

MS 705 FINANCIAL RECORDKEEPING (CUFF RECORDS) AND BUDGET TRACKING

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1.0 PURPOSE

Manual Section 704, Administrative Control of Funds, establishes the Peace Corps' fund control system which is required by 31 U.S. Code, Section 1514, part of the Anti-Deficiency Act, and the Office of Management and Budget Circular (COMB) A-34. This Manual Section sets forth policies and procedures for administrative budget holders to maintain manual "cuff records ensuring funds are available prior to incurring obligations and to reconcile cuff records to official accounting reports thus ensuring official reports are valid.

2.0 POLICY

Fund control is decentralized to offices and Posts to enable office directors and country directors to manage their budgets to fulfill their program objectives. Along with the authority to use the funds, there is an accompanying responsibility to use funds appropriately and for the Agency's maximum benefit. Use of financial resources must be monitored carefully to prevent any violation of U.S. Law or Agency administrative restrictions.

The authority to certify funds availability has been decentralized to administrative budget advice holders at Headquarters and Recruitment field offices. State Department provides this service for many overseas Posts, but in actual practice, embassy budget and fiscal officers may certify funds availability at the time of receipt of obligating documents from Post. The physical location of Posts and embassies, with some Posts supported by embassies in another country, makes it impossible to require certification of funds availability by State Department prior to the country director signing documents. Therefore, it is important for Posts to track the availability of funds. When the balance of available funds is kept current and checked prior to initiating action to obligate funds, offices and Posts can remain within their approved operating levels.

The keeping of cuff records and the use of budget tracking procedures will help ensure the fiscal accountability of Peace Corps Posts and offices. Cuff records are maintained as a back-up to the accounting

records to help ensure the accuracy of the official accounting records. However, cuff records are not official accounting records. This is an important distinction since the reports submitted by Peace Corps to agencies such as the U.S. Treasury and the Office of Management and Budget must use the figures reported in the official accounting records. The cuff records should be used to reconcile to official accounting records to ensure that all obligations are properly recorded and excess funds are deobligated for use by the office or Post or returned by the office or country director to the Agency if no longer needed by the office or Post.

Monitoring actual use of funds against budget estimates provides managers and administrative personnel with information to determine whether funding levels are adequate or excess to needs and whether additional funds are needed.

Administrative personnel keeping the cuff records enter descriptions of obligations as well as obligation amounts. Reports can be generated from the cuff record entries for items such as pre-service training costs for specific training groups or maintenance and repair costs for vehicles, which are needed to analyze Post expenses and also generate estimates for future budgets. Extracting and summarizing entries in the cuff records as well as official accounting records should be easier than researching document files to determine costs.

When maintaining cuff records, all overseas Posts, service centers, and headquarters' offices are to use the procedures described in this Manual Section unless an exception has been granted in writing by the Director of Financial Management (M/FM). Overseas Posts are to maintain cuff records through the overseas computer cuff record program.

3.0 DEFINITIONS

Manual Section 701, "Government Budget and Accounting: Introduction to Federal Government Financial Management, and Manual Section 704, "Administrative Control of Funds," provide definitions and descriptions of budget terms used in this Manual Section.

Commitment - The administrative reservation or set aside of funds based on documents issued which will result in the issuance of obligating documents for orders to be placed, contracts to be awarded or services to be requested. For example, headquarters offices must reserve funds when issuing a procurement request to the Contracts Division which will result in a contract award.

4.0 RELATIONSHIP OF FUND CONTROL PROCEDURES TO BUDGETS

The administrative budget or country budget is the starting point for fund control. Posts and offices develop operating budgets prior to the start of the fiscal year. When Congress appropriates funding for the Agency, the Director approves specific funding levels for the Associate Directorates and staff offices. The Associate Director for Management issues budget advices distributing funds based on approved funding levels. Based on the International Operations' authorized budget advice, the Regional Directors issue budget authorizations to the overseas Posts. Overseas Posts and domestic offices must review and update budgets based on current funding requirements. When funding levels are received, budgets should be revised to remain within the approved funding level and unfunded requirements should be identified as soon as possible.

Once the budget is revised, the quarterly allocation of funds should be reviewed to ensure sufficient funds are available in each quarter to meet operating needs. The quarterly apportionment should reflect realistic needs. Estimates should be based on the number of paid days in each quarter for salaries and benefits, costs for planned trips, projected renewal of leases and utility payments, final contract awards, supply requirements and Volunteer training requirements, etc. A sample of an office program support budget

apportioned by quarter is provided in Attachment A, page 1 (headquarters offices) and Attachment B, page 1 (overseas posts).

Operating budgets should be reviewed by the office head or Country Director and should be clearly understood by employees responsible for carrying out the offices' program and financial activities.

Use of funds must be tracked against authorized budget levels by activity. Cuff records must include authorized funding, commitments and obligations which reduce the funds available, and the available balance.

5.0 OFFICIAL ACCOUNTING REPORT SUPPORT SERVICES

5.1 Overseas Posts

Most Africa and NANEAP Posts receive accounting support from a Regional Administrative Management Center (RAMC) operated by the Department of State in Paris and Bangkok. Most Inter-America Posts only receive automated accounting reports from the Peace Corps Accounting Division (M/FM/A). Guatemala receives support from RAMC-Mexico City. The Dominican Republic and Haiti receive accounting reports from the State Department Consolidated American Payroll Division (CAPD).

5.1.1 Overseas Posts Serviced by RAMCs

The RAMCs provide two primary accounting reports to serviced Posts. These reports are: the Status of Obligations, RAMC-62, which lists in detail all obligations and liquidations and is sent to the Post at mid-month and the end of the month; and the Status of Funds, RAMC-60, which provides total obligations by purpose codes and object class codes and is sent monthly. A detailed explanation of the reports is in Attachment D.

5.1.2 Overseas Posts Serviced by Peace Corps Accounting Division

The Inter-America Region countries serviced by Peace Corps Accounting Division will receive the Status of Funds 40 detail report, Budget Operations Report - Details (55) and the Status of Open Obligations, commonly called the 1311 report each month. The 40 lists all accounting transactions for the month. The 55 report provides total obligations by purpose code and object class, by location. The monthly 1311 report lists obligations and liquidations. A detailed explanation of these reports is provided in Attachment C.

5.1.3 Overseas Posts Serviced by Consolidated American Payroll Division

CAPD will provide monthly a detailed Status of Obligations and summary Fund Status report to the serviced Inter-America Posts.

5.1.4 Non-Serviced Posts

Several Inter-America Peace Corps Posts are supported by the local embassy for fiscal services and the Peace Corps Accounting Division for automated accounting reports. The embassy provides the Quarterly Report of Obligations and Liquidations, PC 212A, and the Cable Report of Current Month's Obligations, PC 212C, which are incorporated in the monthly Peace Corps accounting reports.

5.2 Domestic Offices

Domestic offices receive the monthly Budget Operations Report - Regional Summary (41), as well as the 40, 55 and 1311 reports produced by the Accounting Division (M/FM/A). Attachment C provides an explanation of the accounting reports.

6.0 PROCEDURES

Cuff records maintained by Posts and offices must include all transactions that obligate funds, recorded by purpose code and line item and/or object class code within budget activities. All offices will also record

commitments which lead to formal obligations. Prior to an actual obligation being established, funds must be administratively committed to cover a transaction. Overseas Posts should record commitments; for example, when Peace Corps/Washington Contracts Division is negotiating a contract or purchase order for the Post. These cuff records must be reconciled with the official accounting records within five working days of receipt of report for headquarters offices and ten working days for field offices. Overseas Posts must maintain cuff records for appropriated funds (budget from region), host country contributions (foreign currency account), and any other funds available at Post.

6.1 Cuff Record

The cuff record sheet must contain all commitments and obligations charged to the budget during the fiscal year. It is important not to confuse commitments such as procurement requests or payments with obligations. Domestic offices record commitments such as procurement requests which will not be formally obligated in the accounting records until the Contracts Division issues the purchase order or contract. A record of these commitments must be kept to ensure that sufficient funds are available to cover the formal obligations. Cuff records must be adjusted to reflect any changes (increases or decreases from original estimate of costs to formal obligation to final payment). Liquidations (payments) should be monitored to take into account any necessary adjustments (deobligations or increase to obligations).

More than one sheet may be needed during a quarter for each line item or purpose code. Use as many sheets as are necessary, and identify each sheet identically to the first page, numbering the sheets sequentially.

Check cuff records to ensure that funds are available for all proposed obligations before they are approved.

Attachment A, page 2A provides Cuff Record format which should be used in domestic offices. Attachment B, page 2A provides another format which may be more useful for overseas Posts (allows for costs to be entered by object class). Additional columns may be added if needed. Overseas Posts may find it useful to record foreign currency amount, exchange rate, and State Department transaction reference number.

6.2 Master Control Sheet

A monthly Master Control Sheet (See sample - Attachment A, page 7 and Attachment B, page 4) should be prepared for review by the Office Director or Country Director. The annual budget, current quarter (cumulative) funding level, cumulative obligations and the unobligated balance should be entered for each major budget line under the appropriate purpose codes. For example, under purpose codes 10, enter budgeted levels, obligations and unobligated balance for salaries, benefits, travel/transportation, rents/utilities/communication, printing/reproduction, other services, supplies and equipment. Another column may be added to show the percentage of authorized funds obligated to date, since this may indicate that funds are being obligated at a lower or higher rate than anticipated.

7.0 RECONCILIATION OF CUFF RECORDS WITH ACCOUNTING REPORTS

Monthly reconciliation of the cuff records with the official accounting reports is essential to ensure accurate monitoring of obligations against approved operating budgets and to ensure the accuracy of official accounting records. Obligations which appear on the accounting records but do not show on the cuff records must be checked for discrepancies. If those obligations are valid, they must be added to the cuff records; if incorrect, they should be corrected by contacting the appropriate accounting support unit.

Obligations in the monthly cuff records which fail to appear in the accounting reports the month following obligation must also be checked to determine why the transaction has not been included and what action is necessary to have it properly recorded. Post and Office administrative personnel should be aware of accounting end-of-month cutoff dates. Documents submitted after that date will not be recorded in that month's report, but should appear in the following month's report. The reconciliation process is not complete until the official accounting report is correct. Offices and Posts must follow up with the accounting support unit to ensure only valid obligations and liquidations appear in the accounting report.

The reconciliation of cuff records with official accounting reports must be done monthly. A sample completed Form PC-1602, Attachment A, page 8 and Attachment B, page 5, is provided as a suggested format to organize the reconciliation process. The process is similar to reconciling a monthly bank statement. Also attached is the blank form for local reproduction.

8.0 EFFECTIVE DATE

This Manual Section takes effect on the date of issuance.