



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202-4704

November 27, 2006

INSPECTOR GENERAL INSTRUCTION 7200.1

BUDGET AND FUND CONTROL

FOREWORD

This Instruction establishes administrative fund control and budget guidance for all levels and assigns responsibilities for managing financial resources.

This Instruction is effective immediately.

FOR THE INSPECTOR GENERAL:

A handwritten signature in black ink, appearing to read "SD Wilson".

Stephen D. Wilson
Assistant Inspector General for
Administration and Management

3 Appendices: a/s

A. **Purpose.** This Instruction establishes administrative fund control and budget guidance for all levels and assigns responsibilities for managing financial resources.

B. **References.** See Appendix A.

C. **Cancellation.** This Instruction supersedes IGDINST 7200.1, *Budget and Fund Control*, July 31, 1992.

D. **Applicability.** This Instruction applies to the Offices of Inspector General, the Deputy Inspectors General, the Assistant Inspectors General who report to the Inspector General (IG), the Principal Deputy Inspector General (PDIG), the Dean of Instruction, and the Director, Equal Employment Opportunity, hereafter referred to collectively as OIG Components.

E. **Acronyms.** See Appendix B.

F. **Responsibilities**

1. The **Inspector General** shall:

a. Approve budget submissions and budget execution plans.

b. Appoint an investigating official for any apparent violation of subsection 1341(1) or 1517(a) or section 1342 of 31 U.S.C.

2. The **Assistant Inspector General for Administration and Management (AIG-A&M)** shall:

a. Oversee the development of the Office of Inspector General (OIG) budget submissions for the Program Objective Memorandum (POM), Budget Estimates Submission (BES), and President's Budget Submission, and respond to any request for budget data from the Comptroller, Department of Defense (DoD), the Office of Management and Budget (OMB), and the Congress.

b. Administer the policies and requirements prescribed for the administrative control of funds on behalf of the OIG.

c. Administer, further subdivide as necessary, and oversee the use of funds allocated to the OIG components.

d. Enter into support and service agreements with the Military Departments, other DoD agencies, or other Federal Government agencies.

3. The **OIG Component Heads and the Office of Administration and Management (OA&M) Directors** shall:

- a. Identify resource requirements for budget preparation and execution calls.
- b. Use funds only for the purpose(s) prescribed and not exceed funding authority, including any limitation, within or on that authority, when receiving budget targets or funding memoranda.
- c. Periodically review execution against funding targets to ensure that excess funds are made available to reprogram for higher priority agency requirements. Conduct reconciliation reviews of Comptroller Budget and Accounting System (CBAS) reports to ensure that known obligations are recorded properly.
- d. Load approved funding targets for travel into the Defense Travel System (DTS). Targets must be managed between lines of accounting for local, international, and regular Temporary Duty (TDY) travel.

4. The **OIG Comptroller** shall:

- a. Maintain CBAS to ensure that OIG funds are not over distributed, over committed, over obligated, or over expended.
- b. Certify funds availability for specified purposes when authority has been delegated.
- c. Validate the accuracy and propriety of billings before forwarding them to Defense Financial Accounting Service-Indianapolis (DFAS-IN), for certification and payment processing by the disbursing office.
- d. Load all lines of accounting into DTS, assist components with target management, and ensure all components stay within approved funding targets.

G. Procedures

1. Budget Formulation/Presentation

a. Program Objective Memorandum (POM)

(1) Since the inception of the Planning, Programming, Budgeting and Execution (PPBE) process, the POM is only prepared/submitted in the first year of the two-year Program and Budget Cycle. In the second year, only Program Change Proposals (PCPs) are submitted and must net to zero. Program reviews are conducted on a biennial basis and are based on Defense Planning Guidance (DPG) that defines the threat to national security and a strategy to meet that threat. This planning document is the basis for organizations to evaluate their program requirements for a 6-year period. The Director, Program Analysis and Evaluation (PA&E) issues fiscal guidance for the program years. The POM consists of documents providing organizational proposals for updating the Defense programs within the fiscal guidance. They are the basis for program assessments and decisions by the Deputy Secretary of Defense and the

Defense Planning and Resources Board (DPRB). Adjustments to program proposals are recorded in Program Decision Memoranda (PDM) approved by the Deputy Secretary of Defense. Each organization's POM, as amended by the PDM, defines the program to be supported in the BES.

(2) On receipt of the POM instructions and fiscal guidance, the OIG Comptroller will issue a call for the OIG components to prepare the POM submissions necessary for the preparation of a consolidated OIG POM submission, including a transmittal memorandum from the IG. The POM transmittal memorandum and summary section for the consolidated POM afford the IG an opportunity to highlight major changes from prior programs, identify any significant problem, and describe the agency's effectiveness in fulfilling the DPG.

b. Budget Estimates Submission (BES)

(1) The BES must be submitted to the DoD Comptroller by the date requested in their updated budget guidance memorandum. Basic requirements are identified in reference (b). The DoD Comptroller issues a guidance memorandum in June or July of each year, which provides specialized instructions such as economic assumptions and special supporting material requirements. The biennial budget cycle provides for an initial submission covering two budget years and a subsequent update of the budget submission in the following year. The initial budget submission includes data on the past or prior fiscal year (in September, the prior year is the fiscal year under execution), the current year (the upcoming fiscal year), and the budget years (the two fiscal years for which estimates are submitted). Also, in the second year of the two-year cycle, Budget Change Proposals (BCPs) will be submitted and must net to zero.

(2) The OIG Comptroller will forward applicable exhibits to the IG components for review and update based on current budgetary guidance. The OIG Comptroller staff compiles the budget exhibits and drafts the IG transmittal memorandum, which presents key issues in relation to the funding guidance provided.

c. The Office of the Secretary of Defense (OSD) Program and Budget Review Process

(1) The OIG Comptroller is the point of contact for questions regarding the budget submission from the DoD Comptroller, the OMB and other DoD offices.

(2) The DoD Comptroller drafts Program Budget Decision (PBD) documents for coordination with affected agencies and approval by the Deputy Secretary of Defense. The OIG Comptroller prepares the OIG responses to applicable PBD documents, in coordination with affected OIG components.

d. President's Budget. After the DoD budget review is completed, the fiscal guidance, amended by approved PBDs and PDMs, is the basis for preparing the President's Budget submission in January. The OIG Comptroller requests updated materials from the OIG components for that purpose. The OIG Comptroller prepares and submits the supporting budget exhibits to the DoD Comptroller.

e. Hearings/Congressional Budget Questions/Briefings

(1) The OIG Office of Communications and Congressional Liaison (OCCL), working with the OIG Comptroller, coordinates the preparation of testimony and back-up books for hearings which address the OIG budget or at which it is anticipated that questions on the OIG budget will arise. The OIG components are asked to review and update their program and budget issues for the budget hearings.

(2) Responses to congressional budget questions are prepared by the OIG Comptroller, cleared by the AIG-A&M, and provided to the AIG OCCL for delivery to the appropriate congressional committees.

(3) The OCCL, working with the OIG Comptroller, prepares briefing materials for congressional offices and senior officials in the DoD. The OIG components are asked to review and update their program and budget issues for briefings.

2. Budget Execution/Fund Control

a. Authorization. The authorization of funds for the OIG programs is provided normally in the annual authorization act for the DoD.

b. Appropriation. Appropriations are statutory authorities to incur obligations and make payments out of the U. S. Treasury for specified purposes. Appropriations can be applied lawfully only to the objects for which the appropriations were made except as otherwise provided by law. The Inspector General Act of 1978, as amended, created the OIG as an independent Defense Agency. The OIG receives its funds through the DoD Appropriations Act. The OIG has a separate appropriation (97 0107) and does not fall under the umbrella of the Defense-Wide appropriation. The OIG major appropriation categories are Operation and Maintenance (O&M) funds, which are available for the particular fiscal year in which they are issued, and Procurement funds, which are available for three fiscal years. The OSD cannot unilaterally withdraw funds from the OIG budget during the year of execution. Congressional approval would be needed for any reprogramming/adjustments to the OIG budget. However, during the program years, the OIG budget is subject to the same reprogramming, withdrawals, rescissions as all other military departments and Defense Agencies through the PBD, the PDM and reprogramming actions. After the President has signed the Appropriations Act, the U.S. Treasury issues appropriation warrants for each appropriation.

c. Continuing Resolution Authority (CRA). In the absence of an appropriation, a CRA usually authorizes continuation of normal operations at a rate not to exceed the latest congressional action or the previous fiscal year rate. The CRA does not authorize new starts or expansions to programs. In the absence of an appropriation or CRA, agencies are directed to maintain contingency plans to conduct an orderly shutdown of operations, but may continue activities that are otherwise authorized by law, activities that protect life and property, and activities necessary to begin phase-down of other activities.

d. Apportionment. An apportionment is a distribution by the OMB of amounts available in an appropriation into amounts available for specified time periods, projects, objects, or combinations thereof. Funds are apportioned to prevent obligation at a rate that would require a deficiency or supplemental appropriation for the period. An officer or employee of the United States may not make or authorize an expenditure or obligation that exceeds an apportionment. The OIG Comptroller prepares requests for quarterly apportionment or reapportionment based on the OIG appropriation and anticipated reimbursable orders and submits the requests to the DoD Comptroller. The DoD Comptroller submits apportionment requests to the OMB. Upon approval of the apportionment, the DoD Comptroller allocates, in writing, apportioned amounts to the Inspector General. Obligations and disbursements during any apportionment period may not exceed the amount of the apportionment available for that period.

e. Allocation of the OIG Funding

(1) The OIG budget is allocated between payroll and non-pay operational budget items. The payroll includes base pay, benefits, overtime, cash awards, lump sum leave and Law Enforcement Availability Pay (LEAP). Payroll is funded according to the Component approved full-time equivalent (FTE) level. The non-pay or operational budget items include rents, communications, support agreements, travel, Permanent Change of Station (PCS), supplies, training, etc. The OIG Comptroller develops the OIG component's initial budget targets based on the prior fiscal year execution plus inflation. The OIG Comptroller then distributes the baseline guidance to the OIG components for review of their operational budget items.

(2) The DTS will be used to request, approve, and reimburse all TDY travel. Blanket travel orders will not be issued to OIG employees. Invitational and PCS orders must still be processed manually. Training for individual travelers on using the DTS will be conducted by the OIG Travel and Transportation Branch. The DTS will not allow an order authorization to be processed if the travel targets will be exceeded.

f. Centrally Managed Accounts

(1) The OIG Comptroller along with the appropriate component, monitors and centrally manages costs as stated below:

(a) Administration and Logistics Services Directorate (ALSD). Manages the General Services Administration (GSA) rent, HQ supplies, postage, office equipment rental, purchase and maintenance, minor construction, supplies, and furniture.

(b) Information Systems Directorate (ISD). Manages telephone and other communications costs, and all information technology (IT) items for the OIG.

(c) Human Capital Advisory Services (HCAS). Manages the costs for the DFAS personnel support bill, drug testing program, and the Department of Labor workers' compensation bill.

(d) Training Support Directorate (TSD). Manages programs such as the Georgetown Masters, the Joint IG Combatant Command Course, the New Employee Orientation, executive training, allocation of spaces for leadership courses at the Office of Personnel Management and the Federal Executive Institute, and retirement and writing seminars.

(e) Comptroller. Manages the costs for the DFAS accounting support bill, audit of the OIG financial statements, senior executive service awards, and Presidential Rank and Meritorious Service Awards.

(f) Office of Security. Manages the costs for personnel security background investigations; Physical Security equipment such as, Intrusion Detection Systems (alarms), GSA approved locks and Cipher locks, security containers (safes), high security shredders, and a percentage of the Pentagon Force Protection Agency (PFPA), Security Guard contracts, and costs associated with credential supplies.

(g) All requests for services, supplies, furniture, and equipment, regardless of amount, are initiated using the IG Form 34-3, Government-wide Commercial Purchase Card Request for Purchase of Supplies and Services, Appendix C. Requests for less than \$2,500 will be procured using the government purchase card. Requests over \$2,500 will be procured and funded via the electronic Defense Automated Requisition Tracking System (eDARTS), the automated procurement system managed by the Contracting Command of Excellence. Once components complete the IG Form 34-3 and input a purchase request into eDARTS, the request will be forwarded to the applicable functional office, either ALSD or ISD for review and approval. Once approved by the functional office, the request is forwarded to the OIG Comptroller for funding.

(2) Metro Fare Cards. The OIG Comptroller budgets for and distributes Metro fare cards to all components of the OIG to issue within their directorates to employees for official travel on the Washington Metro Area Transit Authority system.

(3) Headquarters International Merchant Purchase Authorization Card (IMPAC) Checking Account. The OIG Comptroller office maintains the Headquarters IMPAC Checking Account. IMPAC checks are only issued for purchases not to exceed \$2,500 to vendors who do not accept the IMPAC credit card.

g. Budget Review. The OIG Comptroller monitors obligations against budget targets, reconciles CBAS against official accounting records, and conducts quarterly reviews with the OIG components. The quarterly reviews focus on executing operating budgets, revising annual requirements, addressing operational target realignments to meet mission essential needs, and identifying and prioritizing unfunded requirements. The OIG Comptroller prepares briefings on a monthly basis for the Senior Staff, the IG and the OIG Component Heads.

h. Unfunded Requirements (UFRs). The OIG Comptroller sends the UFR data call to the components at least twice every fiscal year. The first UFR data call is sent concurrently with the distribution of the components baseline guidance. The second data call is sent during mid-year. The components are requested to input and prioritize their known UFRs in CBAS. Once

the components have submitted their UFRs, the OIG Comptroller consolidates, prioritizes, packages and submits the recommendations to the IG and PDIG for formal review and final prioritization and funding.

i. Procurement Funds. Procurement funds must be used to acquire all items that constitute investments in capital assets. The DoD Comptroller has described all equipment items with a system unit cost equal to or greater than \$250,000 as investments in capital assets. The system definition for IT equipment includes the aggregate cost of new equipment/systems, including peripherals and system unique software. The OIG local area network, for example, is a system that includes the IT hardware such as servers, hubs, routers, switches and network cabling.

3. Violations of Administrative Fund Control

a. As set out in 31 U.S.C. 1349 (a) and 1518, officers or employees of the U.S. Government are subject to appropriate administrative discipline, including suspension without pay, removal from office, fines and imprisonment for administrative control violations that violate 31 U.S.C. 1341(a), 1342, and 1517 (these three particular administrative fund violations are called Antideficiency Act violations). A list of administrative fund control violations includes:

(1) An officer or employee may not make or authorize an obligation or expenditure that exceeds a formal subdivision of funds established by regulations prescribed under 31 U.S.C. 1514 and 31 U.S.C. 1517. Allocations and allotments are formal subdivisions under 31 U.S.C., but allowances are not.

(2) An officer or employee may not make or authorize an obligation or expenditure exceeding an amount available in an appropriation or fund for the expenditure or obligation. (31 U.S.C. 1341 [a][1][A])

(3) An officer or employee may not involve the government in a contract or obligation for payment of money before an appropriation is made unless authorized by law. (31 U.S.C. 1341 [a] [I] [B])

(4) An officer or employee may not make or authorize an expenditure or obligation of funds required to be sequestered. (31 U.S.C. 1341 [a][1][C] and [D])

(5) An officer or employee may not accept voluntary services exceeding those authorized by law except for emergencies involving the safety of human life or the protection of property. (31 U.S.C. 1342)

(6) A violation of 31 U.S.C. 1301 (the Purpose statute) may result in a violation of 31 U.S.C. 1341 and 1517.

(7) A violation of 31 U.S.C. 1502 (the Bona Fide Needs statute) may also result in a violation of 31 U.S.C. 1341.

b. The head of any OIG component and the OIG Comptroller will promptly report, in writing, any suspected administrative fund violation to the AIG-A&M.

c. If an apparent violation of any provision of subsection 1341 (a) or 1517 or section 1342 of 31 U.S.C. exists, the AIG-A&M must promptly report to the IG. The IG must then appoint an investigating officer to conduct a review and submit an investigative report to the DoD Comptroller in the format prescribed in the DoD Financial Management Regulation, Volume 14, Chapter 2 (ref. a). The investigative report must identify the causes for and circumstances surrounding the violation, the officials responsible for the violation, the administrative discipline imposed or justification for waiving disciplinary action, and changes and safeguards imposed to prevent recurrence of the violation(s).

d. If a determination is made that the violation of agency fund controls did not result in a statutory violation, the individual(s) responsible for the violation of the OIG fund control restrictions still may be subject to appropriate administrative discipline. Administrative actions could include a letter of reprimand for the official personnel record, a transfer to another position, a suspension from duty without pay, or a removal from office.

**APPENDIX A
REFERENCES**

- a. DoD 7000.14-R *Financial Management Regulation*, August 2006
- b. OMB Circular A-11, June 2006

APPENDIX B ACRONYMS

AIG-A&M	Assistant Inspector General for Administration and Management
ALSD	Administration and Logistics Services Directorate
BCP	Budget Change Proposal
BES	Budget Estimate Submission
CBAS	Comptroller Budget and Accounting System
CRA	Continuing Resolution Authority
DFAS-IN	Defense Financial Accounting Service-Indianapolis
DoD	Department of Defense
DPG	Defense Planning Guidance
DPRB	Defense Planning and Resources Board
DTS	Defense Travel System
eDARTS	electronic Defense Automated Requisition Tracking System
FTE	Full-time equivalent
GSA	General Services Administration
HCAS	Human Capital Advisory Services
IG	Inspector General
IMPAC	International Merchant Purchase Authorization Card
ISD	Information Systems Directorate
IT	Information Technology
LEAP	Law Enforcement Availability Pay
O&M	Operations and Maintenance
OA&M	Office of Administration and Management
OCCL	Office of Communications and Congressional Liaison
OIG	Office of Inspector General
OMB	Office of Management and Budget
OSD	Office of the Secretary of Defense
PA&E	Program Analysis and Evaluation
PBD	Program Budget Decision
PCP	Program Change Proposal
PCS	Permanent Change of Station
PDIG	Principal Deputy Inspector General
PDM	Program Decision Memorandum
PFFPA	Pentagon Force Protection Agency
POM	Program Objective Memorandum
PPBE	Planning, Programming, Budgeting and Execution
TDY	Temporary Duty
TSD	Training Support Directorate
UFRs	Unfunded Requirements

**APPENDIX C
GOVERNMENT-WIDE COMMERCIAL PURCHASE CARD REQUEST
FOR PURCHASE OF SUPPLIES AND SERVICES, IG FORM 34-3**

GOVERNMENTWIDE COMMERCIAL PURCHASE CARD REQUEST FOR PURCHASE OF SUPPLIES AND SERVICES (Excluding Training Related Expenses)				1. CONTROL NUMBER:		2. DATE:	
3. TO:		4. THRU:		5. FROM:			
PART I - LIST SUPPLIES/SERVICES BELOW (Continue on Plain Sheet if Necessary)							
6. FOR:			7. DELIVERY TO:			8. NO LATER THAN:	
9. Mfg Part or Stock Number	10. Description of Material or Services	11. Quantity	12. Unit of Issue	13. Estimated Unit Price	14. Estimated Total Cost		
				\$	\$		
				\$	\$		
				\$	\$		
				\$	\$		
				\$	\$		
				\$	\$		
						15. Total \$	
16. Suggested Sources (Include Phone Number, Address & POC):							
PART II - JUSTIFICATION, CERTIFICATION, AND PROPERTY RECEIPT							
17. Justification or Purpose:							
18. I CERTIFY THAT FUNDS ARE AVAILABLE: _____ (Card Holder)							
19. PROPERTY OR SERVICES RECEIVED BY: _____ Date: _____							
PART III - REQUESTER							
20. DATE:		21. Type Name, Title & Phone No. of Requester:			22. Signature		
23. DATE:		24. Supervisor or Approving Official:			25. Signature		
PART IV - SPECIAL AUTHORIZATIONS							
26. DATE:		27. ADP/Telecommunications Official (for related ADP purchases):			28. Signature		
29. DATE:		30. Accountable Equipment (IGDM 4140.1):			31. Signature		

IG FORM 34-3, JUL 2006 (EG) (IGDINST 4100.33) Previous edition is usable