for recording commitments and as evidence for obligating officials that funds are available for a proposed obligation.

**Committed unobligated carryover (committed carryover)**

The unobligated balance brought forward to the new FY for the purpose of funding prior-year commitments. This balance represents those funds that were certified as available, and formally committed, but unobligated in the NRC accounting system by the end of the FY.

**Continuing resolution**

Joint resolutions that provide continuing appropriations for an FY. CRs are enacted when Congress has not yet passed new appropriations bills and a program's appropriations are about to or have expired, or when the President has vetoed congressionally passed appropriations bills.

**Contract support funds**

Funds provided for entering into contractual obligations, like purchase orders, commercial contracts, interagency agreements, and standard orders for work with the Department of Energy. These funds are provided on the financial plans of the NRC offices and regions for the execution of the NRC's major programs and for administrative activities that support the agency.

**Cost Center**

A financial code used to identify and assign costs to NRC projects. A cost center represents an agency function or business need that is shared across all or many offices. A cost center does not represent a single procurement vehicle or a specific work function.

**Costs**

See "Expended."

**Decommitment**

The cancellation or downward adjustment of a previously recorded commitment.

**Deferral**

Any executive branch action or inaction that temporarily withholds, delays, or effectively precludes the obligation or expenditure of budgetary resources. Deferrals may not extend beyond the end of an FY.

**Deficiency appropriation**

A type of supplemental appropriation that provides the funds necessary to cover obligations that have been incurred in excess of available funds. Deficiency appropriations are necessitated by violations of the Antideficiency Act.

**Deobligation**

The cancellation or downward adjustment of a previously recorded obligation. Deobligation may be attributable to the cancellation of a project or contract, a price revision, or a correction of an estimated amount previously recorded as an obligation.

**Economy Act**

Authorizes a Federal agency to place interagency agreements for work or services with other Federal agencies and provides that collections for this work shall be credited to the performing agency's appropriation in which the costs were incurred (31 U.S.C. 1535). interagency agreement made under the authority of the Economy Act obligates an appropriation of the ordering agency and creates reimbursable authority for the performing agency

**Expended**

The value of goods and services used, consumed, given away, or lost (or destroyed) by an agency of the Government within a given period, regardless of when ordered, received, or paid for. Expended amounts generally will be based upon the concepts used by the agency's accounting system.

**Expenditures**

The issuance of checks, the disbursement of cash, or the making of an electronic funds transfer to liquidate (pay) obligations.

**Fiduciary responsibility**

The accountability of allottees and allowance holders for funds entrusted to them. Funds appropriated and apportioned to the agency are allotted and allocated to agency officials who are then authorized to enter into commitments and obligations. These agency officials assume fiduciary responsibility for funds allotted and allocated to them.

**Financial plan line**

Funding limitations specified on a financial plan.

**Financial plans**

See "Advice of allowances and financial plan (AAFP)."



**Footnotes to allowances and financial plans**

Restrictions on the uses of funds contained in the appropriation acts or other legislation are detailed in footnotes to the advice of allowances and financial plan. In addition, footnotes may provide additional description of the purpose for which funds have been allocated, including reimbursable work or committed carryover.

**Funds certifying official (FCO)**

Performs the daily tasks necessary for controlling funds. The FCO is delegated the authority to certify that sufficient funds are available in the current allowance for entering into obligations. The FCO acknowledges this certification by signing the appropriate commitment document or certifying the availability of funds in the agency acquisition system before the creation of an obligation on behalf of NRC. The allowance holders, allowance financial managers, and other staff members delegated responsibility for the certification of funds are referred to in this handbook as "FCOs."

**Funds control (administrative control of funds)**

The allotment financial management process implements the NRC's system for the administrative control of funds. This process ensures that (a) funds are used only for authorized purposes; (b) funds are economically and efficiently used; (c) obligations and expenditures do not exceed the amounts appropriated, apportioned, allotted, allocated, and specified as statutory limitations; and (d) funds are not reserved or otherwise withheld without congressional knowledge and approval.

**Funds source**

The allotments and advice of allowances and financial plan form provides funds to the allottee and allowance holders broken down into the fund sources from which the funds were derived. The allottee and allowance holders are permitted to obligate funds only for purposes appropriate to the funds sources for which they have received funds.

**Impoundment**

Any executive action or inaction that temporarily or permanently withholds, delays, or precludes the obligation or expenditure of budget authority.

**Interagency agreement**

An agreement between the NRC and another Federal agency in which an agency agrees to provide goods or perform services for the other agency. An interagency agreement in which the NRC is ordering goods or services from another Federal agency represents an NRC obligation upon acceptance by the other Federal agency. An interagency agreement in which the NRC agrees to provide goods or perform work for other Federal agencies is generally referred to as a reimbursable work agreement.

**Memorandum of understanding (MOU)**

A written agreement broadly stating basic understandings and describing a mechanism for coordinating activities to be engaged in by the agency and an outside organization.

**No-year appropriation**

An appropriation that is available for obligation for an indefinite period, or until the agency head or the President determines that the purpose for which the appropriation was made has been carried out or when no disbursement is made against the appropriation for 2 consecutive FYs.

**Nonexpenditure transfer**

Transactions among appropriation and fund accounts that do not represent payments for goods and services received or to be received but serve only to adjust the amounts available in the accounts for making payments. These transactions transfer all or part of the budget authority from one account to another in the same year the authority was made available.

**NRC's budget**

Submitted to the Office of Management and Budget and the Congress and provides the basis for assessing the NRC's progress in achieving agency goals. The NRC's budget provides a plan of expenditure allocated into the programs of the agency.

**Object classifications**

Obligations may be classified based upon the objective of the transaction. Office of Management and Budget (OMB) Circular A-11, "Preparation, Submission, and Execution of the Budget," prescribes a standard system of object classifications that the agency must use for reporting obligations to both OMB and the Treasury. The NRC's financial codes that implement this standard system are referred to as budget object classifications (BOCs).

**Obligating document**

A document that is used to record an obligation in the NRC accounting system. This documentation normally requires the signature of an authorized obligating official. In certain cases, the commitment document is also the obligating document. Documentary requirements for obligations are provided in 31 U.S.C. 1501.

**Obligating official**

An official who has been delegated authority to incur obligations on behalf of the NRC. The authority to enter the agency into an obligation is different from the authority to certify the availability of funds under an allowance or the management authority to approve the purpose of the proposed obligation.

**Obligation**

An action that creates a liability or definite promise on the part of the Government to make a payment at some later time. It is also defined as a binding agreement that will result in outlays, immediately or in the future. Budgetary resources must be available before obligations can be incurred legally. The initial recognition of an obligation occurs when the order is placed or the contract is executed, even though the actual payment

may not take place until the following FY. Obligations must be supported by appropriate documentation, including written binding agreements, purchase orders, travel authorizations, grant awards, and so forth, and retained in the agency records to facilitate audit and reconciliation.

**Official NRC accounting system**

Maintained by the Division of the Controller. This system provides the official source of data on obligations and payments incurred for both internal management reporting and reporting to external organizations, including the Office of Management and Budget, the Treasury, and Congress.

**One-year appropriation**

Available for obligation only during a specific FY and expires at the end of the FY for which it was provided. It is also known as an FY or annual appropriation.

**Outlay**

See "Expenditures."

**Payments**

See "Expenditures."

**Reapportionment**

A revision approved by the Office of Management and Budget of a previous apportionment for an appropriation or fund account. This approved revision would ordinarily cover the same period, project, or activity covered in the original apportionment.

**Receivables**

Amounts recorded in asset accounts of the NRC accounting system that represent claims against others for the future receipt of money, goods, or services.

**Recoveries of prior-year obligations**

Amounts made available in the NRC's no-year appropriations through (a) downward adjustments of prior-year obligations and (b) downward adjustments for the difference between obligations previously recorded and outlays made in payment thereof.

**Reimbursable agreement**

Documentation of an agreement to perform reimbursable work. The agreement represents a contract between the NRC and another Federal or non-Federal agency to provide work for reimbursement.

**Reimbursable authority**

Reimbursable allowances and financial plans represent authority to incur commitments and obligations for the specific purpose of a reimbursable agreement.

**Reimbursable budgetary resource**

A reimbursable agreement between the NRC and another Federal agency that represents a valid obligation of the other agency is a budgetary resource, to the extent that the NRC will incur obligations within the period of availability of the other Federal agency's funds. A reimbursable agreement between the NRC and a non-Federal organization for which advance payment has been made is also a budgetary resource.

**Reimbursable work**

Performance of work or services for an outside organization for which the NRC is entitled to reimbursement. The outside organization ordering reimbursable work from the NRC may be either another Federal agency or a non-Federal organization. Reimbursable work is distinguished from the agency's regular programs because it represents additional funding in excess of the agency's appropriated funds. Reimbursable work or services performed by the NRC are financed by the funds of the ordering Federal agency or by a cash advance from a non-Federal organization. In general, reimbursable work that the NRC provides for an outside organization is part of the outside organization's mission, not the NRC's mission.

**Rescission**

A proposal by the President to reduce budgetary resources (new budget authority or unobligated balances of budget authority) pursuant to the requirements of Title X of the Impoundment Control Act of 1974.

**Sequestration**

The cancellation of budgetary resources if revenue or direct spending legislation is enacted that, in total, increases projected deficits or reduces projected surpluses relative to the baseline.

**Supplemental appropriation**

An appropriation enacted after a regular annual appropriations act, when the need for funds is too urgent to be postponed until the next regular annual appropriations act. The act provides funds in addition to those in an annual appropriation act.

**Uncosted obligations**

The difference between recorded obligations and costs, from inception to date. The term is usually used in reference to a specific procurement action. Uncosted obligations may or may not be equal to unpaid obligations. Uncosted obligations represent orders and services that have not yet been delivered or performed.

**Unobligated carryover**

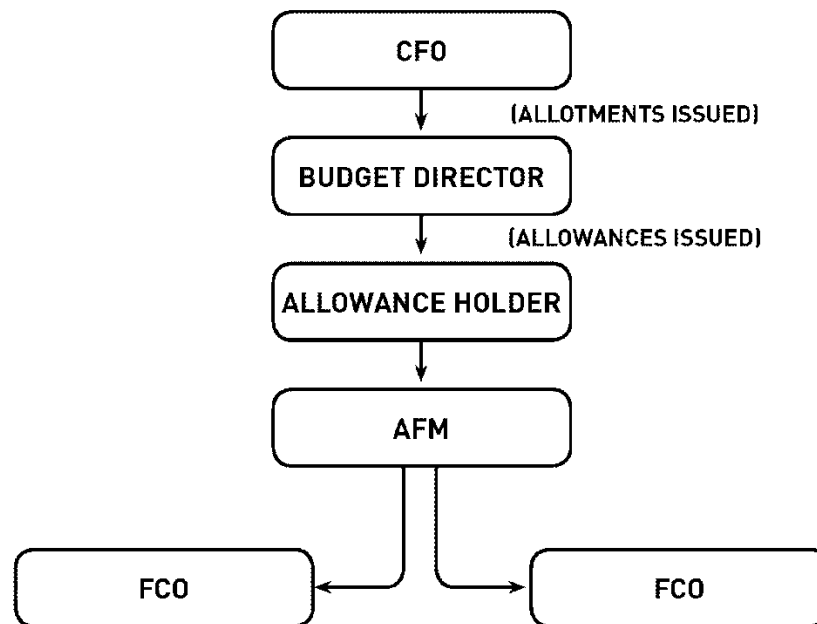
Funds derived from no-year or multi-year budget authority that are not obligated before the end of the FY may be brought forward or "carried over" for use into the next FY. Unobligated carryover consists of two categories: uncommitted unobligated carryover and committed unobligated carryover (committed carryover).

**Unpaid obligations**

Obligations incurred against which payments have not been made. Payments include advances. When costs are recorded at the time of payment, unpaid obligations will be equal to uncosted obligations. In those cases in which payments are made after the recording of costs, unpaid obligations will be greater than uncosted obligations. Unpaid obligations are sometimes called “unliquidated obligations.”

**Warrants**

Evidence of the congressional action that establishes the amount and period of availability of monies the agency is authorized to withdraw from Treasury’s central accounts.

**EXHIBITS****Exhibit 1 NRC Allotment Financial Management Structure**

**Exhibit 2 Information on the NRC “Advice of Allowances and Financial Plan” (AAFP)**

SECTION	DESCRIPTION		
Issued to	Name and title of the allowance holder. Generally, this is the office director or the regional administrator responsible for the funds allocated. Allowance holders are designated by the Budget Director.		
Fiscal Year	Designates the fiscal year during which the AAFP is issued.		
Appropriation	Treasury appropriation symbol from which the funds are derived. The NRC’s salaries and expenses appropriation symbol is designated by “31X0200.”		
Allowance Holder	Designates the allowance holder’s office.		
ALLOWANCE HOLDER CODES			
ALLOWANCE HOLDER OFFICE	CODE	ALLOWANCE HOLDER OFFICE	CODE
Administration	ADM	Nuclear Security and Incident Response	NSIR
NRC Central	CEN	Nuclear Regulatory Research	RES
Chief Human Capital Officer	OCHCO	Region I	RG1
Inspector General	IG	Region II	RG2
Information Services	OIS	Region III	RG3
Nuclear Material Safety and Safeguards	NMSS	Region IV	RG4
New Reactors	NRO	Salaries and Benefits	S&B
Nuclear Reactor Regulation	NRR		

SECTION	DESCRIPTION
Issue #	AAFPs are sequentially numbered each fiscal year as they are issued. The most current "Issue #" represents the AAFP that is currently in effect.
Effective Date	Date the AAFP becomes effective. The allowance holder is not authorized to enter into commitments or incur obligations against newly allocated funds or increases in financial plan amounts before this date. The AAFP document may be issued in advance of the "Effective Date" to ensure that it is received by the date on which funds become available. For example, the initial AAFP for the fiscal year might be issued on September 25 with an "Effective Date" of October 1. In this case, commitments and obligations against the document may not be incurred until October 1. (See Section V for expedited and verbal approval of AAFPs.)
Expiration Date	The last date that the AAFP is in effect. Normally, this will be the last date of the fiscal year. This is the last day that allowance holders may commit or obligate funds against this AAFP.
Signature	The AAFP is signed by the Budget Director or by someone officially delegated authority to act for that person.
Date Signed	Date the AAFP is signed.



<b>ADVICE OF ALLOWANCES SECTION</b>	
<b>SECTION</b>	<b>DESCRIPTION</b>
Instructions	Special instructions, constraints, or restrictions that apply to the allowance holder's use of resources.
Allowance/Fund Source	Titles of the fund source from which the allowance holder has received allowances. Amounts allocated from fund sources represent individual allowances.
Previous Allowances	Amounts allocated during the current fiscal year before the current allowance. These amounts equal the "Current Allowances" amounts on the previous advice of allowances.
Change	Incremental amount being allocated on the current advice of allowances. Although figures in this column normally represent increases in the amounts allocated, amounts may be decreased with negative numbers. The dollar amounts from this column are recorded into the NRC accounting system to adjust the amounts reported as allocated.
Current Allowances	Cumulative amount allocated. These amounts are available for commitments and obligations. The current allowance amount for each source of funds is the ceiling that is subject to the NRC's administrative control of funds policies and procedures.
Remarks	Explanation of the reason for the increase or decrease in allowances (i.e., new appropriation of funds, quarterly allowance, or transfer of funds). If funds have been allocated for reimbursable work, an explanation of the specific purposes for which the funds are available will be provided.
Planned Quarterly Allowance by Funds Source	Planned allowances by fiscal quarters. Amounts to be allocated in future quarters are not available for commitments or obligations until allocated under the "Current Allowances" column.

FINANCIAL PLAN SECTIONS	
SECTION	DESCRIPTION
Instructions	Specific guidance for implementing the financial plan.
Program Code	The program code provides a framework for controlling funds in a manner consistent with the structure in the NRC's budget. Commitments, obligations, and payments are charged to B&R classifications at a level of detail equal to or lower than that specified on the financial plan.
Title	Title of the source of funds and tier corresponding to the level of detail for which funds are provided.
Original Plan	Amounts provided in the initial financial plan for the fiscal year.
Previous Plan	Amounts provided in the financial plan issued in the current fiscal year before the current plan.
Change	Incremental amount being provided in the current financial plan. Figures in this column may represent either increases or decreases.
Current Plan	Amounts currently provided in the financial plan. This column is the sum of the "Previous Plan" and "Change" columns. <b>AMOUNTS IN THIS COLUMN ARE ONLY AVAILABLE FOR COMMITMENT AND OBLIGATION IF FUNDS ARE ALSO PROVIDED IN THE CORRESPONDING ADVICE OF ALLOWANCES.</b>
Footnotes	Restrictions on the uses of resources contained in the appropriation acts, other legislation, or reimbursable agreements are detailed in footnotes to the AAFP.

**Exhibit 3 Required Supporting Documentation for NRC Form 289A**

ITEM	MAIN POINTS
Explanation of Change	<ul style="list-style-type: none"><li>• A statement of no impact if applicable</li><li>• Programmatic impact</li><li>• Description of new activities to be initiated</li><li>• Identify<ul style="list-style-type: none"><li>—NRC offices affected</li><li>—Source and destination of budget and reporting number</li><li>—Funds recipient</li></ul></li></ul>
Explanation of Transfers from Allowance to Allowance	<ul style="list-style-type: none"><li>• Approval of receiving allowance holder</li><li>• Statement that funds are not available in the receiving allowance to support the requirement</li></ul>

**Exhibit 4 Information on NRC Form 289A, “Request for Financial Plan Changes”**

<b>SECTION</b>	<b>DESCRIPTION</b>
Fiscal Year	The fiscal year for which the financial plan is effective.
B&R Number	NRC budget and report (B&R) classification.
B&R Title	Title of the type of funds, Major program/BL, product line, and product corresponding to the level of detail of the B&R number.
Current Plan	Amounts provided in the current financial plan.
Proposed Change	Requested increases or decreases in funding.
Proposed Plan	Revised financial plan amounts if the proposed changes are approved.
Office	Name of the allowance holder office requesting the financial plan change. When the change involves a reduction of funding for one of the offices that is party to the transaction, the change is initiated by the office that is relinquishing funds.
Signature of Requesting Official	The allowance holder and the allowance financial manager are the only authorized requesting authorities.
Date	Date the request is signed.

**Exhibit 5 General Requirements for Committing and Certifying Availability of Funds**

- An advice of allowances must be issued before funds may be committed.
- In most instances, the FCO should certify the availability of funds for spending actions before obligation of funds.
- FCOs must ensure that the commitment will not violate any purpose, time, or amount restrictions or limitations on the funds. Restrictions and limitations may be found in the “Advice of Allowances and Financial Plan” document or may result from the funds source or category of funds.
- FCOs may certify funds availability only for allowances or other fund ceilings for which they have a delegation of authority.
- Commitments must be recorded in an accurate and timely manner, as they are incurred. When determining availability of funds, the FCO must consider commitments not yet recorded by the allowance holder or in the NRC accounting system. (The current availability balance reported in automated systems may not be accurate if all transactions to date have not yet been recorded.)
- FCOs should ensure that the accounting codes used on the commitment document and requisition are correct. Accounting codes normally required on commitment transactions are the B&R number, the cost center, and the budget object classification.
- The FCO must sign and date the certification if the certification does not take place via the agency acquisition system.
- Adequate controls must be established to prevent overcommitting funds when more than one person certifies funding availability.
- When an obligation will exceed the amount of the commitment, additional funds must be certified to cover the difference.
- When the final obligation is less than the total amount committed, the remaining unobligated commitment balance should be decommitted.
- The authorization to certify the availability of funds ends when AFMs or FCOs leave their current positions.

**Exhibit 6      Fundamental Principles of Obligations**

- |   |
|---|
| <ul style="list-style-type: none"><li>▪ Ensure obligation fills a legitimate need during current fiscal year</li><li>▪ Ensure funds availability is certified.</li><li>▪ Record obligation immediately in accounting records.</li><li>▪ Adjust records promptly when changes occur.</li><li>▪ Maintain supporting documentation</li></ul> |
|---|

**Exhibit 7 Documentation of Government Obligations (Recording Statute)**

Supplemental Appropriations Act of 1955

31 U.S.C. 1501 - Documentary Evidence Requirements for Government Obligations

“(a) An amount shall be recorded as an obligation of the United States Government only when supported by documentary evidence of

(1) a binding agreement between an agency and another person (including an agency) that is—

- (A) in writing, in a way and form, and for a purpose authorized by law; and
- (B) executed before the end of the period of availability for obligation of the appropriation or fund used for specific goods to be delivered, real property to be bought or leased, or work or service to be provided;

(2) a loan agreement showing the amount and terms of repayment;

(3) an order required by law to be placed with an agency;

(4) an order issued under a law authorizing purchases without advertising—

- (A) when necessary because of a public exigency;
- (B) for perishable subsistence supplies; or
- (C) within specific monetary limits;

(5) a grant or subsidy payable—

- (A) from appropriations made for payment of, or contributions to, amounts required to be paid in specific amounts fixed by law or under formulas prescribed by law;
- (B) under an agreement authorized by law; or
- (C) under plans approved consistent with and authorized by law;

(6) a liability that may result from pending litigation;

(7) employment or services of persons or expenses of travel under law;

(8) services provided by public utilities; or

(9) other legal liability of the Government against an available appropriation or fund.

“(b) A statement of obligations provided to Congress or a committee of Congress by an agency shall include only those amounts that are obligations consistent with subsection (a) of this section.”

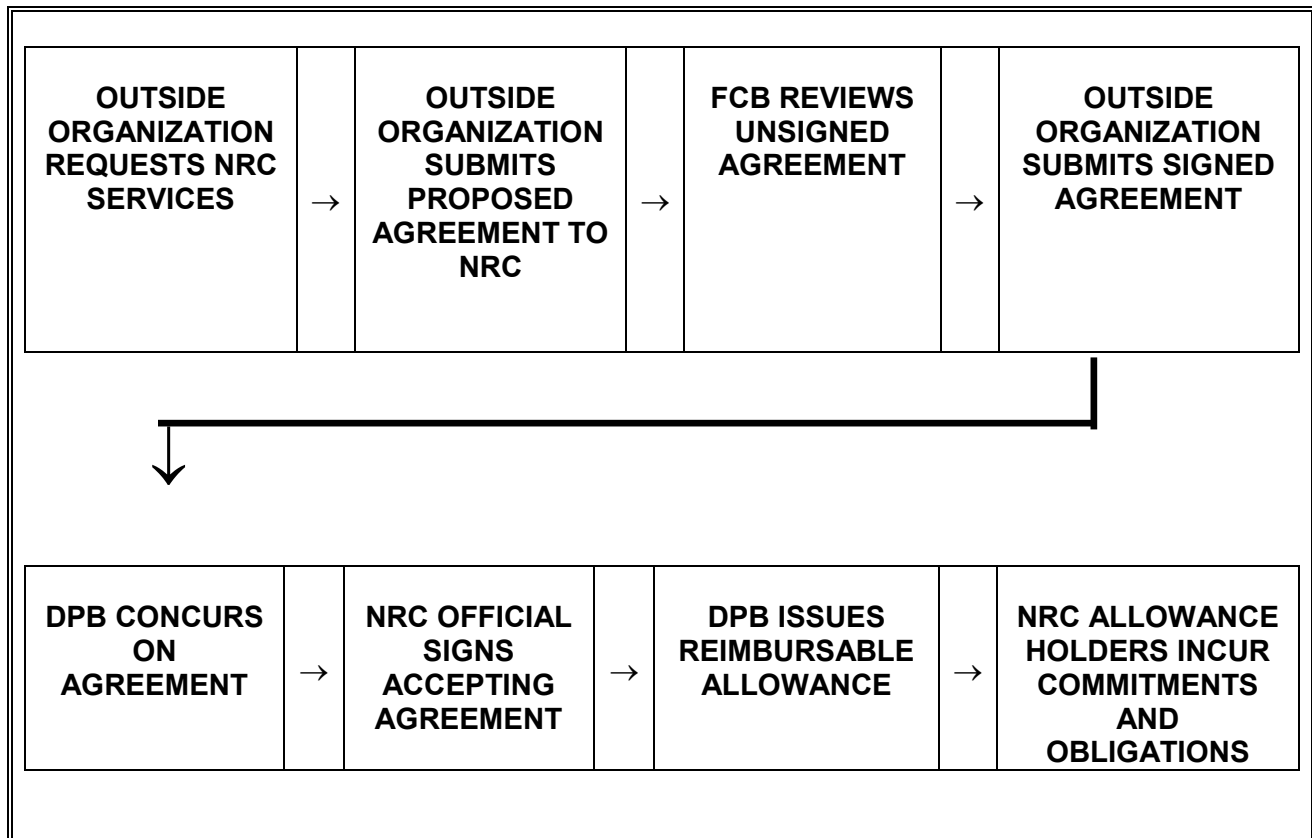
**Exhibit 8 Principles for Recording Obligations**

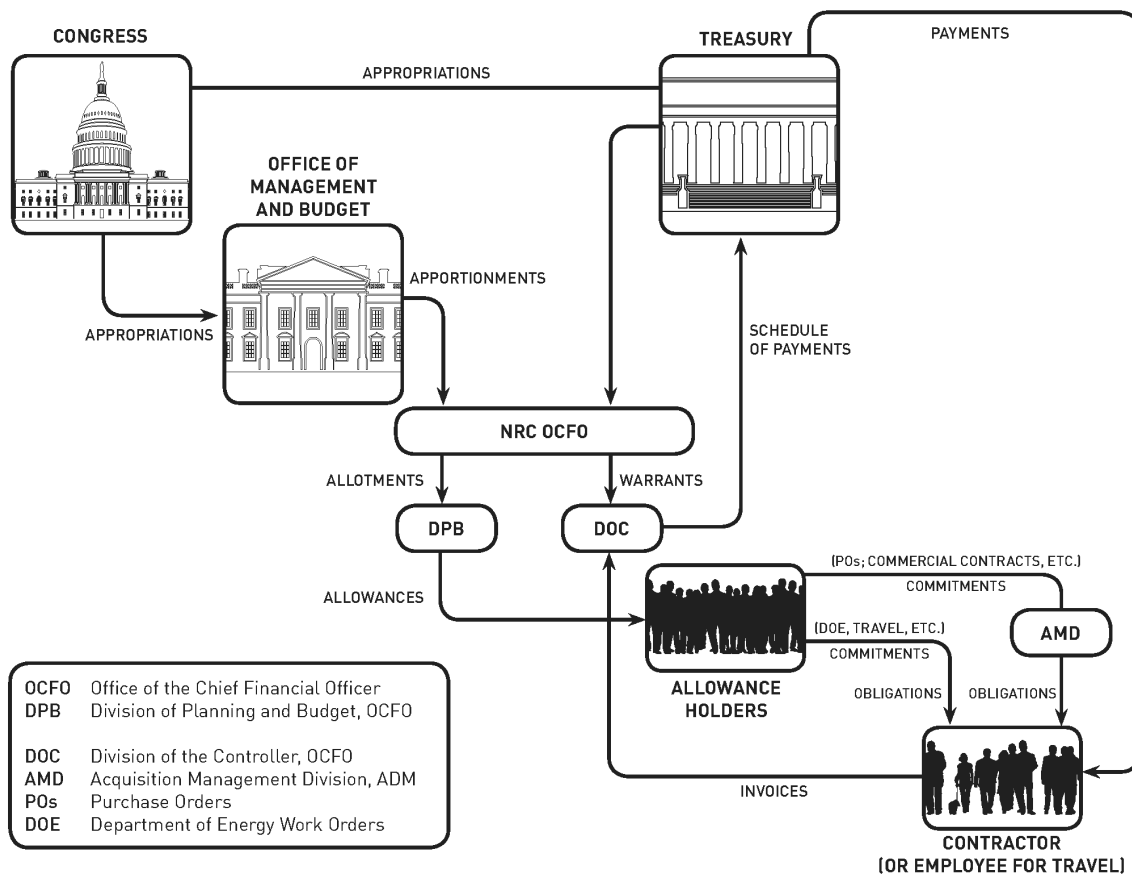
- Record actual amounts if known.
- Record best estimate amount if exact amount is not known. The estimate should be based on a cost analysis of the project or on prior billing activity.
- Record obligations actually incurred as soon as possible. Do not wait for funds to be appropriated, apportioned, allotted, or allocated on AAFPs.
- Record obligations for anticipated needs only if the obligation is expected to occur before year-end. For example, at fiscal year-end, obligate an amount equal to the expected September utility usage.



**Exhibit 9 Availability of Deobligated Funds for Future Obligations**

During the Current Fiscal Year	<ul style="list-style-type: none"><li>▪ Funds deobligated and recorded in the NRC accounting system during the fiscal year in which they are allocated are available to the allowance holder for new obligations.</li></ul>
After the End of Current Fiscal Year	<ul style="list-style-type: none"><li>▪ Funds from the agency's no-year appropriations deobligated after the end of the fiscal year in which the funds were allocated remain available to the agency after new apportionment action by OMB, reallocation by the CFO, and reallocation by the Budget Director.</li><li>▪ Funds for reimbursable work deobligated after the end of the fiscal year in which they are allocated remain available to the agency to support the specific reimbursable work agreement if (1) the reimbursable agreement's period of performance has not expired and (2) the appropriation or other funds source providing the reimbursable funds have not expired. These funds require new apportionment action by OMB, a subsequent reallocation by OCFO and a reallocation by DPB before they may be committed or obligated.</li></ul>
After Expiration of Original Period of Availability	<ul style="list-style-type: none"><li>▪ Funds deobligated after the expiration of the original period of availability are not available for further obligation.</li></ul>

**Exhibit 10 Reimbursable Work Agreements**

**Exhibit 11 The NRC Administrative Control of Funds Process**

**Exhibit 12     Redelegation of Authority for Allowance Financial Management**

MEMORANDUM TO:            Budget Director  
                                 Office of the Chief Financial Officer  
                                 Controller  
                                 Office of the Chief Financial Officer  
                                 Director, Acquisition Management Division  
                                 Office of Administration

FROM:                         ALLOWANCE HOLDER

SUBJECT:                    REDELEGATION OF AUTHORITY FOR  
                                 ALLOWANCE FINANCIAL MANAGEMENT

In accordance with the authority delegated to me, \_\_\_\_\_ is hereby appointed Allowance Financial Manager (AFM) for those allowances and financial plans assigned to me. In his/her capacity of AFM, \_\_\_\_\_ is delegated authority to carry out those functions specified in NRC Handbook 4.2, Section IV.E, on my behalf. I understand that this delegation of authority does not relieve me of responsibility for violations of the Antideficiency Act or the NRC's funds control policy and procedures. This memorandum serves as the AFM's official delegation of authority. This delegation of authority is effective immediately, cannot be further redelegated, and supersedes all previous delegations.

CONTACT:

Attachment: Sample of the AFM's Signature

Distribution:

AFM

Allowance holder staff responsible for approving obligations

Note: All designations of AFMs may require prior consultation with the CFO.

**Exhibit 13     Redelegation of Authority for Funds Certification**

MEMORANDUM TO:     Budget Director  
                                  Office of the Chief Financial Officer

                                 Controller  
                                  Office of the Chief Financial Officer

                                 Director, Acquisition Management Division  
                                  Office of Administration

FROM:                    ALLOWANCE FINANCIAL MANAGER (OR ALLOWANCE  
                                  HOLDER IF NO AFM HAS BEEN DESIGNATED)

SUBJECT:                REDELEGATION OF AUTHORITY FOR  
                                  FUNDS CERTIFICATION

In accordance with the authority delegated to me, the following individuals are hereby redelegated authority to certify the availability of funds for the \_\_\_\_\_ allowance(s).

<u>Type of Funding</u>	<u>Funds Certifying Official (FCO)</u>	<u>Sample Signature</u>
All Funding	Penny Pincher	_____ Signature
Contract Support	Bill Cash	_____ Signature
Travel Funds Only	John Doe	_____ Signature

This memorandum serves as the official delegation of authority for the FCOs. The signatures of authorized FCOs attest that individuals are aware of and understand their fiduciary responsibilities for certifying funds availability in accordance with policies and procedures specified in Management Directive 4.2. This authority is effective \_\_\_\_\_, cannot be further redelegated, and supersedes all previous delegations.

CONTACT:  
 Distribution:  
 FCO(s)  
 Allowance holder (if memorandum is from an AFM)  
 Allowance holder staff for approving obligations