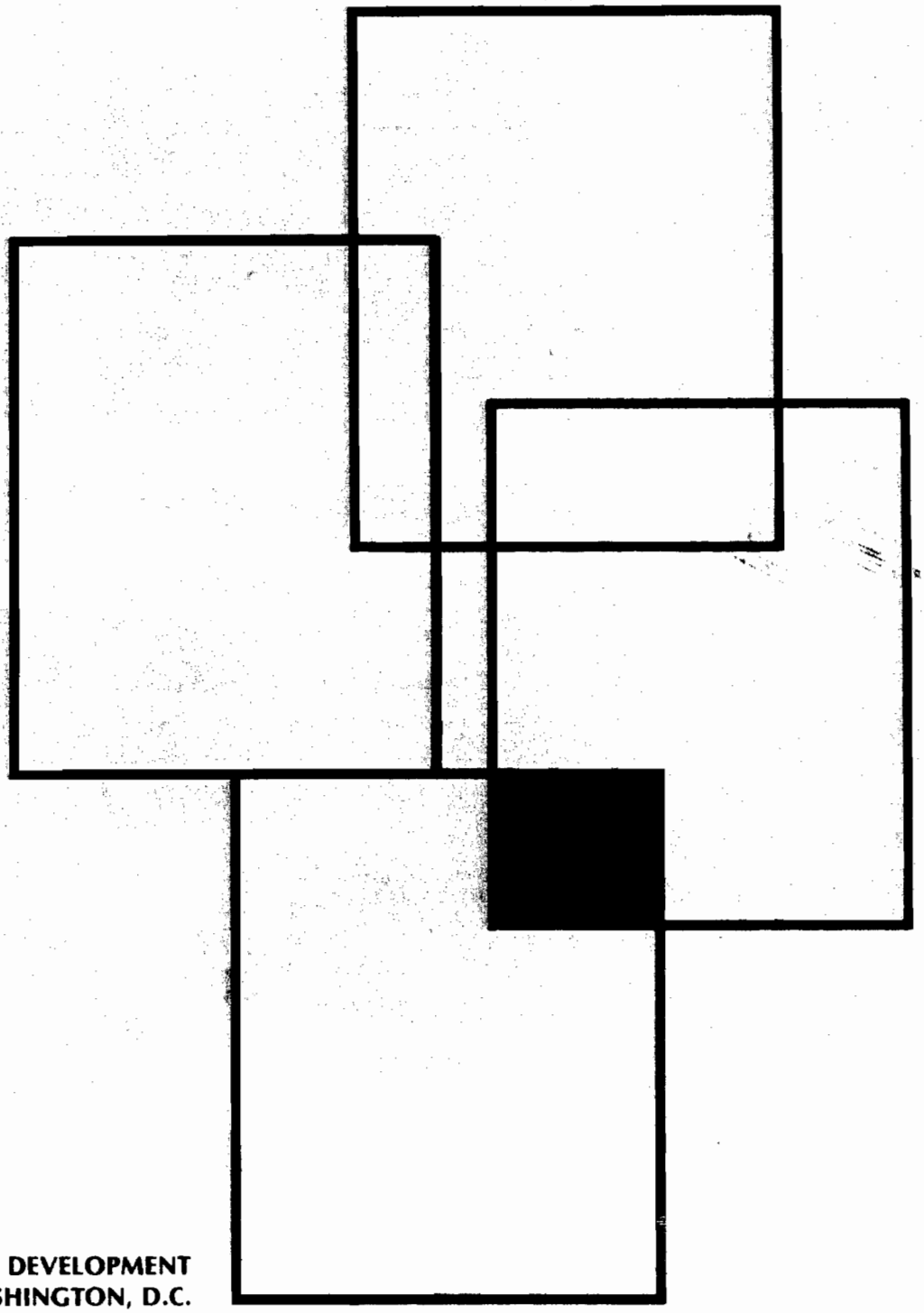
Financial Management



AGENCY for INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C.

N O T E

Throughout this Handbook, masculine pronouns are to be interpreted as including both men and women, unless the context specifically excludes this interpretation. Future revisions will take into account the AID directive (HB 18, Part I, 2E) of 12/30/75 on the avoidance of sex-biased language.

FINANCIAL MANAGEMENT

FOREWORD

This Handbook covers AID fiscal and financial operations as an integral part of total Agency management support of AID programs and organizations worldwide. It provides policy and procedural guidance for carrying out the financial management aspects of Agency functions.

The Handbook is a basic reference for use by AID/W and Missions in implementing the concepts and requirements of control inherent in effective financial management, with the focus on the economical and efficient use of available funds. Implementation requirements are in accordance with various legislative authorities for AID operations as well as regulatory principles and standards prescribed by the Central Federal Agencies (OMB, Treasury, and GAO) and AID policy.

The text is not designed to fulfill all the day-to-day working needs of AID organizational units conducting financial management activities. Those needs are being addressed in separate, detailed SER/FM internal operating instructions and a Mission Controller Guidebook. Handbook 19 is addressed to AID management, technical, and operating personnel, as guidance on basic financial management policy and practices governing AID programs and activities financed from dollar appropriations, revolving funds, and foreign currencies controlled or administered by AID. This objective is reflected in comprehensive provisions relating to such common elements of control as:

- financial management interaction with and relationship between AID substantive operations, and other control and support (management and program) functions;

- compliance with established criteria for incurring and documenting obligations, in support of legal liabilities of the U.S. Government for the future payment of money to outside parties;

- administrative control of funds made available to AID allottees for programs and operations;

- administrative approval and certification of claims for disbursement of funds owned or controlled by AID in designated accounts;

- use of imprest fund cashiers;

- control and recovery of funds due the U.S. Government as a result of AID operations;

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- effective administration of the financial aspects of AID property management;

- maintenance of general ledger and subsidiary accounting records to ensure reliability and integrity in financial accountability for, and control over, AID activities;

- preparation and issuance of reports on fiscal, financial, and management operations, plus required Agency reports to external users such as the Central Federal Agencies. (See Handbook 18, Appendix B, which lists reports covering AID financial accountability and performance.)

The Handbook also extends the application of these basic rules and standards to the achievement of financial management objectives for specialized programs unique to AID, including loans, grants, foreign currency programs, and others, as well as to current Agency operations. These provisions are dual-purpose, serving to assure that the control concept operates in the day-to-day performance of accounting officers, and that the input of the organizations they serve supports such control.

As a control reference, the Handbook provides the framework through which the Office of Financial Management conducts the function of financial analysis, and assists Agency management in the design and implementation of programs and projects as well as efforts to attain maximum effectiveness.

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AGENCY FOR INTERNATIONAL DEVELOPMENT

HANDBOOK 19

FINANCIAL MANAGEMENT

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HANDBOOK 19 - FINANCIAL MANAGEMENT

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CHAPTER 1 - ACCOUNTING PRINCIPLES AND STANDARDS

CHAPTER 1

ACCOUNTING PRINCIPLES AND STANDARDS

1A. Scope and Purpose

1. This Chapter sets forth AID accounting principles and standards and the interrelation of such principles and standards with budgeting, programming, auditing, internal control and cash management as integral parts of a total financial management system. Legislative and organizational background is included in order to provide the basic objective and scope of the Agency for International Development.

2. These accounting principles and standards are applicable to all organizational units, all programs and all activities administered by AID, including revolving funds, management funds and trust funds

1B. Statutory Authority and Basic Objective of AID

1. Pursuant to legislative authority provided in the Foreign Assistance Act of 1961 (74 Stat 424), Executive Order No. 10973 was issued on November 3, 1961. Under this Executive Order, authority conferred on the President to carry out the functions of the Foreign Assistance Act was delegated to the Secretary of State and the Agency for International Development was established.

Again, pursuant to Reorganization Plan No. 2 of 1979, and the International Development Cooperation Act of 1979, Executive Order No. 12163 was issued on September 29, 1979. Under this Executive Order, the United States International Development Cooperation Agency was established effective October 1, 1979 and authority conferred on the President to carry out functions of the Foreign Assistance Act of 1961 and other Acts to the Director of IDCA. The Director of IDCA has signed IDCA Delegation of Authority No. 1 on October 1, 1979 which continues within IDCA the Agency for International Development (A.I.D.), previously established in the Department of State, and delegates certain authorities to A.I.D.

2. It is U.S. policy, in the words of the Congress (FAA of 1961, as amended, Sec. 102), to "assist the people of less developed countries (LDC's) in their efforts to acquire the knowledge and resources essential for development and to build the economic, political, and social institutions which will meet their aspirations for a better life..." Accordingly, it is AID policy to encourage and support LDC efforts to (a) expand their output of essential goods and services, particularly food, (b) to distribute it more equitably, and (c) improve the quality of life of their people. AID policy also stresses an integrated focus on specific development problems, via both capital and technical assistance, so as to produce measurable lasting improvements in the lives of

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significant numbers of poor people in LDC's at the same time that their national economies are moving toward self-sustaining growth (i.e., growth without dependence on large-scale concessional transfers of resources).

3. Accounting plays a major role in the financial management of this assistance program and makes a major contribution in the planning, programming, budgeting, and implementation phases.

1C. Organizational Structure of AID

1. The functions of AID are directed by the Administrator, who is appointed by the President, by and with the advice and consent of the Senate, and who reports to the Director, International Development Cooperation Agency. He is charged with the central direction and responsibility for the economic assistance program.

2. The organizational structure of the Agency consists of the Office of the Administrator, various staff and management offices which assist the Administrator in managing the Agency, Regional Bureaus in Washington to oversee the development and carrying out of the programs, and United States AID Missions which have field responsibility for the programs in recipient countries. See AID Handbook 17 for organizational chart of the Agency.

3. Agency-wide responsibility for accounting and financial reporting is vested in the Office of Financial Management, headed by the Agency Controller who reports to the Administrator. The Agency Controller provides advice and assistance to Agency management on the financial implications of plans, programs, policies, procedures and operating activities. The Controller administers and coordinates such financial management activities as internal financial management control, operating expense budgets, and preparation and interpretation of financial reports. He is responsible for the development and administration of the Agency's overall accounting system. An organizational chart of the Office of Financial Management is contained in AID Handbook 17.

4. Each of the four Regional Bureaus in Washington has a Controller who receives technical advice from the Agency Controller, Office of Financial Management. The Regional Bureau Controllers are responsible for advising Bureau personnel on all aspects of financial management relating to domestic and overseas Bureau programs.

Specific responsibilities of the Bureau Controllers include (a) participation in formulation of proposed programs, (b) review of program implementation from a financial management point of view to determine whether programs are being implemented in an economical and efficient manner, (c) participation in development, implementation, and review of operating expense budgets, and (d) coordination of allotments of funds to overseas Missions.

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5. The AID Missions overseas also have Controllers who provide financial management services, including financial analysis, financial advisory services, and management of obligations and expenditures for all funds made available to the Missions. The Mission Controllers maintain fiscal and accounting records, and provide financial reports required by AID/W as well as financial reports needed by Mission management personnel.

1D. Statutory Authority - AID Accounting Policies, Principles and Standards

The specific statutory authorities and regulatory agency requirements underlying AID's accounting system are as follows:

1. General. The Budget and Accounting Procedures Act of 1950 (PL-784) sets forth the general policies for accounting for financial operations of U.S. Government Agencies. Pursuant to the requirements of this Act, AID's accounting system is designed to provide:

a. Full disclosure of the financial results of AID activities.

b. Adequate financial information needed for AID management.

c. Effective control over and accountability for all funds, property, and other assets for which the AID is responsible.

d. Reliable accounting results to support budget requests, control execution of the budget, and provide financial information required by the Office of Management and Budget.

e. Suitable integration of AID's accounting with the central accounting and reporting operations of the Treasury Department.

f. Disclosure of AID's operating costs to facilitate preparation of cost-based budgets.

2. Use of the Accrual Basis of Accounting. Public Law 84-863 (1956) requires the maintenance of records on the accrual basis of accounting.

3. Consistent Classifications. 31 U.S.C. 19c requires the head of each executive agency, in consultation with the Director of the Office of Management and Budget, to take whatever action may be necessary to achieve, insofar as is possible, (a) consistency in accounting and budget classifications; (b) synchronization between accounting and budget classifications and organizational structure and (c) support of budget justifications by information on performance and program costs by organizational units.

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4. Cost-Based Budgeting. 31 U.S.C. 24 provides that (a) requests for appropriations shall, in such manner and at such times as may be determined by the President, be developed from cost-based budgets, and (b) for the purposes of administation and operations, such cost-based budgets shall be used for all departments and establishments and their subordinate units.

5. Control of Funds. There are three Federal laws which apply to control of funds. These are (a) Anti-Deficiency Act - 31 U.S.C. 665(g), (b) Impoundment Control Act of 1974, and (c) Supplemental Appropriation Act, 1955, Section 1311 (31 U.S.C. 200). The substance of each of these acts and their application to AID is discussed in paragraph 1G below.

6. Control of Property. The Federal Property and Administrative Services Act of 1949 (40 U.S.C. 483) requires agencies to maintain adequate inventory controls and accountability systems for property under their control. 31 U.S.C. 66(a) requires the accounting system of each agency to include monetary property accounting records.

7. The General Accounting Office Policy and Procedures Manual for Guidance of Federal Agencies is the official medium through which the Comptroller General promulgates (a) accounting principles, standards and related requirements, their accounting systems and internal auditing programs; (b) uniform procedures for use by Federal agencies; and (c) regulations governing relationships of the General Accounting Office with other Federal agencies and with individuals and private concerns doing business with the Government. The decisions of the Comptroller General are final and conclusive upon the primary operating units.

8. The Office of Management and Budget prescribes instructions through the issuance of numbered circulars and bulletins. Circulars A-11, A-12, and A-34 prescribe, respectively, instructions for the preparation and submission of annual budget estimates, definitions of object classes, and instructions and definitions relating to apportionments and reports on budget status, including concepts and terminology to be used in governmental budgeting and accounting.

9. The Treasury Fiscal Requirements Manual is the official medium through which the Treasury Department issues codified instructions for the departments and agencies on central accounting, financial reporting, cash management and other fiscal requirements. The Manual will eventually replace Treasury Department Circulars. Circular No. 966, implementing Section 114 of the Budget and Accounting Act of 1950, (31 U.S.C. 66b), prescribes the standard form of accounting

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(b) Allotments do not exceed apportionments and reapportionments.

(c) Obligations are identified with the applicable appropriations or funds at the time they are incurred.

(d) Obligations are prevalidated for fund availability and recorded before the applicable obligation documents are released.

(e) Obligations are liquidated in the period the goods are received or constructive receipt occurs.

(f) Amounts recorded and reported as obligations are valid obligations as defined by law in accordance with Section 1311 of the Supplemental Appropriations Act of 1955.

(5) Each official in AID/W and field station receiving an allotment of funds which covers (a) an Operational Year Budget (OYB) for AID program funds, or (b) an operating expense plan for (administrative type) expenses is responsible for restricting obligations to the amounts available in such allotments.

To help allottee meet this responsibility, the designated accounting offices maintain allotments accounts (obligation registers), and prevalidate documents for availability of funds. Obligations incurred or disbursements made in excess of the amount permitted by an allotment constitute violations of Section 3679 of the Revised Statutes as amended.

(6) The allotment accounts are the official accounting records of the Agency and the amounts therein are reported monthly to the Central Accounting Office for entry into the General Ledger. Allottees are also responsible for controlling the rate of obligations to prevent the exhaustion of funds prior to expiration of the apportionment.

(7) For purposes of effective financial planning, including fund control, data on proposed obligations (such as loans or grants that have been authorized) are systematically accumulated in accounting records in advance of their becoming valid obligations. When the records are used to prepare offical reports on obligations incurred, care is exercised to assure that the reports include only valid obligations as defined by law.

c. Limitations Within Appropriations. Compliance with dollar limitations imposed by law within the scope of appropriations is provided for in the AID accounting system as follows:

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(1) A separate line item or an appropriate annotation is established for each statutory limitation in the operational year budget or operational expense budget, as applicable.

(2) As obligating documents are prevalidated for availability of funds within allotments, they are simultaneously processed for verification of availability of funds within the statutory limitations set forth in the approved OYB or operating expense budget.

d. Deferrals or Restraints on Obligations. Budgetary resources may be withheld from obligation temporarily through the apportionment process with the intent of apportioning them for later use, before they lapse. All funds deferred through the apportionment process, as well as apportioned funds provided for a specific purpose or project that are being obligated at a pace slower than intended by the Congress, must be reported to Congress by the President in special messages. Budget authority may also be proposed for rescission for fiscal policy or other reasons. The Impoundment Control Act of 1974 prescribes guidelines and procedures to be followed by Federal agencies in instances of deferrals of budget authority and proposed rescissions. Appendix 1A of this chapter, which outlines the AID system of administrative control of funds, describes in detail the procedures established by AID for compliance with the Impoundment Control Act.

e. Violations and Reports

(1) A report of any violation of the provisions of Section 3679 of the Revised Statutes, as amended, or of the AID regulations for the administrative control of funds (Appendix 1A of this chapter) is required to be made to the Administrator, AID, as soon as the violation becomes known. Each report contains the following:

(a) Name and position of the officer or employee responsible for the violation;

(b) All pertinent facts of the violation, including (1) title and symbol of the appropriation or fund account, (2) amount involved, (3) date on which the violation occurred, and (4) any statement by the responsible officer or employee with respect to circumstances which he believes may be extenuating;

(c) A statement of administrative discipline proposed, if any, and any other actions to be taken with respect to the officer or employee; and

(d) A recommendation of any safeguards considered necessary to prevent a recurrence of that type of violation.

(2) The Administrator, AID, will fix responsibility for each violation and forward a report thereof to the President and the Congress as required by law.

1H. Account Structure

1. General. AID's accounting system prescribes that a separate self-balancing series of general ledger accounts be maintained for:

a. Each AID-administered appropriation.

b. Each U.S. Treasury account symbol established for, or applicable to, AID operations. This includes AID's loan programs; Housing and Other Credit Guaranty programs; the Advance Acquisition of Excess Property Program; Foreign Service retirement collections; Civil Service retirement collections, etc.

c. All AID-owned and -controlled property.

d. The Federal Reserve Letter of Credit systems.

e. Each foreign currency and each category of U.S.-owned and -controlled foreign currency administered by AID, such as:

(1) Foreign currency trust funds received by AID under trust agreements pursuant to section 625(h) and 636(h) of the FAA.

(2) Counterpart funds - e.g., foreign currencies generated by AID commodity assistance on a grant basis pursuant to section 609 of the FAA.

(3) Foreign currencies generated by commodities furnished under the provisions of the Agriculture Trade Development and Assistance Act of 1954 (PL 480), pursuant to sections 104d, e, f, g, and h of PL 480.

2. Basic Structure of Accounts

a. The accounts prescribed for each of the foregoing series of accounts are germane to the specific types of activity or program involved and at the same time are sufficiently uniform to permit consolidation at the Agency level for financial reporting purposes. Thus, the prescribed general ledger account numbering structure groups accounts as follows:

Accounts for Assets
Accounts for Liabilities
Accounts for Investment of the U.S. Government
Accounts for Revenues and Costs
Accounts for Statistical Information

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b. To the maximum extent possible, transactions, involving the propriety and budgetary accounts are recorded in AID's accounts at the accounting office of the installation that has responsibility for the operating function involved. Transactions are not recopied even in summary form at higher organizational levels. Summarizations, consolidated work paper to support overall financial and statistical reports, etc., are prepared by use of automated data processing techniques.

c. All receivables, payables, disbursements and collection transactions applicable to other AID accounting offices and other U. S. government agencies are apprpriately identified in the accounts to assure the validity of consolidated Agency and U. S. government overall financial statements. Similarly, transfers of financial data between AID accounting stations are processed through intra-agency accounts to maintain accountability for transactions in transit at the end of each accounting period.

1I. Assets

Assets are recorded in the accounting records during the accounting period in which acquired. They are neither written off, written down, disposed of, nor allowed to leave the possession of the government without proper authorization.

Treasury Fiscal Requirements Manual, Volume I, Part 6, Chapter 8000 (T/L 267) prescribes guidelines and procedures to be observed by affected Government organizations to assure effective management of the government's cash when developing regulations, systems, and procedures, and conducting financial activities encompassing billings and collections, deposits, disbursements, cash advances and cash held outside of cash account of the Treasury. Appendix 1B of this Chapter, which outlines the AID Cash Management Policy Guidelines, describes in detail the procedures followed by AID for compliance with I TFRM 6-8000.

1. Cash Resources. General Ledger accounts are mainitained by appropriation or fund, including foreign currency funds, to disclose complete and current information on: (a) AID's cash position, i.e., cash on hand, in transit for deposit, fund balances with Treasury and/or U. S. Disbursing Officers, and cash held for others. The accounting for receipts is on the basis of collections received. Disbursements are accounted for on the basis of vouchers certified for payment on Schedules of Disbursement. The handling of cash resources is in accordance with externally imposed requirements, e.g. U. S. Treasury Department.

2. Receipts

a. All receipts are recorded on the day received and deposited, to the maximum extent possible, on the next business day by the AID accounting office with the nearest U.S. Treasury Office

or U.S. Disbursing Officer. Except to the extent remittances are made by electronic transfer directly to the Treasury, receipts are routed directly to AID Cashiers and are not deposited by personnel responsible for billing or recording receivables. Cash tendered in payment of an obligation to the U.S. Government is not refused. If not otherwise covered by instructions, unidentified receipts are deposited in a suspense account with the appropriate disbursing office until proper disposition can be ascertained.

b. Cash or negotiable instruments received from contractors or others as bid deposits, performance collateral, or in trust for other reasons is deposited promptly with the disbursing office. Checks, bonds, or other negotiable instruments are recorded when received although they may be held in proper safekeeping facilities of the AID accounting office up to one week for good reasons before they are deposited. Where such securities are to be held for a longer period, they are recorded in separate accounts under general ledger control and deposited with the disbursing office for safekeeping. Proper subsidiary records are maintained to identify the depositors, and reconciliation with the general ledger is made at least quarterly.

3. Disbursements

a. Responsibility for certification of vouchers for payment, as well as responsibility for the scheduling of vouchers for payment is identified clearly, and no payment is made (except by agent cashiers) unless the applicable voucher has been certified for payment. Disbursements are recorded as of the date of certification of the applicable schedule.

* b. Procedures provide for ensuring that invoices on which cash discounts have been offered are processed promptly so that payment is made within the prescribed discount period. However, such discounts will be taken only when the discount terms applied in the formula provided in Appendix 1B yield an effective annual interest rate equivalent to or greater than the percentage rate based on the current value of funds to the Treasury. *

c. Late payment penalties (cash discounts) are a cost of operation incurred due to the failure to make payment within the vendor's stipulated time limit. In order to have this information available for management purposes the amount of late payment costs of $10 or more on any one transaction is recorded in a separate general ledger account. Discounts lost of less than $10 also are recorded in the separate general ledger account based on a cost finding technique.

** d. Disbursements for all invoices will be made as close as possible to, but not later than, the due date, or if appropriate, the last day of the discount period. AID policy and procedures for implementation of the Prompt Payment Act (P.L. 97-177) are provided in Appendix 1C of this Chapter. **

4. Imprest Funds

a. Imprest funds are recorded under a separate classification in the general ledger. The Chief, Central Accounts Division, is responsible for direction of agency cashier activity in AID/W; AID cashiers at overseas posts are responsible to the USAID Controller (in some cases, cashier's services for USAIDs are provided by State Department cashiers assigned to the Embassy).

* Revised ** New Material

b. The officer having administrative jurisdiction over the cashier is responsible for administrative supervision of cashier activities within prescribed policies and procedures. This administrative jurisdiction includes periodic unannounced verifications and reviews of cashier funds. Verifications are made at least monthly, and at irregular intervals to avoid long undisclosed shortages, and at any time fund accountability is transferred. Review of imprest funds held by the cashier is made no less than once each quarter to assure that such funds are commensurate with actual needs and do not exceed the maximum limitation.

c. Accountability for cash is reconciled to the general ledger accounts at the time cash counts are made, and the cash count procedure is designed to meet the requirements of the "Manual of Procedures and Instructions for Cashiers" issued by the U.S. Treasury Department.

5. Receivables and Advances

a. Reimbursements from Other U.S. Government Agencies. Section 601 of Economy Act (31 U.S.C. 686) provides for the reimbursement of "actual cost" of supplies, equipment and services furnished by one U.S. government agency to another U.S. government agency, as may be agreed upon by the agencies concerned. Such cost is construed by AID as properly including direct costs and generally recognized elements of overhead such as employer share of employee benefits, maintenance of equipment and general office expenses. If advance payment is not made by the receiving agency, billings and receivables applicable to other U.S. government agencies are processed in accordance with standards set forth in this paragraph.

b. Billings and Recording Receivables

(1) Receivables arising from overpayments and adjustments to billings from vendors, contractors, common carriers, foreign governments, and others are recorded promptly when determined.

(2) Travel advances and other advances to employees, contractors, grantees, and other U.S. and foreign government agencies are recorded at the time the disbursement is made. When performance occurs, the expenditure is recorded and the advance account reduced, if appropriate.

(3) A receivable is recorded for each dishonored check accepted by AID. Such checks are returned to AID by the disbursing office and a special billing notice is processed within one workday after receipt.

(4) All reimbursable work performed by AID is covered by a written agreement containing a description of the work to be performed, limitations of the program for which the service is to be

furnished, and the frequency of billing. Receivables will be recorded promptly as the related revenue is earned, or as acts giving rise to such claims are completed.

(5) Loans to others are accounted for as receivables only after the funds have been disbursed. Loans authorized but not disbursed are disclosed in explanatory notes to financial reports; they are not reported as assets with related liabilities representing obligations to make loans.

6. Reconciliation of AID's Cash Accounts with Disbursing Officer's Records

Not less frequently than monthly each AID accounting office reconciles the balances shown in AID's general ledger cash accounts with the amounts reflected in the records of the applicable Disbursing Officer. In AID/W, these reconciliations are with the U.S. Treasury Department. At overseas installations, reconciliations are with the U.S. Disbursing Officer(s) serving the USAID. Copies of these monthly reconciliations are promptly forwarded to AID/W for review, necessary monitoring and coordination of inter-station transfers and world-wide consolidations.

7. Foreign Currency Funds and Receivables Repayable in Foreign Currencies

a. Financial transactions in foreign currency are processed in accordance with the same principles and standards set forth herein, and in accordance with procedures prescribed by the U.S. Treasury Department. Foreign currency receivables are clearly identified to show whether they are receivable in foreign currency without maintenance of value provisions (in case of changes in rates of exchange), or receivable in U.S. dollar equivalents as of the date of receipt of payment, or repayable in either dollars or foreign currency at the option of the debtor. In the latter case, the specific criteria for determining the amount to be credited to AID's receivables for payment of the amount due is clearly stated in writing.

b. Monetary amounts for foreign currency documentation are stated in the units of the foreign currency and are recorded in the accounts in terms of the units of foreign currency involved. However, when U.S. Disbursing Officers are requested to pay foreign currencies to liquidate dollar obligations or to record receipt of foreign currencies for credit to dollar accounts, the rate of exchange and the dollar equivalent are shown on the applicable voucher or collection document. Translations of foreign currency transactions, assets, liabilities and the U.S. investment into U.S. dollar equivalents are made in order to prepare internal and external world-wide consolidated financial statements. The procedures used for translating foreign currency into U.S dollar equivalents, including the rates of exchange to be used and the method of computing gains and losses due to changes in rates of exchange, and those prescribed by the U.S. Treasury Circular No. 930.

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8. Accounting for Receivables and Advances

a. Accounts receivable are recorded in general ledger accounts by appropriation or fund symbol. Records are maintained so that all transactions affecting receivables are included during the accounting period.

Receivables due from other U.S. Federal Agencies are clearly identified to permit "washing out" receivables and payables in government-wide financial statements prepared by the U.S. Treasury Department.

b. All collections of receivables are recorded in the accounts during the accounting period in which they occur. Similarly, adjustments of receivables are recorded in the accounts promptly as decisions are made by AID that such adjustments are warranted. Where items become uncollectible, they are written off and reported to GAO, as appropriate, pursuant to GAO requirements.

c. Accounts receivable classifications in the general ledger provide the information necessary to enable AID to identify those receivables that are available for obligation, such as anticipated receipts, reimbursements and transfers.

d. Receivables established for travel advances and other advances to employees, contractors, grantees and others are classified separately in the general ledger with corresponding subsidiary accounts to identify each debtor.

e. If amounts due are not received promptly, collection follow-up notices are sent out, not later than 45 days from the original billing date. All receivables are reviewed at least quarterly, when determination of uncollectibility is made and write off is authorized pursuant to AID guidelines.

f. A regular estimate is made of the amount of receivables that may not be collected. The amounts of such estimates are used to determine the amounts to be recorded in the "Provisions for Uncollectibles" Accounts.

9. Property

a. The objective of financial property accounting is to provide management with reliable financial information in order to procure, use, and manage property in an efficient, effective, and proper manner. To meet this objective, the accounting system provides reliable and consistently maintained records on the acquisition, control, capitalization, depreciation and amortization, inventory, and disposal of all personal and real property owned and controlled.

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b. Definitions

(1) Nonexpendable property, whether AID-owned or-controlled is defined as personal (as opposed to real) property which (a) is complete in itself, (b) does not lose its identity or become a component part of another article when put into use, (c) is of a durable nature with an expected service life of one or more years, and (d) is either valued at $50 or more, or if valued at less than $50, is a "high-risk of loss" item.

(2) Real property is defined as property consisting of land and all appurtenances to land, such as buildings, capital improvements subsequent to building acquisition, utility systems, leasehold improvements, and other structures and facilities.

(3) Expendable property is defined as property which when put in use is consumed, loses its identity or becomes an integral part of another item of property, or is of low value (less than $50).

c. Accounting Control

(1) Accounting controls are maintained in general ledger accounts and subsidiary records under three principal classifications: Real Property; Nonexpendable Property; and Expendable Property. Significant classifications of property are established for accounting and reporting purposes to clearly disclose the nature of AID's property assets, e.g., Office Furniture and Furnishings, Living Quarters Furniture and Furnishings, Motor Vehicles, Land, Buildings, etc. Property accounts include contractor/grantee acquired property for which title is vested in the U.S. Government.

(2) AID's accounting system provides for a separate accounting entity for AID-owned and controlled property which will be integrated with the central accounts maintained by FM/CAD. The property records maintained identify physical quantities and locations of AID property subject to AID control, including property in AID's custody.

(3) All property acquisitions however acquired are recorded in the accounts during the period in which the acquisition occurred.

(4) Repair and maintenance costs incurred to keep property in satisfactory operating condition are accounted for as current operating expenses.

d. Valuation (Capitalization) Criteria - Real & Nonexpendable Property

(1) Accounts for the costs of facilities constructed will include all material elements including, among others, architectural

and engineering services, acquisition of land, buildings, other facilities, labor, materials, supplies, and other direct charges, indirect costs, legal fees and the like. Regardless of how they are financed, all incurred costs will be accumulated in the accounts and properly classified in a fixed asset account upon completion of construction so that reliable information on total cost is available for management and reporting purposes.

(2) Fixed assets owned by AID may be changed by additions, alterations, betterments, rehabilitations, or replacements. The costs incurred in making such changes are capitalized where they significantly extend the useful life of the property or its capacity to render service, and the cost of features superseded or destroyed during the process of making changes are removed from the property accounts.

(3) Except as provided in (3)(b) and (c) below, property acquired by purchase is capitalized at invoice cost less discounts, whether taken or not, plus installation charges and predelivery costs (transportation, handling, packing, and storage).

If a property shipment consists of two or more items:

(a) Predelivery costs are distributed on an equitable basis and posted to the property records and general ledger accounts when the costs can be readily determined for each item.

(b) Predelivery costs are capitalized in a separate general ledger account as a deferred charge and are not posted to the property records when such costs exceed $100 and cannot be readily determined for each item.

(c) Predelivery costs are charged as current operating expenses when the costs are $100 or less and cannot be readily determined for each item.

(4) Property acquired at no cost (by transfer from another USAID, AID/W, GSA or other U.S. Government Agency, or by donation, devise, forfeiture, or confiscation) is appraised at the time of receipt to establish its value.

(5) Property acquired by purchase with a trade-in allowance for used AID property as part of the transaction is recorded as the lesser of (a) the cash paid or payable, plus the amount allowed by the seller on the traded-in property, or (b) what the purchase price would have been if there had been no trade-in.

(6) Property acquired under installment contracts is capitalized at the time of receipt or acceptance by AID. The amount capitalized includes the purchase price plus related costs incurred by AID.

(7) Property acquired under lease-purchase agreement is capitalized at the time the option to purchase is exercised. The amount capitalized normally is the purchase price stipulated in the contract less any cumulative allowances.

(8) Property acquired by foreclosure process is capitalized at the lesser of (a) the appraised or fair market value, or (b) the amount owed by the borrower plus any costs incurred by AID.

(9) Property transferred to AID by another agency on a reimbursable basis is accounted for at the transfer price as determined by agreement or application of appropriate statutory requirements or Agency regulations, but at not less than its estimated useful value.

e. Expendable Property

(1) AID/W and each USAID establish and maintain such control of its supplies and materials as to assure that the total investment is kept to a minimum, yet consistent with its needs. Monetary control via the general ledger system is required for expendable property on hand at large central supply points. Expendable property purchased and expendable property issued for use or to replenish small cupboard stocks are considered used at the time of issue, and are accounted for as current operating expenses. Items issued from large central supply points are costed on an average costs basis.

f. Sales, Transfers Out, and Other Dispositions of Property

(1) Copies of all documents covering sales of AID-owned property, transfers to other governments or agencies (as well as between Missions), and otherwise disposed of, with or without reimbursement, are furnished the Controller's Office immediately after preparation for verification and disposal of proceeds, if appropriate, and entry in the appropriate general ledger accounts.

(2) Wherever there is uncertainty as to the actual cost of the particular item being disposed of, the average value method of costing such disposals is applied. That is, the average unit cost to be applied is obtained by dividing the last inventory value balance by the last inventory quantity balance.

(3) Property retired from service but not immediately disposed of is classified separately to disclose its status.

(4) Property transferred to a cooperating government as a project contribution or grant-in-aid is recorded at book value as part of the U.S. contribution to the country program.

(5) The book value of property transferred to other federal agencies without reimbursement is accounted for as a reduction of the investment of the U.S. Government.

(6) Removal costs incurred and amounts realized from sale, reimbursable transfer, or salvage, in addition to accumulated depreciation, are considered in determining the loss or gain on the disposal of property.

g. Depreciation and Amortization

(1) Depreciation on all capitalized property (excluding land, leasehold improvements and expendable property where capitalized) is recorded and reported annually at the Agency level except for the Advance Acquisition of Excess Property Program in which depreciation is recorded monthly as an operating cost. Depreciation accumulated in the accounts for property disposed of, whether by sale or other means, is removed from the accounts along with the cost or other basis of the property. The following criteria and standards are used in determining and reporting depreciation.

(a) The depreciation base is the same as the amount included in the capitalized accounts. The annual depreciation allowance does not affect (reduce) the cost recorded in the general ledger or subsidiary property records. Residual value is taken into consideration in establishing the depreciation rate.

(b) The following rates of depreciation have been established:

(i) Real Property (Excluding Land & Leasehold Improvements)

20 years, depreciated over 19 years at 5% a year or fraction thereof, with residual value of 5%.

(ii) Nonexpendable Property (Excluding Vehicles)

10 years, depreciated over 9 years at 10% a year or fraction thereof, with residual value of 10%.

(iii) Vehicles

5 years, depreciated over 4 years at 20% a year or fraction thereof, with residual value of 20%.

(2) Leasehold improvements are amortized annually either over the estimated period of occupancy or the life of the improvement whichever is less.

(3) Capitalized transportation and other predelivery costs (i.e., costs exceeding $100 which cannot be identified with a discrete property item) are amortized over a period of 10 years.

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h. Inventory

(1) A physical inventory of all categories of AID-owned and controlled property must be taken at least annually. Inventories may be scheduled over the year, but a total physical inventory must have been completed by June 30 each year and reconciled with the accounting records by September 30. Documentation described below is to be completed and appropriate adjustments made to the General Ledger and subsidiary accounts prior to September 30.

(2) Overages disclosed as a result of physical inventory (not attributable to errors in bookkeeping or in taking the inventory) are documented by the Property Management Officer by Receiving and Inspection Reports, giving full explanation of all circumstances involved, and stating that such overage is the result of physical inventory.

(3) All AID-owned or controlled property which has been lost, stolen, destroyed, or damaged beyond economical repair is covered by a Property Disposal Authorization and Report of Survey. Similarly, any shortages on the subsidiary property records which are revealed as the result of a physical inventory are covered by a Report of Survey.

(4) When there are differences between the quantities determined by physical inspection and those shown in the accounting records, representatives of the Controller's Office and the Property Management Office jointly investigate to (a) determine the causes of the differences, and (b) identify necessary improvements to prevent errors, losses and irregularities. Prompt remedial action, if appropriate, is taken to insure adequate control.

(5) Copies of all Reports of Survey (signed by the Mission Director or the Director of Management Operations in AID/W or their designees) are routed through the Accounting Office for entry in the appropriate general ledger accounts.

1J. Liabilities

1. Categories

Liabilities are identified in the general ledger by appropriation or fund, and are categorized as:

- current or long term;
- funded or non-funded;
- U.S. federal or non-federal.

2. Basis for Recording

a. Except as provided in paragraph 1F, expenditures which represent amounts owed under contractual or other arrangements are accrued monthly. An offsetting liability is established based on the same documentation. Liabilities are accounted for and reported irrespective of whether funds are available or authorized for their payment.

b. Accrued liabilities are determined using the inventory method, and such accruals are reversed at the beginning of the succeeding accounting period. Liabilities for accrued payroll, including employee benefits earned and not paid at the end of the accounting period, are separately identified from amounts due contractors.

c. The amount of leave earned is compiled monthly for recordation in the accounts and for use in preparing financial statements. Separate accounts are maintained to identify liabilities for accrued leave applicable to employees paid from the Excess Property and Housing Guaranty funds. The leave liability account is adjusted at fiscal year end to the actual amount of employee's unused annual leave balances.

d. When a contractor manufactures goods or an aid-recipient country implements a project on a "fixed amount reimbursement" basis according to agreed upon specifications, reported performance is one basis for recording the accrued expenditure and liability rather than delivery of the item or completion of the project.

e. Estimates are made for accruals and liabilities which cannot otherwise be determined.

f. Amounts received as advances prior to delivery of goods or services by AID, are considered as deferred credits. Deferred credits are recognized in the liability category of accounts and are amortized as revenues during the period in which earned.

g. All liabilities, including lease purchase contracts, are reduced on the basis of periodic payments or payments in full.

3. Contingent Liabilities

Contingent liabilities are shown in the general ledger and explained by footnote on AID's financial statements. Contingent liabilities include but are not limited to claims for recovery of price adjustments, personal property claims and claims for losses. Subsidiary records are maintained to support the contingent liabilities and are liquidated when a liability is established or the liability does not materialize.

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4. Other Liabilities

Other liabilities recorded in the accounts and recognized in financial reports are:

a. Liabilities for deposit and trust funds entrusted to AID, and the amounts of unidentified collections held in suspense.

b. Liabilities for disbursing cash advanced by the U.S. disbursing office as imprest funds.

1K. Investment of the U.S. Government

1. The investment of the United States in the assets of AID consists of the residual equity of the Government after accounting for all known liabilities and investments or equities of others.

2. The major elements comprising the investment of the United States in AID are: (a) unobligated apportionments (including loan funds committed but loan agreements not signed), (b) undelivered orders-contracts (including undisbursed loan agreements funded from General Funds), (c) equity in Social Progress Trust Fund, and (d) invested and donated capital (represented by property, loans, and other receivables).

3. Each year, as of September 30, the Controller, Office of Financial Management prepares a world-wide consolidated statement of financial condition for the Agency. This statement is prepared from the AID general ledger and subsidiary accounts in sufficient detail for reporting to the U.S. Treasury on the Agency's assets, liabilities, and the equity of the U.S. Government.

4. Accounts are maintained to disclose the current status of (a) apportionments, (b) allotments, (c) revenues, (d) reimbursements, (e) obligations, (f) disbursements, (g) accrued expenditures, and (h) collections.

5. Appropriate investment accounts are maintained to disclose:

a. Property obtained either without reimbursement, or by gifts, bequests, and donations.

b. Appropriations, funds, and general fund receipts deposited with the U.S. Treasury.

c. Property transferred to others without reimbursement.

d. Gains or losses on foreign exchange and other extraordinary losses of investment.

e. Changes in and the amounts of liability for unused employee annual leave.

6. For AID revenue producing activities, such as the Advance Acquisition of Excess Property Program, the accounting and reporting are handled so that:

a. The accumulated net income or loss from operations is separately accounted for and disclosed in financial reports.

b. The determination of net income takes into consideration all costs of operations and revenues during the reporting period, with the exception of adjustments applicable to prior years.

c. Extraordinary items are segregated from the results of ordinary operations on financial reports.

d. Direct charges to accumulated net income are restricted to distribution of income to the U.S. Treasury and prior period adjustments.

1L. Revenues

1. General

Examples of revenue producing programs or activities of AID are:

a. Loan programs.

b. Housing and Other Credit Guaranty programs.

c. Reimbursable development programs authorized by Sections 601 and 607 of the FAA.

d. Advance Acquisition of Excess Property program authorized by Section 608 of the FAA.

e. Rental of government-owned vehicles by authorized overseas personnel.

f. Provision of goods and services to other U.S. agencies under Section 601 of the Economy Act.

2. Billing Rates

a. It is AID's policy to establish predetermined pricing rates for billing purposes to recover certain direct and indirect costs

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under reimbursable development programs and the Excess Property program. In these cases, the formulas for establishing the rates are documented, and the frequency for periodic review of the rates is established.

b. The rates for private use of government-owned vehicles overseas are established by the State Department for agencies having overseas installations.

c. Charges for Housing and Other Credit Guarantee programs are prescribed by law.

d. Minimum interest rates for AID loan programs are set forth in the Foreign Assistance Act. Specific criteria is established by AID for the use of interest rates in excess of the minimum rates prescribed by the Act.

3. Accounting for Revenues

a. All revenues are recorded and reported in the month earned, including (1) those established through billings, (2) those earned through performance pursuant to advances received, (3) those received from fees, and (4) unbilled revenues established through accruals. All revenues are billed promptly when due.

b. Revenues are classified in general ledger accounts according to (1) type of revenue, and (2) availability or nonavailability - for expenditure. They are also identified by appropriation and fund symbol.

c. Reports are prepared for the Housing and Other Credit Guaranty programs, the Reimbursable Development programs, and the Advance Acquisition of Excess Property program for the purpose of comparing revenues earned with the cost of services provided.

1M. Accounting for Costs

1. Background

a. General

For cost accounting purposes, AID's programs and activities are categorized as (1) Operating Expenses, (2) Program Operations, (3) Excess Property and Guaranty Programs.

b. Operating Expenses

(1) Operating expenses include the salaries, travel, allowances and fringe benefits of all direct hire personnel, plus such

other costs as are necessary to carry out AID's foreign assistance programs, with the exception of (a) the Advance Acquisition of Excess Property Program and (b) the Housing Guaranty Program. AID's operating expenses are budgeted and appropriated under a single appropriation, as authorized by Section 637 of the Foreign Assistance Act, of 1961.

(2) Organizational activities and subactivities to be accounted for as "Operating Expenses" do not, as a general rule, provide services to other U.S. Agencies or non-federal agencies. However, in unusual cases, such as providing technical assistance to less developed countries which have large export earnings, AID policy requires full recovery of the cost of rendering such service.

(3) For "Operating Expenses" activities, AID's accounting system provides for accumulating and reporting on a monthly basis all elements of funded costs by budget activity, (presently operating expenses are a single activity in AID's budget submission) program, organizational unit and cost center. Costs for leave are recorded and applied to programs, organizational units and cost centers monthly (see 1M4). Depreciation on fixed assets applicable to "operating expenses" activities will be compiled annually and reported only at the Agency level.

c. Program Operations

(1) AID's appropriations specifically preclude payment for direct hire personnel required to carry out the assistance funded by the appropriations involved.

(2) Program funded operations basically provide assistance under bilateral project and nonproject agreements with less developed countries. Exceptions to this general rule are research, institution building and activities involved in project identification, and design.

(3) Program funded project assistance is accounted for on an accrued expenditure basis by budget activity as shown in the President's budget, by bureau, by country where applicable, and by project. Program funded nonproject assistance is accounted for by individual country agreements on a cash disbursement basis as set forth in paragraph 1F of this Chapter and summarized by budget activity as shown in the President's budget. It has been determined that provision should not be made for accounting for the applied costs for these two categories of AID operations.

d. Excess Property and Guaranty Programs

(1) These two programs are on a revolving fund basis. The revenues generated by the programs are available for payment of

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their cost of operation and administration subject to limitations as may be imposed by annual authorization acts, appropriation acts and/or OMB apportionments.

(2) The Excess Property and Guaranty Programs are primarily engaged in providing services. A mark-up is made on the original acquisition cost to the Government to recover the indirect cost of the Excess Property operation. All direct and indirect costs are fully recovered. Fees are charged for Guaranties issued under the Housing and Other Credit Guaranty Programs as authorized by law in recognition of the value of the service provided. It is administrative policy rather than a legal requirement that all direct and indirect costs in connection to the Housing Guaranty Program be charged to the guaranty program but that direct and indirect costs of the Productive Credit and Self-Help Community Development program be charged to AID's Operating Expense Appropriation. However, these costs are recorded in accounts maintained for the guaranty programs and are disclosed in the Housing and Other Credit Guaranty Program financial reports.

(3) The accounting system provides for the compilation and recordation on a monthly basis of all direct and indirect costs applicable to the Excess Property and Guaranty programs. (See paragraphs 1M4, 5, and 6.)

2. Cost Accounting Objectives

a. The primary objective of accounting for operating costs is to increase the cost consciousness of all levels of Agency Management. Therefore, all significant elements of the costs required to fulfill assigned functions are charged to the organizational units involved. The head of each organizational unit is responsible for defending increases in those costs that are controllable which exceed the costs of his unit as depicted in the Planned Operating Cost for his organization. Indirect costs (i.e., overhead, such as the cost of the central staff services of Legal, Personnel, Financial Management, etc.) are distributed to the Regional Bureaus in order to compile the total operating cost of each Regional Program. As a result financial statements show the operating expense costs as follows:

- Cost of operations in each country
- Direct cost of the Regional Bureau operations in Washington
- Indirect costs allocated to the Regional Bureau

b. The cost accounting system prescribed for AID's Advance Acquisition of Excess Property Program is designed to ensure management that all costs applicable to this program are borne by

the users of the excess property processed through the program. Therefore, the "mark-up" on excess property processed is adjusted periodically to ensure that this program operates on a "break-even" basis. Costs are accumulated by budget activity consistent with the activities shown in the budget of the United States Government.

c. The costs of administering the Housing and Other Credit Guaranty Programs are accumulated by budget activity consistent with the activities shown in the Budget of the United States Government. The costs of the Housing Guaranty Program include reimbursements to the operating expense appropriations for support services applicable to the program. (See 1M1d(2).) Accounting for costs of administering the Housing program is in accordance with the administrative decision that the costs of this program should, as authorized by law, be paid from the fees generated by this program but the costs of the Productive Credit and Self-Help Community Help Development program are charged to AID's Operating Expense Appropriation.

3. Planned Operating Costs

a. As stated in paragraph 1M1c, program funded project assistance is accounted for on an accrued expenditure basis and program funded nonproject assistance is accounted for on a cash disbursement basis.

b. Revenue producing programs, such as the Advance Acquisition of Excess Property Revolving Fund and the Housing Guaranty Program, are accounted for on an applied cost basis (See Glossary).

c. Activities, which are essentially administrative and where productivity or performance measures do not serve a management purpose, are accounted for on a modified accrued expenditure basis, e.g. the cost of expendable property is recognized when used instead of when received at stations having large central stocks. Planned costs (operating plans) for each cost center and major organizational unit are approved annually, and are reviewed on a quarterly basis. (Note: Cost Centers are established only in those cases in which the cost information required does not coincide with an organizational unit. For example, a cost center may be established to compile the cost of Data Processing. In this case the cost of data terminals, ADP systems analysts and other data processing costs are recorded by applicable cost centers as well as against the organizational unit in which the cost occurred).

d. For administrative type activities, operating plans show separately the funded costs ("above-the-line" costs, which are funded by allotments to the operating entity) and and nonfunded costs

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("below-the-line" costs, which are not funded by allotments to the organization or cost center involved, e.g., salaries for days paid, including leave taken, and employer share of employee benefits). This technique of showing both funded and unfunded costs on operating plans increases the cost consciousness of operating officials.

e. Above the line costs, funded by allotments to the organizational unit involved, are considered to be controllable costs.

f. The unfunded below the line costs may include both controllable and noncontrollable costs. An example of such controllable costs is direct hire employee salary costs, which are allotted to a central point and are therefore unfunded at the individual organizational unit. Another example of controllable below the line cost is net change in level of inventory of expendable property at large central supply points. Examples of noncontrollable costs are: (1) that portion of the cost incurred by central office personnel or legal offices which have been allocated to an operating unit, and (2) shared administrative fixed support costs of another U.S. Agency which have been negotiated at the headquarters level but charged to individual offices.

g. Comparisons are made not less frequently than quarterly between "actual" and "planned" operating costs to the line item detail. In making these comparisons consideration is given to the difference between controllable and noncontrollable costs.

4. Employee Salary, Leave and Benefits

The AID payroll system has the capability of producing financial data on an applied cost basis. For revenue producing programs, such as the Advance Acquisition of Excess Property Revolving Fund and the Housing Guaranty Program, the costs of salaries for days worked, including a factor to cover the costs of annual leave earned, sick, home and other types of leave expected to be taken during the fiscal year and employer share of employee benefits, are applied to programs, organizational units and costs centers at a predetermined rate based on past experience.

For all other programs, the costs of salaries for days paid (including leave taken), and employer share of employee benefits (i.e., payrolls on an accrued expenditure basis) are applied monthly to programs, organizational units and cost centers unless AID management officials determine that productivity or performance measures warrant using the applied cost basis set forth in the preceding paragraph.

5. Cost of Property Acquisitions

a. Expenditures for real and nonexpendable property and for inventories of large central stocks of expendable property are accounted for as acquisitions of assets. The monthly net changes in inventory levels of expendable property at large central stock points are considered as Operating Costs. (See paragraph 1I9e.)

b. Net change in expendable inventory (i.e. "issues") is determined on the basis of beginning inventory plus acquisitions during the period, less ending inventory as shown on the stock record cards extended on the average cost basis.

6. Depreciation and Amortization

Depreciation of all capitalized property (excluding land, leasehold improvements, and expendable property) is recorded and reported annually at the Agency level except for the Advance Acquisition of Excess Property Program in which depreciation is recorded monthly as an operating cost. (See paragraph 1I9g.)

7. Use of Cost Finding Techniques

Cost-finding techniques are used to obtain cost data by program, organizational unit and cost center whenever maintenance of detailed cost classification on an accounting basis is not justified. The use of cost-finding techniques is authorized by AID/W only, and only in those cases in which the cost of compiling costs on a regular systematic basis exceeds that of using cost-finding techniques. In addition the validity of the information compiled on a cost-finding basis must be clearly established.

8. Classifications of Costs by Type

In addition to segregating costs by program, organizational unit and/or cost center, costs are classified by major type of cost incurred (such as labor, materials, lump sum contractual services, etc.). In some cases costs are classified by the major object classes prescribed by OMB and are subsequently summarized by the major types of cost involved. The accounting system also classifies costs according to (1) acquisition of assets and (2) current expenses.

9. Other Costs

Costs of property and services furnished by government Agencies without reimbursements are accounted for at estimated value at time of receipt and are treated as unfunded costs. The amounts recorded for these costs are based upon information obtained from the

performing agency. Care is exercised to ensure that other costs which may reasonably be expected to occur during a given accounting period are recognized in the accounts and disclosed in the AID financial reports.

10. Gains and Losses on Exchange Transactions

a. All realized gains or losses on exchange transactions, representing differences between values received and the investment in materials or services exchanged, are clearly disclosed in agency accounts and in financial reports on operations.

b. Other losses which have been actually incurred or which may be reasonably expected to occur on the basis of events transpiring during the accounting period are recognized in agency accounts and disclosed in financial reports based thereon. The amounts of such losses are determined or estimated by the management from the best information available.

11. Costs under Grants

a. For grants to foreign governments, foreign government agencies and international organizations having memberships consisting primarily of foreign governments, AID accounts on an accrued expenditure basis and does not account on a cost basis.

b. This paragraph applies to grants other than grants to foreign governments, foreign government agencies and international organizations having memberships consisting primarily of foreign governments (unless such grants are made for institution building purposes).

(1) When the grant requires performance of work by the grantee before making payment AID records the unpaid liability and performance based on the grantee reports. Reimbursement payments are accounted for as reductions of the liability to the grantee.

(2) Payments made under grants in advance of performance of work are accounted for as "Advances" until evidence is received that work has been performed. When evidence of performance is received the "Advance" account is reduced and the value of work performed is recorded.

(3) Quarterly financial reports are required from each recipient which summarize expenditures made, the unexpended AID funds, if any, on hand for each Award and the specific property acquired under the grant. Recipients are required to report on an accrual basis and submit performance reports comparing actual accomplishments with goals established; reasons why goals were not met; quantitative data whenever feasible, and other pertinent

information when appropriate, including explanation of cost overruns on high unit costs. When the AID project officer deems it necessary, monthly progress reports are required. In such cases, in the absence of a timely report from the grantee a monthly estimate of accrued expenditure will be recorded relating to the grantee's performance.

(4) Upon termination or close out of each grant, AID makes prompt payments to the recipient for any allowable reimbursable costs or, when applicable, the recipient immediately refunds any balance of any unobligated cash that AID has advanced or paid that is not authorized under the terms of the grant. The recipient also accounts for any property acquired with AID funds or received from the U.S. government, in accordance with regulations issued by the Office of Management and Budget (See Handbook 13 - Grants).

12. Reporting Cost Information

a. All cost reports prepared for internal management use are consistent with assignments of responsibility and whenever feasible quantitative data relating performance or output to related cost is included therein.

b. Separate accounts are maintained for unusual costs or losses which are nonrecurring but substantial in amount. Such unusual costs or losses are separately identified in AID's operating statements.

1N. Financial Reporting

1. General

a. The objective of the AID reporting system, of which financial reporting is one of the principal parts, is to achieve a uniform, integrated, and economical flow of information that is reliable and useful for management at all levels in AID and other agencies. The Agency policy requires that:

(1) The reporting system be fully integrated.

(2) The source of data for financial statements be the official accounting records of the Agency.

(3) Reports be prepared on a timely basis and be in response to valid user needs.

(4) The principle of "management by exception" be applied as appropriate in prescribing action-oriented reports.

(5) Standard, consistent, and non-technical terminology be used in all reports.

(6) Reports be developed that are susceptible to preparation, analysis, and consolidation on automatic data processing equipment.

b. The AID financial reporting system is designed to provide information to Agency officials both at AID/Washington and overseas to help in future planning, for the evaluation of performance in relation to plans, for the exercise of financial control over resources, and to promote efficiency and economy in operations.

c. AID financial reports are also prepared to meet (1) requirements established by the U.S. Congress, and (2) needs for information by Executive Branch agencies, departments and offices; including the Department of the Treasury, Department of Commerce, Office of Management and Budget, and the General Services Administration.

d. Other financial reports are prepared to assist AID officials in their relationships with international development organizations, such as the World Bank, the United Nations Development Program (UNDP), and the Inter-American, Asian, and African development banks.

2. Type and Content of Reports

a. The Agency prepares a wide variety of financial reports to meet the needs discussed in the paragraphs above. Examples are:

(1) Consolidated worldwide agency statements of financial condition, including assets, liabilities, and investment of the United States. Statements of financial condition are also prepared for individual funds administered by the Agency.

(2) Reports which show the status of appropriations, apportionments, obligations, accrued expenditures, and, where appropriate, disbursements.

(3) Reports for AID's loan programs, Housing and Other Credit Guaranty programs, and the Advance of Excess Property activity show cost and revenue information by budget categories and specific projects/activities.

(4) Cargo Preference Report for the U.S. Maritime Commission, U.S. Department of Commerce.

(5) Reports on Outlays (disbursements) of AID funds in each State of the United States. This report is prepared for the Office of Management and Budget.

(6) Statements of Changes in Investment of the United States, and statements of source and application of funds for the U.S. Treasury.

(7) Special financial reports required by the Congress and its committees are prepared in accordance with prescribed instructions.

(8) Financial reports not less frequent than quarterly compare (a) planned accrued expenditures with actual accrued expenditures for each AID-financed project and budget activity, and (b) planned operating costs with actual operating costs for each Regional Bureau (program), USAID, and other major organizational unit.

3. Other Reporting Practices and Standards

a. Financial reports are not confined to the reporting of numerical data. The use of narrative explanatory footnotes, tabular and graphic presentations, and comparative analyses are emphasized.

b. In addition to periodic reports based on the general ledger accounts, frequent and varied analytical reports are produced from the subsidiary accounting records.

c. The "pyramid" concept of reporting is followed by AID, i.e., to the extent possible, for each higher level of management the amount of detail in reports is reduced. The reporting objective is to provide all the pertinent, truthful, accurate, and reliable information needed by each manager, but to avoid unnecessary detail.

d. The reports are prepared from accounts maintained on a consistent basis from period to period. The financial effects of any material changes in accounting policy are explained on the reports. Similarly, if significant amounts of costs applicable to an activity are excluded from a report by reason of their being financed by other agencies or funds, such exclusions are clearly explained in the report, with estimates of the amounts involved. Again, the intent is to include and clearly display all essential financial facts of the specified period covered by the report.

10. Internal Control

1. Objective of Internal Control System. The AID Accounting System is developed as part of the Agency's overall internal management control system to help (a) promote efficiency and economy of operations, (b) restrict obligations and costs within the limits of Congressionl appropriations and other authorizations and restrictions, (c) safeguard assets against waste, loss, or improper use, (d) insure that all revenues applicable to Agency assets or appropriations are collected or properly accounted for, and (e) ensure the accuracy and reliability of financial and other reports.

2. Standards for Internal Control. The following standards for internal management control are adhered to in the design, development, and implementation of AID's accounting system.

a. Accounting policies, principles and standards are clearly stated and systematically transmitted throughout the organization.

b. The organizational structure is carefully planned and established so that responsibility for assigned duties and functions are appropriately segregated as between authorization, performance, keeping of records, custody of resources and review, so as to provide internal checks on performance and to minimize opportunities for unauthorized, fraudulent, or otherwise irregular acts.

c. Accounting procedures are kept as simple and practicable as possible, considering the nature of the operations and the applicable legal and regulatory requirements. Such factors as feasibility, cost, risk of loss or error, and capability of personnel are considered.

d. Accounting positions are filled by individuals whose background of employment shows demonstrated integrity and proficiency in controller-type work. The qualifications of officials and other personnel as to education, training, experience, competence, and integrity are appropriate for the responsibilities, duties and functions assigned to them.

e. The accounting system provides a complete and reliable record of the resources and operations of the entity to which it relates. All transactions are supported by adequate documentation and are recorded so that they may be readily traced by auditors or others from the originating documents to summary records and to the financial reports.

f. Accounting and physical control safeguards are established for all funds, property and other resources of the Agency to prevent misuse, misappropriation, or unwarranted waste, deterioration, or destruction.

g. Each employee is held fully accountable for the faithful, honest and efficient discharge of his duties, including where applicable the custody and administration of public funds and property and compliance with law, regulations, or other prescribed policies applicable to their compliance or performance.

3. Internal Audit. Audits and inspections are inherent features of the Agency's system of internal control. All performance is subject to review under an internal audit program to provide information as to whether performance is effective, efficient, and economical, management policies are adhered to, applicable laws are complied with, and unauthorized, fraudulent, or otherwise irregular transactions or activities are prevented or discovered. Audits, reviews, inspections and appraisals are made on both a recurring and an ad hoc basis, as needed, in all areas of management interest, including accounting and financial management.

1P. Mechanization Policies

1. General. The AID accounting systems are automated to the maximum extent deemed practicable. AID/Washington uses its large scale central computer for accounting purposes, while overseas missions use mini-computers when this is appropriate. Looking forward to a possibility in the future of high-speed data transferral between the central office and outlying stations, AID encourages the development of systems that make optimum use of new computer technology when it is practicable to do so.

AID's accounting system for loans and for the American Payroll System are fully automated. The computerized accounting systems for other applications are undergoing major revisions; these automated systems will be submitted for Comptroller General approval as soon as the planned improvements have been made. The majority of AID financial reports are presently being produced by machine methods.

2. Data Base Usage. As data base usage is an important indicator of system performance, computer programs are designed to compile information on the frequency of access made to financial and statistical data elements by each organizational unit to which terminals have been assigned. Information supplied by this feature will indicate possible problems with the organization's use of the computerized accounting system. The information developed on data base usage is examined on a routine periodic basis to identify areas where changes can be made to improve system performance.

3. Integrity of Computerized Accounting System. Integrity of the computerized accounting system must be maintained if the system is to be effective. Control procedures and monitoring techniques are therefore developed and applied to help assure the system's integrity. For example:

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a. Quality standards are established for each accounting report. Such items as control totals and reasonableness of content are considered. Procedures for applying these standards to proof listings and sample on-line reports are developed. Samples of all reports are periodically selected for comparison with source documents.

b. As errors in reports can frequently be traced to invalid inputs, maximum use is made of actual operating documents rather than transcribed data for input source documentation. The operating documents are entered into the computerized system as soon as possible after they are prepared. Whenever possible, they are entered only on time although the input data may be used for several subsystems. Every effort is made to avoid input of the same data elements at different times and for different purposes.

c. Base reliability levels are established for each area of the data base. Samples are taken and compared with source documents to establish current measures of reliability. The base and current levels are then compared to detect any trends toward decreased reliability.

1Q. Accounting for Payroll

** 1. General. The system for processing pay, leave and allowances will be designed to provide:

a. Prompt payment in the proper amount to employees entitled to be paid.

b. That such payments are in compliance with applicable laws, including the Fair Labor Standards Act and the Privacy Act of 1974, and regulations.

c. For proper disposition of all authorized deductions from pay.

d. For maintenance of adequate and reliable payroll records and reports.

e. Adequate control over all phases and segments of the system.

f. Proper coordination of pay, leave and allowance operations with personnel functions and other related activities.

2. Principles and Standards. The following principles and standards shall apply to the accounting for pay, leave and allowances. **

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3. Integration with Central Accounting System

a. The payroll system will be an integral part of AID's accounting system with detailed accounts and records maintained as subsidiary to controlling accounts in the general ledger.

b. Procedures shall be designed to produce payroll data classified by program, organization, and other needed categories, such as pay schedules (e.g., general schedule and wage board) and by geographic location.

4. Uniformity of Procedures. The procedures for processing pay, leave and allowances shall be uniform within the Agency for International Development. The granting and paying of allowances to individuals at foreign posts of duty will be in accordance with regulations issued by the Secretary of State.

5. Controls. Suitable control records and other control features over detailed payroll operations shall be maintained in order to provide evidence of the accuracy of such operations and to serve as a deterrent to payroll irregularities. The controls will include the following:

a. Systematic control procedures will be applied to all pertinent documents affecting the payroll process so as to provide assurance that the documents are properly taken into account in determining amounts payable and in processing payroll. Employees engaged in the preparation and maintenance of documents authorizing or evidencing payments shall not service their own individual pay accounts.

b. Control procedures will be incorporated in the payroll process to ensure that the processing of payroll data is accurately performed.

c. Regular employees will be paid not more often than every two weeks and the pay lag between the close of the pay period and the payment will not be in excess of 12 calendar days.

d. Payroll payments will be made either by individual or composite check. Paychecks will be delivered directly to the individual, to an assigned agent, mailed to the individual's home address or their bank. United States savings bonds will be mailed to the individual's home address, mission of assignment if overseas or other safekeeping address as authorized by the individual. Bonds will not be hand delivered to an employee. **

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** e. Persons designed to deliver paychecks will be prohibited from:

(1) Participating in the preparation, approval, or certification of payroll vouchers and personnel action docments;

(2) Maintaining payrolls, time and attendance reports, and leave records.

f. Undeliverable checks and bonds will be promptly returned to the issuing officer. All checks and bonds will be kept in a safe or locked in a fireproof cabinet pending distribution or returned to the issuing officer.

g. All officials who sign authorizing documents will be precluded from performing other payroll functions. Payroll vouchers prepared as authority for recording and payment of the payroll shall be certified prior to payment by a duly authorized certifying officer who does not compute the individual amounts payable, maintain payroll records, or distribute paychecks.

h. All overtime will be authorized or approved in writing by a proper authority.

i. Employees will be given written notice of changes in pay, not Government-wide in scope, informing them of the nature and amount of changes.

j. A record of time in pay or nonpay status (time and attendance report) will be maintained daily for each employee. The exact time of absence of less than one day will be recorded. All absences must be initialed by the employee or supported by a signed application. Sick leave in excess of 3 days will be supported by a medical certification or other evidence of illness that is administratively acceptable.

k. Time and attendance reports will be maintained by individual who:

(1) Take no part in preparing the payroll or distributing the paychecks;

(2) Have positive knowledge as to the employee's presence or absence.

l. Time and attendance reports will be approved by the employee's supervisor who will be currently informed as to the attendance or absence of the employee. **

** New Material

** m. Employees are prohibited from certifying or approving their own time and attendance reports unless specifically authorized by the head of the Agency or his designee. This authorization is normally given only to an employee assigned to a long-term training program away from AID facilities.

n. The establishment, change, or cancellation of nonstatutory deductions, allotments or assignments must be authorized in writing by the employee.

o. The system will provide for amounts to be deducted from pay as allotments as authorized by law and pursuant to administrative regulations.

p. If the gross pay of an individual is not sufficient to permit all deductions to be made, the following order or precedence shall apply:

(1) Retirement or FICA

(2) Federal income tax

(3) Health benefits

(4) Group and optional life insurance

(5) Indebtedness due the United States

(6) State income taxes

(7) Other voluntary deductions, including allotments and assignments in the order determined by the paying agency.

q. A leave record will be maintained for each employee. Rates of accruals of leave will be determined in accordance with law and regulations. Controls will be maintained to assure that the proper rate is applied.

r. Leave taken will be approved and certified as correct by persons having direct supervision of the individuals whose leave they approve and certify. Employees are prohibited from certifying as to the correctness of their own leave taken.

s. Leave records will be reviewed annually and a reduction made at the end of each leave year for leave accumulated in excess of applicable statutory limitations. **

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s. Leave records will be reviewed annually and a reduction made at the end of each leave year for leave accumulated in excess of applicable statutory limitations. **

** New Material

** t. Leave records will be reviewed upon termination of employment and necessary pay adjustments will be made for unearned advance leave or accumulated leave involving lump sum payment.

u. The appropriation from which the payroll is paid will be charged with gross pay and agency contributions for employees benefits.

v. Pay, leave and allowance records and documents for each individual will be retained for audit purposes.

w. Disposal of such records and documents, will be made in accordance with the agency's fiscal records program subject to the requirements of the General Accounting Office.

x. The system will incorporate procedures for payment of employees during periods of emergency evacuation.

y. Reports will be issued on pay, leave and allowances which:

(1) Are clear, concise, and timely;

(2) Provide information which will assist management to operate more effectively and efficiently; and

(3) Meet the requirements of other agencies having defined responsibilities by law or regulation.

6. Documentation of Transactions

a. Transactions recorded in the pay, leave and allowance records shall be adequately supported by properly authorized documents.

b. The gross amount of deductions for civil service retirement, life insurance, health benefits, plus agency contributions for civilian employees, shall be paid to the Office of Personnel in accordance with regulations issued by that agency.

c. The gross amount of deductions for foreign service retirement plus agency contributions shall be paid by the Department of State in accordance with regulations issued by that Department.

d. The gross amount of deductions for Federal income taxes and Federal Insurance Contributions Act (FICA) taxes, plus agency contributions for FICA shall be paid to the Internal Revenue Service as provided by that agency's regulations. **

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** e. The amount of State income taxes withheld, including the District of Columbia, shall be paid to the United States taxing authorities in accordance with the agreements entered into by the States with the Treasury Department.

f. Payments made to the Internal Revenue Service and State and City taxing authority will be reconciled at least annually with amounts withheld as shown by pay and other records.

g. Other amounts withheld shall be paid in accordance with applicable regulations and instructions furnished by the individuals from whose pay the deductions are made. These payments shall be reconciled annually with the amounts withheld as shown by pay or other records.

h. A current file of all deductions authorized, including withholding certificates showing the number of exemptions claimed for Federal and State income taxes, shall be maintained as justification for each deduction.

7. Collection of Indebtedness

Prompt action shall be taken for the collection of debts of employees due to erroneous payments. The regulations established covering collection of erroneous payments to employees will comply with the requirements of the Office of Personnel Management.

8. Pay, Leave and Allowance Records

a. A complete and accurate record shall be maintained for every individual of the pay, leave and allowance to which he is entitled and the payments thereof. These records will be adequate to provide proper control over pay, leave and allowances and to provide information necessary to:

(1) Properly pay each individual;

(2) Meet budgeting and reporting requirements;

(3) Establish a permanent record of the actions taken.

b. The amounts recorded on the individual pay records will be reconciled at least quarterly with the control records.

c. There shall be established and maintained such subsidiary records as necessary to provide information needed to comply with the prescribed requirements of other administering agencies and for management purposes. Such subsidiary payroll records include: **

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** (1) Retirement record. An individual retirement record for each employee for whom retirement deductions are made shall be maintained in accordance with the requirements of the Office of Personnel Management or the Department of State. The individual retirement records and the related control accounts shall be maintained as an integral part of the financial accounting system. The amounts recorded in the individual retirement records will be reconciled at least annually with the total retirement deductions shown on the employee's earnings record and related control accounts.

(2) Employee's bond record. A record shall be maintained for each employee for whom United States savings bond deductions are made, showing the deductions, purchases or refunds of unapplied balances. All bond deductions will be supported by written authorizations from employees, and the bonds shall be issued in accordance with their instructions as to denomination and payee. Employer's bond records will be reconciled at least quarterly in the General Ledger Control Account for unliquidated bond balances.

(3) Life insurance record. A record shall be maintained by the payroll office for each calendar year of the total amounts withheld from employees' salaries and the total amount of the employer's contributions for group life insurance. Such record may be in the ledger or other appropriate form or may be represented by file copies of vouchers upon which such information has been reported to the Office of Personnel Management. The totals shown on the record shall be reconciled at least quarterly with the totals of the deductions shown on the individual earnings record plus the related agency contributions.

(4) Health benefits record. A record will be maintained by each enrollment code number of the employee deductions and the Agency contributions for health benefits. The number of enrollees included in this record shall be reconciled at least monthly with the number of enrollees in the perpetual inventory reported to each carrier, in order to maintain the accuracy of this report.

d. The paying document or attachment will contain the information necessary for proper recording and payments of the amounts involved. Effective procedures shall be followed to provide assurance that the amounts shown on the paying documents are correctly recorded in the applicable pay accounts. Periodic tests shall be made independently to determine whether the payments have in fact been properly entered in the pay accounts.

e. Corrections to the pay, leave and allowance records will be made promptly and supported by documentation approved by a responsible person or designee. **

** New Material

APPENDIX 1A

AID FUND CONTROL REGULATION

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APPENDIX 1A

AID FUND CONTROL REGULATION

A1. Purpose

This regulation contains basic fund control principles, concepts, and procedures that are followed within the Agency to accomplish the following:

a. Establish policy with regard to administrative control over funds.

b. Prescribe a system for positive administrative control of funds, designed to restrict obligations and expenditures against each appropriation or fund to the amount available therein.

c. Enable the Administrator to fix responsibility for overobligations and overexpenditures of appropriations, apportionments, allotments, and suballotments, as well as violations of nonstatutory restrictions and requirements imposed by the Agency.

d. Provide procedures for dealing with violations of the Antideficiency Act as well as administrative violations, including reporting requirements.

e. Describe the statutory, regulatory, and internal control requirements applicable to funds administered by the Agency.

A2. Statutory and Regulatory Requirements

a. Statutory Requirements

There are three Federal laws that require or directly apply to fund control, as follows:

(1) Section 3679 of the Revised Statutes (Formerly 31 U.S.C. 665, now 31 U.S.C. 1341 et seq.), "the Antideficiency Act."

Section 3679 requires that the head of each agency, subject to the approval of the Director of the OMB, prescribe by regulation a system of administrative control designed to (a) restrict obligations and expenditures against each appropriation or fund to the amount of apportionments or reapportionments made for each such appropriation or fund and (b) enable the agency head to fix responsibility for the creation of any obligation or the making

of any expenditure in excess of an apportionment or reapportionment. The law provides that there shall be furnished to the President, through the Director of the OMB, and to the Congress, information on violations of the following character:

(a) Any case where an officer or employee of the United States has made or authorized an expenditure from or created or authorized an obligation under any appropriation or fund in excess of the amount available therein.

(b) Any case where an officer or employee of the United States has involved the Government in a contract or other obligation for the payment of money for any purpose in advance of appropriations made for such purpose, unless such contract or obligation is authorized by law.

(c) Any case where an officer or employee of the United States has accepted voluntary service for the United States or employed personal services in excess of that authorized by law, except in cases of emergency involving the safety of human life or the protection of property.

(d) Any case where an officer or employee of the United States has authorized or created an obligation or made an expenditure in excess of an apportionment or reapportionment.

(e) Any case where an officer or employee of the United States has authorized or created an obligation or made an expenditure in excess of the amount permitted by OMB Circular A-34.

(2) Section 1311 of the Supplemental Appropriations Act of 1955 (formerly 31 U.S.C. 200, now 31 U.S.C. 1501)

To adequately satisfy the need for fund control, obligation information must be reported promptly and accurately. Specific criteria governing the recording and reporting of financial transactions as obligations are prescribed in Section 1311 of the Supplemental Appropriation Act, 1955 (formerly 31 U.S.C. 200, now 31 U.S.C. 1501). This law provides that no amount shall be recorded as an obligation unless it meets specified criteria and that statements of obligations furnished to the Congress or to any of its committees shall include only amounts representing valid obligations as so defined.

(3) Congressional Budget and Impoundment Control Act of 1974 (formerly 31 U.S.C. 1400 - 1407, now 2 U.S.C. 681 - 688)

Agencies must control funds in accordance with the Impoundment Control Act of 1974 which prescribes guidelines and procedures for the establishment of reserves or other deferral of

budget authority. Under the Act, restraint on obligations for any reason -- Antideficiency Act, policy, or other -- must be reported by the President to the Congress as proposed rescissions or deferrals. Proposed rescissions cannot be effected without affirmative action by the Congress. Proposed deferrals take effect unless disapproved by either the House of Representatives or the Senate. The Comptroller General is required to report to the Congress on proposed or established reserves or other deferrals of budget authority that have not been reported by the President.

b. Regulatory Requirements

In addition to the statutory requirements outlined above, the Office of Management and Budget has issued OMB Circular No. A-34, "Instructions on Budget Execution" which establishes procedures for the apportionment of funds available to any agency. This regulation provides for financial apportionments and reapportionments to be made by the Director of the OMB. Such apportionments and reapportionments are binding upon each agency in controlling the execution of its budgetary plans. The OMB requires that any violations of the agency's regulation for administrative control of funds at the allotment level and above shall be reported as required by OMB Circular No. A-34.

A3. Scope

All organizational units and funds, including revolving funds, management funds, and trust funds, under the jurisdiction of the Agency are subject to the provisions of this regulation.

A4. Definitions, Terminology, and Concepts

a. The term "fund control," as used in this regulation refers to management control over the use of fund authorizations to ensure that: (1) funds are used only for authorized purposes, (2) they are economically and efficiently used, (3) obligations and expenditures do not exceed the amounts authorized, and (4) the obligation or expenditure of amounts authorized is not reserved or otherwise deferred without Congressional knowledge and approval.

b. Statutory violations are defined as any transactions which result in creating an obligation or making an expenditue in excess of or prior to receipt of any appropriation, apportionment, reapportionment, or allotment.

c. The terms "allotment," "suballotment," and "administrative subdivision" are used only to signify delegations of obligational authority accompanied by responsibility in terms of the

Antideficiency Act. Other limitations or constraints, not subject to the requirements of the Antideficiency Act, are established below the allotment level, and are referred to as "agency limitations." These limitations are given titles such as "operation budgets," "targets," or "budget allowances."

d. The Glossary of Accounting Terms, which is provided as Supplement A, Handbook 19, includes definitions of other words used in this fund control regulation. The definitions used are consistent with definitions contained in OMB and GAO publications.

A5. Accounting System for Fund Control

a. General

The Agency's fund control system is fully integrated with its accounting system. The essential elements of the accounting system for fund control are summarized as follows:

(1) The Office of Financial Management (M/FM), headed by the Agency Controller, maintains general ledger control accounts which control the appropriations, apportionments, allotments, budget allowances, obligations, and expenditures for the overall Agency. In addition, M/FM maintains individual allotment accounts for each of the allottees in AID/W and budget allowance accounts for each allowee. Advices of Budget Allowance are requested and approved by the allottees or other designated officials and authorized by M/FM to the responsible operating managers (allowees) including USAID directors. A USAID controller, assigned to and directly responsible to the USAID director, supervises the maintenance of the budget allowance accounts for all funds allowed to the USAID.

(2) The Agency Controller is responsible for requesting apportionments or reapportionments in accordance with budgetary plans and programs approved by the Administrator and within the total fund availabilities reflected in the Agency's general ledger.

(3) It is the Agency policy that allotments are issued at the Assistant Administrator or major office level in AID/W to ensure that obligations are not incurred in excess of apportionments and reapportionments. Therefore, except as specifically authorized by the Agency Controller, only one allotment is made to each allottee for each appropriation or fund for which the allottee has operational responsibility. Reliance on systems of multiple allotments to provide analysis of obligation activity is avoided. Advices of Allotment are automatically issued by the Agency Controller, Office of Financial Management, when the annual Operational Year Budgets (OYB) for program funds and Operating Expense Budgets are prepared by Bureau for Program and Policy

Coordination (AA/PPC) and Budget Division, Office of Financial Management (M/FM/BUD), respectively. Advices of budget allowance are approved and requested by the allottee or other designated official within the amount allotted in conformance with the approved OYB and the annual budget for operating expenses.

(4) The Agency Controller is responsible for assuring that:

(a) The general ledger control accounts of the Agency disclose the amount of apportionments and other subdivisions of funds for each appropriation and the amount of reimbursable orders received, earned and collected for each appropriation.

(b) Allotments do not exceed apportionments and reapportionments. (See exception in paragraph A10e(1)(e) below)

(c) Obligations and disbursements are reported promptly.

(d) Obligations are identified with the applicable appropriations or funds at the time they are incurred.

(e) Obligations are prevalidated for fund availability and recorded before the applicable obligation documents are released.

(f) Obligations are liquidated in the period the goods are received or constructive receipt occurs.

(g) Obligations are recorded whether or not funds are available and are reported as valid obligations as defined by law in accordance with Section 1311 of the Supplemental Appropriations Act of 1955. The recording of an obligation is never delayed because it is discovered there is a lack of funds.

(h) The validity of all obligations and disbursements must be assured.

(i) The accounts clearly, fully, and accurately disclose the status of each appropriation, including the extent of compliance or noncompliance with limitations therein.

(5) Allottees are responsible for assuring that advices of budget allowance issued do not exceed their respective allotments.

(6) Each official in AID/W and field station receiving a budget allowance under (a) an Operational Year Budget (OYB) for the Agency program funds, or (b) an Operating Expense Budget for administrative type expense is responsible for restricting obligations to the amounts available in such advices and budgets.

To help allowees meet this responsibility, the designated accounting stations maintain budget allowance accounts (obligation registers) and prevalidate documents for availability of funds.

(7) The designated accounting stations maintain updated records, by budget allowance, showing the name and signature of each person authorized to incur obligations chargeable to each budget allowance. The budget allowance accounts are the official accounting records of the Agency and the amounts therein are reported monthly to .the Central Accounting Division (M/FM/CAD) for entry into the General Ledger. Allowees are also responsible for controlling the rate of obligations to prevent the exhaustion of funds prior to expiration of the apportionment period.

(8) The Agency Controller at AID/W and the USAID controllers at field stations, and their designees, are responsible for recording obligations and disbursements in the accounts.

(9) For purposes of effective financial planning, data on proposed expenditures (such as loans or grants that have been authorized) are systematically accumulated in accounting records in advance of their becoming valid obligations. When the records are used to prepare official reports on obligations incurred, care is exercised to ensure that the reports include only valid obligations as defined by law.

(10) As of the close of each accounting period, the designated accounting station prepares reports for each allowee setting forth budget allowances to date; net obligations incurred; disbursements; unliquidated obligations; and unobligated balances as shown on the budget allowance accounts maintained. Accruals are reflected on these reports quarterly. In addition, each accounting station reports the above data to the M/FM/CAD where the budget allowance data is verified against the budget allowances issued by the headquarters and summarizations are made of the other data as necessary for recordation in the overall general ledger accounts.

(11) Unliquidated obligations are under continuous review by accounting, program, and other offices to ensure their integrity and continued validity for the purpose and amount for which obligated. A special intensive review is also conducted at each fiscal year end to ensure that (a) all obligtions have been recorded, (b) recorded obligations are in accordance with the criteria in Section 1311, and (c) reports for the last month of the fiscal year reflect only valid obligations. A formal Section 1311 certificate is prepared based on the foregoing review.

b. Limitations Within Appropriations

Compliance with dollar limitations imposed by law within the scope of appropriations is provided for in the Agency accounting systems as follows:

(1) A separate line item or an appropriate annotation is established for each statutory limitation in the Operational Year Budget or Operating Expense Budget, as applicable.

(2) As obligating documents are prevalidated for availability of funds within budget allowances, they are simultaneously processed for verification of availability of funds within the statutory limitations set forth in the approved OYB or Operating Expense Budget.

A6. Responsibilities and Functions of Individuals Involved in Fund Control

In accordance with law and regulation, the responsibilities for the administrative control of funds are assigned as follows:

a. The Agency Controller is responsible for determining and informing the Administrator whenever it appears that a violation of Section 3679 and this regulation has occurred and for recommending disciplinary action, where appropriate.

b. The Agency Controller is also responsible for fund control functions as set forth in the applicable paragraph, of A5a above.

c. Allottees are responsible for fund control functions as set forth in paragraph A5a(5) above.

d. Allowees are reponsible for maintaining controls over budget allowances received, utilizing the official Agency accounts, in a manner that will avoid the overobligation or overexpenditure of the allowed funds. The system of contol provides for (a) the prompt transmission of all obligating and expenditure documents or nonobligating implementation documents to the appropriate accounting station, and (b) periodic (not less frequently than as of March 31 and September 30 each year) review of the status of unliquidated obligation balances to assure that the balances are valid, accurate, complete and necessary for the purpose covered.

e. The Inspector General (IG) is responsible for making such special investigations of the circumstances surrounding instances of alleged violations as may be required by the Agency Controller.

A7. Delegation of Responsibility

It is the Agency policy to establish budgetary control authorizations for program funds at the highest practicable level. Thus, such allotments are made to the assistant administrators or officers who report directly to the Administrator at AID/Washington. However, in the case of Operating Expenses, a single allotment will be issued to the Agency Controller for the total appropriation. Allottees initiate "advices of budget allowance" to allowees to incur obligations against their budget allowances.

A8. General Prohibitions

a. Section A2 of this regulation which is headed "Statutory and Regulatory Requirements" discusses actions relative to fund control which are prohibited by law. The prohibited actions are categorized as follows:

(1) Obligation or disbursement in excess of the amount available within an appropriation.

(2) Obligation or contract for payment of money for any purpose in advance of appropriations made for such purpose, unless specifically authorized by law.

(3) Acceptance of voluntary service.

(4) Employment of personal service in excess of that authorized by law.

(5) Obligation or disbursement in excess of an apportionment or reapportionment (see exception in A10e(1)(e) below).

(6) Obligation or disbursement in excess of the unobligated or unliquidated balance available in the allotment account.

b. Along with actions relative to fund control which are prohibited by law, there are Agency imposed restrictions or prohibitions, not required to be reported under the Antideficiency Act, as follows:

(1) Allotments of funds in excess of or in the absence of apportionments, reapportionments, and/or appropriations. (See exception in A10e(1)(e) below.)

(2) Issuance of advices of budget allowance in excess of line items of the annual Operational Year Budget or Operating Expenses Budget.

(3) Deliberate application of obligations and expenditures against budget allowance accounts established for purposes other than those for which the obligations or expenditures are incurred.

(4) Obligations or expenditures below the allotment level (i.e., budget allowance) which are in excess of any funding limitations imposed by the Agency.

A9. Violations and Reports

a. General

(1) A report of any violation of the provisions of Section 3679 of the Revised Statutes, as amended, or of this regulation for the administrative control of funds is required to be made to the Administrator as soon as the violation becomes known. Each report contains the following:

(a) Name and position of the officer or employee responsible for the violation;

(b) All pertinent facts of the violation, including 1/ title and symbol of the appropriation or fund account, 2/ amount involved, 3/ date on which the violation occurred, and 4/ any statement by the responsible officer or employee with respect to circumstances which he/she believes may be extenuating;

(c) A statement of administrative discipline proposed, if any, and any other actions to be taken with respect to the officer or employee; and

(d) A recommendation of any safeguards considered necessary to prevent a recurrence of that type of violation.

(2) The Administrator will fix responsibility for each violation and forward a report thereof to the President and the Congress as required by law.

b. Statutory Violations

(1) Section 3679 provides, in part, that in addition to any penalty or liability under any other law, any officer or employee of the United States who violates this Section shall be subjected to appropriate administrative discipline, including when circumstances warrant, suspension from duty without pay or removal from office; and any officer or employee of the United States who knowingly or willfully violates the Section shall, upon conviction, be fined not more than $5,000 or imprisoned for not more than 2 years, or both (See paragraph A2a for applicable provisions of Section 3679).

(2) When it appears that any allotment account may have been exceeded, the Chief, Central Accounting Division, Office of Financial Management (M/FM/CAD), prepares a report for the Agency Controller for submission to the Office of the Inspector General (IG) indicating the name and position of the officer or employee responsible for the account and all available facts and circumstances surrounding the situation. In addition, any other official having knowledge of a violation is likewise responsible for reporting such violation to the Agency Controller.

(3) The IG reviews the circumstances surrounding the alleged violations, based on information furnished in A9b(2) above, and, as appropriate, assigns audit staff to make a special investigation.

(4) Based on review of the information received from M/FM/CAD or results of an investigation, where appropriate, by the audit staff, the IG renders a complete report on the alleged violation and recommendations in respect thereto to the Agency Controller.

(5) In the event a finding is made that a violation of Section 3679 Revised Statutes, as amended, has in fact occurred, IG prepares the report required by OMB Circular No. A-34.

(6) After review and approval by the Agency Controller, the report is transmitted with appropriate recommendation to the Administrator who fixes the responsibility for all violations and forwards a report of the same to the President through the Director, OMB, and to the Congress, in accordance with the provisions of Section 3679.

c. Agency Administrative Violations

(1) An obligation or expenditure below the allotment level in excess of an operational year or operating expense budget, while being subject to administrative discipline if the circumstances warrant, does not by itself constitute a violation of Section 3679 of the Revised Statutes, as amended, unless it results in an overobligation or overexpenditure at the allotment level. Obligations incurred or disbursements made in excess of the amount permitted by a budget allowance do not constitute violations of statute.

(2) Agency administrative violations below the allotment level will be handled on a case by case basis, and the penalty will be decided by the Administrator or his designee. The penalty, based on the degree of the violation and/or frequency, could range from a verbal warning or reprimand to being relieved of job responsibilities.

A10. Administrative System for Controlling Fund Availability

a. Continuing Resolutions

(1) In any year when the Agency's regular appropriation bill has not been enacted by October 1, the Congress passes a Joint Resolution (commonly referred to as a Continuing Resolution) which when signed by the President permits continuation of operations until a specified date or enactment of the appropriation bill, whichever first occurs. The Continuing Resolution usually permits continuation of operations at the rate of the previous fiscal year or the budget request, whichever is lower. The Office of Legislative Affairs (LEG) transmits a circular telegram, with GC and M/FM clearance, informing USAIDs when the Continuing Resolution has been passed and signed by the President, and authorizing continuation of essential nondeferrable operations pending receipt of further detailed guidelines.

(2) The Bureau for Program and Policy Coordination (PPC) and the Office of Financial Management (M/FM) jointly compute the rate for operations for each appropriation category during the continuing resolution period. Within these limits, an interim OYB is prepared which establishes funding levels by Agency bureau and appropriations.

b. Appropriation Acts

Upon enactment of the Appropriation Act an Operational Year Budget is prepared. Allotments are then issued within the actual availabilities and program levels approved in the OYB.

c. Dollar Fund Availabilities - Sources of Data and Procedure for Establishing Amounts

(1) New Obligational Authority

(a) Current Year Appropriations. The specific amounts for each appropriation are obtained from the current-year Appropriation Act as signed by the President. The amounts do not change during the year except for enactment of a Supplemental Appropriation.

(b) Unobligated Carryover. The amounts for annual accounts are obtained from and are as shown in the Section 1311 certification for the preceding September 30. The amounts for no-year accounts are obtained from the general ledger and the amounts are reported in the Section 1311 report (Report Control Symbol W-225).

(2) Estimated Reimbursements

(a) Anticipated amounts are obtained from the various offices of the Agency which incur obligations for activities for which the Agency receives reimbursement. Fund availabilities which include amounts anticipated to be available, such as reimbursements, recoveries of prior-year obligations, and loan receipts are reviewed periodically to determine the soundness of the estimates based on current experience and are formally revised to the extent necessary as the result of such review. Actual amounts at any reporting date are obtained from and are amounts shown in the Agency accounts, as reported by the Agency Controller in Financial Report Control Symbol W-210.

(b) The system of apportionment provided for under OMB Circular No. A-34 permits inclusion of estimated reimbursements in determining the amounts available for apportionment. Once apportioned, however, anticipated reimbursements are not allotted unless there is reasonable assurance that such items will be collected. Furthermore, even though these estimates have been apportioned and allotted, they will not be considered budgetary resources available for obligation unless: 1/ valid orders (including written agreements) have been received; 2/ goods or services have been furnished and there is entitlement (in other words, the reimbursements have been earned); or 3/ in the case of orders from the public, advance payment has been received.

(c) All officials who receive allotments containing estimated reimbursements or other anticipated receipts must maintain constant and careful oversight to insure that these reimbursements and other income are earned as planned. If actual earnings are less than anticipated, appropriate funding adjustments must be made or other action, including reapportionment, be taken.

(3) Transfers

Anticipated amounts are based on formal understandings reached with the Administrator that he will request authority for a transfer. Actual amounts are as shown in the Agency accounts, as reported by the Agency Controller in the W-210 report.

(4) Recoveries of Prior-Year Obligations

Anticipated recoveries for annual accounts are based on projections prepared jointly by M/FM and PPC at the appropriation levels. Subsequent revisions are made in these estimates based on later detailed information. Anticipated recoveries for no-year loan accounts are based on a review of outstanding prior-year loans by the Geographic Bureaus, PPC/PB, PPC/PDPR, and M/FM/LMD. Actual recoveries are as shown in the Agency accounts, as reported by the Agency Controller in the W-210 report.

d. Reporting of Fund Availabilities

(1) Prior to issuance of the OYB for the current year, M/FM reviews the latest data available applicable to unobligated balances, estimated reimbursements, and recoveries of prior-year obligations.

(2) Based on the above review, the amounts are included in the availability estimate included in the OYB.

(3) When it becomes known that the fund availabilities reflected in the OYB need to be revised, such amounts are reflected in an OYB revision.

(4) All Agency Geographic Bureaus and staff offices which prepare reports on the status of funds are required to use in their reports the amounts reported in the current OYB.

e. Apportionments, Allotments and Budget Allowances

(1) Apportionments

(a) The appropriations authorized by the Foreign Assistance Act are made to the President. Allocations of these appropriated funds are made by the OMB to the Agency and, in some cases, to other U.S. agencies charged with responsibility for administering parts of the Foreign Assistance Act.

(b) Except for ESF, the Agency Controller, M/FM (or his designee), is responsible for requesting apportionments or reapportionments in accordance with budgetary plans and programs approved by the Administrator. PPC and the Department of State are responsible for requesting apportionment and reapportionment of ESF. The Agency Controller is further responsible for reporting on the use of apportionments and reapportionments to the OMB.

(c) The control of funds within apportionments and reapportionments is exercised by 1/ an operational year budget (OYB) for the Agency program funds, 2/ an operating expense budget for operating (administrative type) expenses, 3/ allotments, 4/ budget allowances and 5/ systems for the prevalidation of obligation documents, and the control of expenditure.

(d) During years in which monies are apportioned or reapportioned for the Agency revolving funds, management funds or trust funds, the provisions of paragraphs (a), (b) and (c) above will apply to such funds.

(e) Upon enactment of the legislation (Continuing Resolution or the Appropriation Act) and in accordance with informal discussions with OMB but prior to the formal receipt of the OMB apportionments or guidelines, the Agency may conservatively issue allotments and advices of budget allowance within the Operating Expense Budget. For program funds, pending receipt of the formal OMB apportionment, allotments and advices of budget allowance may be issued on an individual case by case basis for critical items.

(2) Allotments

Upon receipt of apportionments or reapportionments from the OMB or in accordance with informal discussions with the OMB after enactment of the legislation, AA/PPC prepares the annual operating year budget (OYB) for program funds and M/FM/BUD prepares the annual and quarterly budgets for all operating expenses. When these two documents reach the M/FM/CAD, Advices of Allotment will automatically be prepared and transmitted to the responsible bureau or office director. The OYB will serve as the official allotment request and no action will be required by the bureaus and offices.

(3) Budget Allowances

Upon receipt of the Advice of Allotment, the allottee or other designated official will begin preparing Advices of Budget Allowance to allowees (USAID directors and operating units in the bureau). This form consists of two parts: (a) request and approval by the allottee, and (b) authorization by M/FM.

Limitations represent legal and administrative restrictions on the purpose for which funds may be obligated or expended. Allowees are responsible for ensuring adherence to the legal and administrative limitations imposed. In addition, "Advice of Budget Allowance," where deemed appropriate, sets forth general guidance reporting the use of the funds cited thereon by reference to the approved Operating Plan or similar indication of the purposes for which the funds are to be obligated and expended.

f. Deferrals and Rescission

(1) General

Available budgetary resources may be withheld from obligation temporarily through the apportionment process with the intent of apportioning them for later use, before they lapse. All funds deferred through the apportionment process, as well as apportioned funds provided for a specific purpose or project that are being obligated at a pace slower than intended by the Congress, must be reported to Congress by the President in special messages. Either House of Congress may overturn a deferral at any time by

passing an impoundment resolution disapproving the deferral. All deferred amounts must be released in time to be used prudently before the account expires. If a determination is made that such amounts should not be used or that the funds are not required to carry out the full objectives or scope of programs for which they are provided, a rescission will be proposed by the President prior to the beginning of the fourth fiscal quarter. Budget authority may also be proposed for rescission for fiscal policy or other reasons. Generally, amounts proposed for rescission will be withheld during the time the proposals are being considered by the Congress. This may be accomplished through the OMB apportionment action or through the Agency withholding action.

(2) Reporting Requirements

All funds proposed for rescission, including those withheld, must be reported to the Congress in special messages. Affirmative action in the form of an enacted law must be completed to rescind funds. If both Houses have not completed action on a rescission proposed by the President within 45 calendar days of continuous session, any funds being withheld must be made available for obligation.

In situations where funds must be released because of Congressional inaction on proposed rescissions, reapportionment requests reflecting the release of the affected funds must be submitted to the OMB before the end of the prescribed 45 day period. Likewise, when the Congress takes positive action to disapprove a deferral, a reapportionment form, reflecting release of the amounts previously deferred, will be submitted to the OMB, by the Agency, not later than the day following passage of the resolution.

g. Credit Controls

(1) General

Beginning with fiscal year 1981, Federal credit programs are to be controlled by separate annual limitations enacted through the appropriation process. Section 31.5 of OMB Circular No. A-11 requires that for each appropriation or fund account that covers a direct loan or loan guarantee program, limitations on tne amounts of those credit programs for the budget year must be proposed for inclusion in the appropriation language unless specifically exempted by OMB. Unless otherwise specified by OMB, separate budget execution reports will also be prepared for all limitations on direct loan and loan guarantee programs included in the appropriation acts. OMB Bulletin No. 80-12, Budget Execution Procedures for Federal Credit Programs, provides instructions for credit programs subject to annual limitations.

(2) Direct Loans

OMB has determined that the Agency need not apportion the Agency's direct loan funds as the amount involved is not a Congressionally mandated ceiling but rather a floor. Thus the Agency's direct loans are excluded from the reporting requirements described herein.

(3) Loan Guaranty Programs

The Agency's Housing Guaranty Program (HGP) falls into this category because of the limitation contained in Title II of the FY 1982 Appropriation Act. In order to comply with the requirements contained in OMB Bulletin No. 80-12, the following procedures are to be implemented beginning in FY 1982.

(a) Apportionments and Reapportionments

M/FM/LMD will prepare the initial apportionment request, along with the SF 132, Apportionment and Reapportionment Schedule, and transmit the documents to M/FM/CAD for review and signature. The apportionment request will be based on a plan of HGP project authorizations approved by the Director of the Office of Housing (PRE/H). M/FM/CAD will transmit it to OMB no later than August 21 for approval. Changes in the project authorization plan requiring a reapportionment of the credit limitation will follow the same process as the initial request and the request will be submitted to OMB as soon as a change becomes necessary. The procedures to follow in making a request are contained in Attachment A of OMB Bulletin No. 80-12.

(b) Report on Budget Execution

M/FM/LMD will prepare the report on budget execution and will forward the report to OMB. The report will be prepared in accordance with the instructions in Attachment B of OMB Bulletin No. 80-12.

(c) Administrative Control of Guaranty Limitation

M/FM/LMD will maintain a register of guaranty authority availability. PRE/H will transmit all guaranty authorizations to M/FM/LMD for clearance and prevalidation of guaranty authority availability prior to approval of the authorization by the regional assistant administrator (AA). The regional AA will not approve the authorization without clearance from M/FM/LMD. M/FM/LMD will reduce the guaranty authority availability by the amount of each prevalidated authorization and will ensure that no authorization is cleared which exceeds the available authority. Pursuant to the redelegation of authority from

the Assistant Administrator for Private Enterprise (AA/PRE), the Director of the Office of Housing is the official responsible for ensuring that no guaranty commitments are made in excess of available (apportioned) authority.

(d) Reports of Violation

The procedures for reporting statutory violations will be the same as those prescribed in A9 above.

APPENDIX 1A

AID FUND CONTROL REGULATION

A1. Purpose

This Regulation contains basic fund control principles, concepts, and procedures which are followed within the Agency for International Development to accomplish the following:

a. Establish policy with regard to administrative control over funds.

b. Prescribe a system for positive administrative control of funds, designed to restrict obligations and expenditures against each appropriation or fund to the amount available therein.

c. Enable the AID Administrator to fix responsibility for over-obligations and over-expenditures of appropriations, apportionments, allotments, and suballotments, as well as violations of nonstatutory restrictions and requirements imposed by the Agency.

d. Provide procedures for dealing with violations of the Anti-deficiency Act as well as administrative violations, including reporting requirements.

e. Describe the statutory, regulatory, and internal controls and requirements applicable to funds administered by AID.

A2. Statutory and Regulatory Requirements

a. Statutory Requirements

There are three federal laws which require or directly apply to fund control, as follows:

(1) Section 3679 of the Revised Statutes (31 U.S.C. 665), "the Antideficiency Act."

Section 3679 requires that the head of each Agency, subject to the approval of the Director of the OMB, prescribe by regulation a system of administrative control designed to (a) restrict obligations and expenditures against each appropriation or fund to the amount of apportionments or reapportionments made for each such appropriation or fund and (b) enable the Agency head to fix responsibility for the creation of any obligation or the making of any expenditure in excess of an apportionment or reapportionment. The law provides that there shall be furnished to the President, through the Director of the OMB, and to the Congress, information on violations of the following character:

(a) Any case where an officer or employee of the United States has made or authorized an expenditure from or created or authorized an obligation under any appropriation or fund in excess of the amount available therein.

(b) Any case where an officer or employee of the United States has involved the Government in a contract or other obligation for the payment of money for any purpose in advance of appropriations made for such purpose, unless such contract or obligation is authorized by law.

(c) Any case where an officer or employee of the United States has accepted voluntary service for the United States or employed personal services in excess of that authorized by law, except in cases of emergency involving the safety of human life or the protection of property.

(d) Any case where an officer or employee of the United States has authorized or created an obligation or made an expenditure in excess of an apportionment or reapportionment.

(e) Any case where an officer or employee of the United States has authorized or created an obligation or made an expenditure in excess of the amount permitted by this regulation.

(2) Section 1311 of the Supplemental Appropriations Act of 1955 (31 U.S.C. 200)

To adequately satisfy the need for fund control, obligation information must be reported promptly and accurately. Specific criteria governing the recording and reporting of financial transactions as obligations are prescribed in Section 1311 of the Supplemental Appropriation Act, 1955 (31 U.S.C. 200). This law provides that no amount shall be recorded as an obligation unless it meets specified criteria and that statements of obligations furnished to the Congress or to any of its committees shall include only amounts representing valid obligations as so defined.

(3) Congressional Budget and Impoundment Control Act of 1974 (31 U.S.C. 1020 and 1400 - 1407)

Agencies must control funds in accordance with the Impoundment Control Act of 1974 which prescribes guidelines and procedures for the establishment of reserves or other deferral of budget authority. Under the Act, restraint on obligations for any reason -- Anti-Deficiency Act, policy, or other -- must be reported by the President to the Congress as proposed rescissions or deferrals. Proposed rescissions cannot be effected without affirmative action by the Congress. Proposed deferrals take effect unless disapproved by either the House of Representatives or the Senate. The Comptroller General is required to report to the Congress on proposed or established reserves or other deferrals of budget authority that have not been reported by the President.

d. Reporting of Fund Availabilities

(1) Prior to issuance of the OYB for the current year, M/FM reviews the latest data available applicable to unobligated balances, estimated reimbursements, and recoveries of prior-year obligations.

(2) Based on the above review, the amounts are included in the availability estimate included in the OYB.

(3) When it becomes known that the fund availabilities reflected in the OYB need to be revised, such amounts are reflected in an OYB revision.

(4) All Agency Geographic Bureaus and staff offices which prepare reports on the status of funds are required to use in their reports the amounts reported in the current OYB.

e. Apportionments, Allotments and Budget Allowances

(1) Apportionments

(a) The appropriations authorized by the Foreign Assistance Act are made to the President. Allocations of these appropriated funds are made by the OMB to the Agency and, in some cases, to other U.S. agencies charged with responsibility for administering parts of the Foreign Assistance Act.

(b) Except for ESF, the Agency Controller, M/FM (or his designee), is responsible for requesting apportionments or reapportionments in accordance with budgetary plans and programs approved by the Administrator. PPC and the Department of State are responsible for requesting apportionment and reapportionment of ESF. The Agency Controller is further responsible for reporting on the use of apportionments and reapportionments to the OMB.

(c) The control of funds within apportionments and reapportionments is exercised by 1/ an operational year budget (OYB) for the Agency program funds, 2/ an operating expense budget for operating (administrative type) expenses, 3/ allotments, 4/ budget allowances and 5/ systems for the prevalidation of obligation documents, and the control of expenditure.

(d) During years in which monies are apportioned or reapportioned for the Agency revolving funds, management funds or trust funds, the provisions of paragraphs (a), (b) and (c) above will apply to such funds.

(e) Upon enactment of the legislation (Continuing Resolution or the Appropriation Act) and in accordance with informal discussions with OMB but prior to the formal receipt of the OMB apportionments or guidelines, the Agency may conservatively issue allotments and advices of budget allowance within the Operating Expense Budget. For program funds, pending receipt of the formal OMB apportionment, allotments and advices of budget allowance may be issued on an individual case by case basis for critical items.

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Limitations represent legal and administrative restrictions on the purpose for which funds may be obligated or expended. Allowees are responsible for ensuring adherence to the legal and administrative limitations imposed. In addition, "Advice of Budget Allowance," where deemed appropriate, sets forth general guidance reporting the use of the funds cited thereon by reference to the approved Operating Plan or similar indication of the purposes for which the funds are to be obligated and expended.

f. Deferrals and Rescission

(1) General

Available budgetary resources may be withheld from obligation temporarily through the apportionment process with the intent of apportioning them for later use, before they lapse. All funds deferred through the apportionment process, as well as apportioned funds provided for a specific purpose or project that are being obligated at a pace slower than intended by the Congress, must be reported to Congress by the President in special messages. Either House of Congress may overturn a deferral at any time by

A10. Administrative System for Controlling Fund Availability

a. Continuing Resolutions

(1) In any year when the Agency's regular appropriation bill has not been enacted by October 1, the Congress passes a Joint Resolution (commonly referred to as a Continuing Resolution) which when signed by the President permits continuation of operations until a specified date or enactment of the appropriation bill, whichever first occurs. The Continuing Resolution usually permits continuation of operations at the rate of the previous fiscal year or the budget request, whichever is lower. The Office of Legislative Affairs (LEG) transmits a circular telegram, with GC and M/FM clearance, informing USAIDs when the Continuing Resolution has been passed and signed by the President, and authorizing continuation of essential nondeferrable operations pending receipt of further detailed guidelines.

(2) The Bureau for Program and Policy Coordination (PPC) and the Office of Financial Management (M/FM) jointly compute the rate for operations for each appropriation category during the continuing resolution period. Within these limits, an interim OYB is prepared which establishes funding levels by Agency bureau and appropriations.

b. Appropriation Acts

Upon enactment of the Appropriation Act an Operational Year Budget is prepared. Allotments are then issued within the actual availabilities and program levels approved in the OYB.

c. Dollar Fund Availabilities - Sources of Data and Procedure for Establishing Amounts

(1) New Obligational Authority

(a) Current Year Appropriations. The specific amounts for each appropriation are obtained from the current-year Appropriation Act as signed by the President. The amounts do not change during the year except for enactment of a Supplemental Appropriation.

(b) Unobligated Carryover. The amounts for annual accounts are obtained from and are as shown in the Section 1311 certification for the preceding September 30. The amounts for no-year accounts are obtained from the general ledger and the amounts are reported in the Section 1311 report (Report Control Symbol W-225).

(2) Estimated Reimbursements

(a) Anticipated amounts are obtained from the various offices of the Agency which incur obligations for activities for which the Agency receives reimbursement. Fund availabilities which include amounts anticipated to be available, such as reimbursements, recoveries of prior-year obligations, and loan receipts are reviewed periodically to determine the soundness of the estimates based on current experience and are formally revised to the extent necessary as the result of such review. Actual amounts at any reporting date are obtained from and are amounts shown in the Agency accounts, as reported by the Agency Controller in Financial Report Control Symbol W-210.

(b) The system of apportionment provided for under OMB Circular No. A-34 permits inclusion of estimated reimbursements in determining the amounts available for apportionment. Once apportioned, however, anticipated reimbursements are not allotted unless there is reasonable assurance that such items will be collected. Furthermore, even though these estimates have been apportioned and allotted, they will not be considered budgetary resources available for obligation unless: 1/ valid orders (including written agreements) have been received; 2/ goods or services have been furnished and there is entitlement (in other words, the reimbursements have been earned); or 3/ in the case of orders from the public, advance payment has been received.

(c) All officials who receive allotments containing estimated reimbursements or other anticipated receipts must maintain constant and careful oversight to insure that these reimbursements and other income are earned as planned. If actual earnings are less than anticipated, appropriate funding adjustments must be made or other action, including reapportionment, be taken.

(3) Transfers

Anticipated amounts are based on formal understandings reached with the Administrator that he will request authority for a transfer. Actual amounts are as shown in the Agency accounts, as reported by the Agency Controller in the W-210 report.

(4) Recoveries of Prior-Year Obligations

Anticipated recoveries for annual accounts are based on projections prepared jointly by M/FM and PPC at the appropriation levels. Subsequent revisions are made in these estimates based on later detailed information. Anticipated recoveries for no-year loan accounts are based on a review of outstanding prior-year loans by the Geographic Bureaus, PPC/PB, PPC/PDPR, and M/FM/LMD. Actual recoveries are as shown in the Agency accounts, as reported by the Agency Controller in the W-210 report.

APPENDIX 1-B
CASH MANAGEMENT

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APPENDIX 1B

Cash Management

B1. Introduction

This Appendix summarizes the procedures for implementation of AID's Cash Management Policy Guidelines affecting financial management functions and activities prescribed in the other chapters of this Handbook. These procedures are generally applicable to all A.I.D. financed activities except as explained in the text of the procedures.

B2. Authority

a. Treasury Fiscal Requirements Manual, Volume I, Part 6, Chapter 8000 prescribes the procedures to be observed by affected Government organizations to assure effective management of the Government's cash when developing regulations, systems, and procedures, and conducting financial activities encompassing billings and collections, deposits, disbursements, cash advances, and cash held outside the cash account of the Treasury.

b. A.I.D. Cash Management Policy Guidelines approved by the Deputy Administrator on November 21, 1978 set forth the A.I.D. policies concerning cash management.

c. Worldwide telegram STATE 273219 dated 10/19/79 provides procedures for implementation of A.I.D.'s Cash Management Policy Guidelines, as modified by Chapter 15, Methods of Payment to Suppliers, Contractors, and Grantees, of Supplement B to Handbook 1.

B3. Procedures

a. Billings and Collections - The following are highlights concerning cash management in connection with billings and collections as detailed in Chapter 7 of this Handbook.

(1) Timeliness - AID/W and USAID offices responsible for the preparation of Bills for Collection to individuals and organizations outside the U.S. Government will ensure that the preparation and dispatch of each bill for collection is effectuated within one working day after the day the billing office establishes the validity of claim. The payment due date will not be more than thirty (30) days from the date of the billing. If the actual amount of the claims cannot be determined on the day the bill is to be prepared, and it is considered cost effective by the billing office, partial billing, identified as such, will be accomplished for not less than 75% of the estimated amount, with a statement that the final billing will be completed when the actual amount is determined.

(2) Charge for Late Payments - Payment of amounts owed the U.S. Government by organizations, businesses, and individuals are expected to be made in accordance with the terms of the arrangement for payment stated in the contract, agreement, or notification of indebtedness. If payment is overdue, charge for late payments in the form of interest, penalty and administrative costs will be applied and collected pursuant to the Federal Claims Collection Act (31 U.S.C. 3711) as amended by the Debt Collection Act of 1982 (P.L. 97-365) and the Federal Claims Collection Standards (4 CFR 101 - 105). The application of charges for late payments does not relieve the debtor of the obligation to pay when due, nor does it relieve AID billing offices and USAIDs of their responsibilities to undertake additional measures to collect debts according to the above mentioned authorities.

The rate of interest authorized by the Debt Collection Act of 1982 is the minimum annual rate to be charged on overdue payments. The percentage rate will be calculated by the Treasury as an average of the current value of funds to Treasury for a 12-month period and will be published in the Federal Register each year by October 31 to become effective January 1. This current value of funds rate is subject to quarterly revisions and will be published in the Federal Register on or around the end of the first month of a calendar quarter, to be applied to overdue payments arising during the succeeding calendar quarter. This rate information will be transmitted to USAIDs by means of a Bulletin in the USAID Controller Guidebook.

4 CFR 102.13 provides that an agency may assess a higher rate of interest if it reasonably determines that a higher rate is necessary to protect the interest of the United States. Pursuant thereto and agreed by OMB, AID has determined that effective October 1, 1984, for AID billings for late payment charges, the interest rate is equal to the prompt payment interest rate established by the Secretary of the Treasury under Section 12 of the Contract Disputes Act of 1978, or the Treasury current value of funds rate, whichever is higher.

The applied rate will remain fixed for the duration of the indebtedness unless a different rate is prescribed for an authorized scheduled payment of the delinquent account (see B3a(2)(c) below); interest will accrue through the date of payment. In the case of partial late payments, the amount received must first be applied to the charges for late payments accessed on the principal and then to payment of the principal, unless a different rule is prescribed by statute or regulation.

(a) Payments Covered by Contracts, Agreements, or Other Formal Arrangements - Except where prohibited by law, notification of the requirement concerning charges for late payments specifying that interest will accrue and be payable from the stipultated due date must be provided by A.I.D. in all contracts, agreements, or other formal payment arrangements.

(b) Payments Not Covered by Contracts, Agreements, or Other Formal Arrangements - Initial notifications of amounts due the U.S. Government, not covered by contracts, agreements, or other formal payment arrangements, will be by means of a "Bill for Collection" which will inform the debtor of the basis for the indebtedness, the date by which payment is to be made (due date), and the requirement concerning charges for late payments and other consequences of the debtor's failure to cooperate in conformity with the previously cited authorities. Interest will accrue from the date on which the initial notification of the debt is first mailed to the debtor, but will be waived if the debt is paid within 30 days from that date.

(c) Authorized Scheduled Payment of Delinquent Accounts - Agreements whereby debtors pay overdue amounts over a period of time should be reviewed on an individual basis given A.I.D.'s authority to extend credit and in consideration of the intent of A.I.D.'s operations and programs. An effective interest rate at the time of such arrangement will be applied. Charges for late payments of delinquent scheduled installments must be levied. It is M/FM policy that each installment will be more than $100 per month, and repayment period, less than one year. Exceptions to this policy must be approved by the Accounts Receivable Task Force, AID/W.

(d) Waiver of Late Charges - A.I.D. has determined that the administrative cost of enforcing the collection of late charges exceeds the amount of such charges when the late charge amount is less than $25. All bills for collection will inform the debtor that additional charges must be added to late payments. However, no action will be taken by A.I.D. to collect late charges assessed under the provisions of this Section when the amount of such charge is less than $25.

(e) Deposit of Charges for Late Payments - The total amount of interest and late charges collection should be credited to miscellaneous receipt account 721435, "Miscellaneous Interest Collections Not Otherwise Classified". The amount of penalty and administrative costs should be credited to account 721099 "Fines, Penalties, and Forfeitures Not Otherwise Classified".

(3) Use of Treasury Financial Communications System (TFCS) for Collection - A.I.D. borrowers make interest and principal payments by (1) check mailed directly to the A.I.D. cashier in Washington, (2) Electronic Funds Transfer (EFT), or (3) check mailed to the Federal Reserve Bank of New York (FRB). The EFT payments are processed through the Treasury Financial Communications System (TFCS). The use of EFT eliminates the "float" (delayed credit) inherent in bank processing of checks and results in immediate fund availability to the Treasury. Posts and A.I.D. officials responsible for debt service collections should urge borrowers now paying by check to convert to EFT wherever feasible.

(4) Collection Practices - AID/W billing offices and USAIDs should make every effort to collect payments owed the U. S. Government in a timely manner. AID practices with respect to the timeliness of collections will be summarized and reported to Treasury according to the reporting requirement in subsection B3k below.

b. Deposits - The following procedures govern the cash management aspects of A.I.D. deposits. The mechanism for making such deposits are included in Part 5 of Volume I, Treasury Fiscal Requirements Manual.

(1) General - In addition to collecting receipts in a timely manner, AID/W or USAID will deposit its receipts to the general account of the Treasury on a timely basis.

(2) Processing Deposits - In order to expedite the flow of funds to the Government, AID/W and USAIDs will design their processing system to separate payment received (checks, money orders, etc.) from accompanying accounting documents at the initial stage of processing and deposit the payments promptly. Deposits should not be delayed pending processing of related accounting documents.

(3) Frequency of Deposits - The frequency of deposits will be determined by the daily dollar volume of funds received by a depositing office. The basic requirements governing the frequency of deposits are:

. Receipts of $1,000 or more will be deposited on a daily basis; and

. Receipts of less than $1,000 may, at the discretion of the USAID, be accumulated and deposited when the total reaches $1,000; however, deposits will be made no less frequently than weekly regardless of the amount accumulated.

c. Disbursements - The following are highlights concerning cash management in connection with disbursement procedures as detailed in Chapter 3 of this Handbook.

(1) AID Payments - AID contracting and procurement offices will ensure that payment terms, which specify when payment will be due, are contained in contracts, purchase orders, and other procurement arrangements for the purchase of goods and services from any organization outside the U.S. Government.

Invoices, bills, statements, or any other documents which are authorized for payment by AID paying offices, including progress and final payments, will be paid when due. M/FM will design accounting systems to ensure the necessary degree of control over the timely payment of invoices and the taking of appropriate discounts. When AID

paying offices take discounts after the expiration of the discount period or fail to make timely payments, interest penalties will be paid according to the Prompt Payment Act of 1982 (P.L. 97-177) and OMB Circular A-125. AID prompt payment policy and procedures are prescribed in Appendix 1C of this Chapter.

(2) Timeliness of Disbursements - It is AID policy to make payment for receipt by the payee as close as administratively possible to, but not later than, the due date as specified in the invoice, contract, or agreement. If no due date is specified, the due date will be considered to be on the thirtieth (30th) day from receipt of the invoice, or acceptance of goods/services, whichever is later, and payment will be scheduled for check to be mailed on that date. Payments will not be made on invoices prior to the receipt/acceptance of the related goods and services by the AID Office/USAID or its duly authorized agent, except as specifically provided by contract or other agreements executed pursuant to law.

(3) Cash Discounts - AID payment systems will incorporate procedures which will automatically take advantage of cash discounts as a matter of routine and eliminate any need for special handling. Such discounts will only be taken when the discount terms applied in the formula below yield an effective annual interest rate equivalent to, or greater than the percentage rate based on the current value of funds to the Treasury (B3a(2) above). AID paying offices including USAIDs will base the computation of the discount period on the date of receipt of an invoice which authorized for payment by A.I.D., unless otherwise provided in the contract or invoice as to how the discount period is to be determined. All discounted payments will be scheduled for check issuance on the last day of the discount period. However, payments will not be made to achieve discounts unless the related goods or services have been received except as specifically provided by contract or other agreements executed pursuant to law.

The conversion formula, with example, to convert sales discount terms to an effective annual interest rate which will be used as a comparison against the percentage rate based on the current value of funds to the Treasury, is as follows:

Conversion Formula

$$\frac{\text{Discount \%}}{100\% - \text{Discount \%}} \times \frac{\text{Days in Year}}{\text{Number of Days in Payment Period} - \text{Number of Days in Discount Period}} = \text{Effective Annual Interest Rate}$$

Example for Application of Conversion Formula

Discount Terms: 1/2% (.005) in 10 days, Net 30 days.

$$\frac{.005}{1.00 - .005} \times \frac{360}{30 - 10} = .09 \text{ or } 9\%$$

Based upon this example, if the percentage rate based on the current value of funds to the Treasury is 9%, the offered discount should be taken.

AID paying offices are required to maintain a record for lost economical discounts. AID practices with respect to lost economic discounts will be summarized and reported to M/FM/ASD, AID/W and Treasury in accordance with subsection B3k below. M/FM/ASD will also advise M/FM/CAD of lost cash discounts for recording into AID General Ledger System.

(4) Methods of Financing - A.I.D. use of the letter of credit procedure is described in Section d. "Cash Advances" below. Other common A.I.D. methods of financing include (a) Direct Reimbursements to Borrowers/Grantees, (b) Direct Letters of Commitment to Suppliers/Contractors, (c) Letters of Commitment to U.S. Banks, and (d) Direct Payments by A.I.D. pursuant to the terms of A.I.D. direct contracts, purchase orders or grant agreements. Use of these methods may be briefly summarized as follows:

Direct Reimbursements A.I.D. reimburses the borrower/grantee for payments made. This method of financing gives A.I.D. an opportunity for full review of the transaction before A.I.D. funds are disbursed.

Direct Letters of Commitment - A.I.D. issues direct letters of commitment to suppliers and contractors and makes payments directly to them on receipt of invoices and supporting documentation.

Bank Letters of Commitment The bank letter of commitment method utilizes established commercial banking channels to process payments to suppliers and contractors. The bank L/Comm method of financing can be used for all dollar procurement of equipment, materials and services under project assistance and is the usual method under commodity import programs, except in the case of large volume purchases from a single supplier.

Direct Payments Contracts, purchase orders and grant agreements may include language which provides for direct payments by A.I.D. without additional documents.

Careful consideration should be given to the selection of the method of financing covering any given procurement action. The direct letter of commitment method is particularly appropriate and generally

preferable to bank letters of commitment for borrower/grantee service type of contracts, high bulk commodity shipments and for any type of transactions when it is necessary or advisable for A.I.D. to review documentation before making payments. A.I.D. can frequently assume a limited additional administrative burden, through performing the banking function and in return substantially reduce banking charges otherwise absorbed as project costs. Conversely, bank letters of commitment should be used if project implementation will produce a profusion of invoices for small amounts. In the latter instance it may be assumed that the cost to A.I.D. of assuming the added administrative burden would exceed the related banking charges.

(5) Payment Practices - AID paying offices including USAIDs must make every effort to make payments of U.S. Government obligations in a timely manner, neither early nor late. AID practices with respect to the timeliness of payments including lost cash discounts (see B3c(3) above) will be summarized and reported to the Treasury according to reporting requirement in subsection B3k below.

d. Cash Advances - The methods and detail procedures of making cash advances are prescribed in I TFRM 6-2000 "Cash Advance Under Federal Grant and Other Programs". The following notes are particularly applicable to A.I.D. operations.

(1) General

(a) A.I.D. policy favors payment to A.I.D.-financed recipients on the basis of goods delivered or services performed or to cover costs already incurred by the recipient. An exception to this policy is made for non-profit organizations and host country governmental institutions, which are normally funded on an advance of funds basis. HB 1, Chapter 15, Supplement B also provides advance payments to profit-making organizations under certain circumstances.

(b) A.I.D. has responsibility to monitor the cash management practices of the recipient organizations to ensure that federal cash is not maintained by them in excess of immediate disbursing needs, excess cash balances are promptly returned to the Treasury, and, except where contrary to law, interest earned on federal funds by recipient organizations is promptly paid over to the Treasury. The only exceptions to this requirement for prompt refunding are when funds will be disbursed by recipients within seven calendar days or are less than $10,000 and will be disbursed within thirty (30) calendar days. These exceptions to the requirement for prompt refunding should not be construed as approval by Treasury for recipient organizations to maintain excessive funds; they are applicable only to excessive amounts of funds which are erroneously drawn.

(c) A.I.D. should deposit that portion of the amount refunded which represents the initial advance to the appropriation or fund account initially charged with the advance. The portion which represents interest income should be deposited to receipt account "721435, Miscellaneous Interest Collections, Not Otherwise Classified." These transactions will be reported on the Federal program agency's regular statement of transactions.

(d) Treasury has agreed that certain "Mobilization Advances" may be made to host country contractors without regard to the "immediate disbursing needs" concept when certain conditions prevail.

(2) Definitions

"Advance" may be generally defined as payment made before delivery of goods and services. Progress payments are in no case deemed to be advances since they are based on costs actually incurred or an actual stage or percentage of completion. Advances are limited to minimum amounts necessary for immediate disbursing needs for dollar costs financed under letter of credit method. Withdrawal of advance shall be timed in accordance with only actual checks drawn by the recipient. Advances under Treasury Check methods and for local cost financing under Letters of Credit may be assumed to be cash requirements for as much as 30 days from the date the recipient receives the advance until it is expended. As an exception to the rule, the period of an advance under the Treasury check method may extend for as long as 90 days when the Bureau AA, USAID Director or Office head has determined in writing that implementation will be seriously interrupted or impeded by applying the 30 day rule.

(3) Letter of Credit Method

(a) The letter of credit method is used 1/ when AID expects to have a continuing relationship with a recipient for at least one year, 2/ the amount required for advance financing equals or exceeds $120,000 per year, 3/ the recipient has the ability to maintain procedures that will minimize the time elapsing between the transfer of funds and their disbursements, and 4/ the recipient's financial management system meets Federal standards for fund control and accountability. All advance funding to the same recipient is consolidated into one letter of credit including which ordinarily would not qualify because it does not meet the criteria of 1/ and 2/. This method enables the recipient to withdraw cash from the Treasury, through commercial banking channels, concurrently with disbursements made in payment of program liabilities, thereby minimizing the maintenance of Federal cash balances.

(b) The letter of credit is an irrevocable instrument which assures the financing of liabilities incurred by the recipient under certain conditions. Financing under the letter of credit is available to the extent the recipient has obligated funds in good faith thereunder in executing the authorized AID program in accordance with the contract, grant, or cooperative agreement.

(c) Treasury and OMB have agreed that Letters of Credit may be used in limited cases to finance local costs. When a mixed dollar and local currency advance is involved under an individual contract/grant/cooperative agreement to a nonprofit organization, the following shall apply:

1/ Only one instrument (either a letter of credit or an advance by Treasury check) will be used and only one payment office will provide the advance, and

2/ If the foreign currency portion of the total advance under the contract/grant/cooperative agreement is less than 50%, a letter of credit shall be used, or

3/ If the foreign currency portion of the total advance under the contract/grant/cooperative agreement is more than 50%, but more than one foreign currency country is involved, a letter of credit shall be used.

4/ If the foreign currency portion of the total advance under the contract/grant/cooperative agreement is more than 50%, but only one foreign currency country is involved, an advance by Treasury check shall be used.

(d) Drawdowns under the letter of credit are made not more frequently than daily, or in amounts less than $5,000 or more than $5,000,000 in accordance with normal activity prescribed by applicable regulations. Unless stated on the letter of credit, drawdowns in amounts more than $5,000,000 may not be made.

(e) The AID financing agreement (contract, grant, or cooperative agreement) requires that the recipient (a) use the letter of credit for drawdowns only when actually needed for its immediate disbursing needs, (b) report timely cash disbursements and balances, and (c) assure that secondary recipients adhere to the same standards; with the understanding that failure to adhere to these provisions may cause the unobligated portion of the letter of credit to be revoked by A.I.D. or by the Department of the Treasury.

(f) A.I.D. does not, repeat, not use the letter of credit procedures under loan agreement and host country contract, because 1/ A.I.D. does not have direct relationship with the recipient (contractor) under the host country contract, 2/ legal problems are involved in loan disbursements, and 3/ determination of date of disbursement under a consolidated letter of credit applicable to the loan.

(4) Advances to Non-Profit Organizations

(a) Advances to Governments - Payments to host governments under assistance provided through special program grants (e.g., programs for budget support) are not considered advances. Although it is difficult to apply "immediate disbursement needs" requirement to advances to Governments under the modified fixed amount reimbursement (FAR) procedure when it has been determined that such advances provide an essential incentive to achieve acceptance of the procedure, USAID controllers, project officers, and others should exercise prudent judgement in determining the amount, frequency and duration of special program payments and FAR advances.

(b) Advances to Non-Profit Private and International Organizations - Because of the diversity of A.I.D. programs and projects, it is not possible to anticipate all requirements for advance payments to non-profit private and international organizations and to describe appropriate variations in providing advances. Office of Financial Management in AID/W will provide additional guidance for projects and programs which appear to require advance payment procedures substantially different from those described in this Section.

(5) Advances to Profit-Making Organizations

(a) A.I.D. Direct Contracts - A.I.D. policy as set out in HB 1, Chapter 15, Supplement B, states that with respect to direct A.I.D. contracts, "advance payments to profit-making organizations should be authorized only if no other means of adequate financing is available to the contractor". A.I.D. expects that profit-making organizations will finance direct A.I.D. contracts with their own resources, or arrange to obtain appropriate financing through commercial channels. A.I.D. recognizes that it is occasionally necessary to provide mobilization and other advances in order to avoid restricting competition, especially on contracts with small business concerns. Advances under direct A.I.D. contracts to profit-making organizations must be discussed in the Project Paper (PP) and approved through the proper channel. Currently, only AA/M has authority to approve contract, grant and cooperative agreement provisions relating to advance payments to profit-making organizations in accordance with A.I.D. Delegation of Authority 99, Section 1.A.(2) and Chapter 15E1e(1) of Handbook 1, Supplement B.

(b) Host Country Contracts - A.I.D. policy has been somewhat less restrictive with respect to host country borrower/grantee contracts. Again, citing HB 1, Chapter 15, Supplement B, the policy has been that "Advance or progress payments may be agreed upon under host country contract when such payments are necessary for delivery or performance. The necessity for advance or progress payments most often arises under large contracts for custom-made,

specially fabricated equipment, and large construction contracts (mobilization costs) where the supplier or contractor is required to make large cash outlays (perhaps exceeding available cash) for equipment, materials, or personnel in advance of performance or delivery". A.I.D. currently provides major mobilization advance to U.S. and code 941 host country contractors. Such mobilization advances are based on commercial practice. A.I.D. considers that such mobilization advances are advantageous in that they (1) avoid restricting competition and (2) reduce contract costs. A.I.D. normally prefers to provide mobilization advances in single, lump sum payments as opposed to incremental payments because (1) contractors need an inducement to compensate for the risks of entering into agreements with the governments of less developed countries, (2) small business competitors are gravely concerned about the risk of payment delays and (3) incremental payments may constitute a departure from commercial practice. The Treasury has agreed that although incremental advances are desirable for purposes of cash management, lump sum mobilization advances may be provided so long as (1) there is true competition in the bidding process and (2) the U.S. Government (A.I.D.) obtains the advantage of reduced contract costs as a consequence of providing the advance. A.I.D. officials who approve host country IFB's and contracts must consider the reasonableness of proposed mobilization advances and determine that (1) a mobilization advance in the amount proposed is necessary to avoid restricting competition, and (2) it may be reasonably assumed that a compensating financial benefit will accrue to A.I.D and the host government as a consequence of providing the advance.

(6) Contractual Arrangements - As stated above, all direct contractual arrangements with advance payment recipient organizations will provide that advance payments will be made only at times and in amounts necessary to meet immediate disbursing needs. In those cases where large amounts of funds are disbursed on a daily basis under the letter of credit system, the recipient organizations are required to give consideration to the delay of drawdown technique when submitting payment vouchers. Under this system, consideration is given to the float on checks written by the organization prior to the submission of a payment voucher to cover these disbursements. In order to qualify for advances, organizations must submit plans for the use and timing of advances. Recipient organizations will be required to report regularly on the use of advances and will demonstrate through such reporting that balances of advances are maintained in amounts commensurate with immediate disbursing needs, that excess balances are promptly returned to A.I.D. and that interest earned on advances of A.I.D. funds has been remitted to A.I.D.

e. Cash Held Outside Treasury

(1) Cash Held at Personal Risk, Including Imprest Funds, by Cashiers - FM/CAD in AID/W and USAIDs will, no less frequently than once each quarter, review funds held by their cashiers to ensure that such funds are commensurate with actual needs and do not exceed the maximum limitations (see Section 13E1c of Chapter 13 of HB 19).

(2) All Other Cash Held Outside Treasury - USAIDs which are authorized to maintain funds with depositaries for specific purposes, or to control the maintenance of such funds, will establish procedures to monitor such accounts on a continuing basis to ensure that:

. Fund balances are maintained at the minimum amount necessary to meet immediate disbursing needs (checks issued and in process) and are commensurate with the activity in the account;

. Funds in excess of the immediate disbursing needs for which the account was established are promptly withdrawn from such account and deposited with the Treasury; and

. Where fund balances are authorized by Treasury or provided by law may bear interest, such interest be at the highest possible interest rate commensurate with the administration of the account.

f. Restrictions on Financial Transactions with Foreign Countries and International Organizations.

(1) General - This section provides information to the AID Offices/USAIDs of the Department of the Treasury's policy on the use of U.S. Government funds in international programs which have a potential impact on interest costs to the Treasury and in the foreign exchange area. These include transactions with foreign countries and international organizations involved with bilateral programs such as procurement, co-production, grants, or other transactions of a significant nature which require: (1) the outlay of U. S. dollars or foreign currencies, (2) the inflow of funds from foreign countries, or (3) the exchange of U. S. dollars and foreign currencies.

(2) Negotiating Financial Arrangements - Except for arrangements entered into for the sole purpose of implementing U. S. international monetary policy, A.I.D. will observe the following policies to ensure that: (1) U. S. dollars will be retained in the account of the U. S. Treasury as long as possible to minimize interest costs on the public debt, (2) interest on Federal funds will not be used to subsidize program activities, and (3) arrangements with foreign countries and international organizations will accommodate the financial policies and procedures of each participating country or organization, to the maximum extent feasible. The policies are:

. The U. S. Government will not permit the withdrawal of dollars from the account of the U. S. Treasury, for placement with any program management organization, prior to the need for the dollars as determined by the actual immediate funding requirements of the recipient organization to carry out the project.

. Arrangements which require U. S. funding will be negotiated to provide for dollar outlays as close to the need for current program expenditures as possible.

. Each program should be structured to the maximum practical extent so as to provide the flexibility required for each participating country or international organization to fund the program in a manner consistent with its own fiscal needs and policy considerations.

. The U. S. Government's share of funding required to support a program will be obtained by appropriation and no part of such funding will be derived from interest earned on U. S. contributions.

. Each request from a foreign country or international organization for the temporary deposit and safekeeping of dollars in trust in an account of the U. S. Treasury will be decided on its own merit, based on the reasons therefor, the specific financial arrangements proposed, and the relevant U.S. Government political and general financial considerations.

. Unless otherwise required by law, the U. S. Government will not invest funds on behalf of a foreign country or international organization when U. S. Government receipt of such funds would serve as the basis for creating contract obligational authority for a U.S. Government department or agency.

. Application of these general policies in negotiations with foreign countries and international organizations will not be compromised by administrative practices of AID Offices/USAIDs. Existing practices should be altered or revised to achieve the principles of the funding policy.

(3) Exchange of U.S. Dollars for Foreign Currencies - A.I.D. should avoid holding foreign currency balances in excess of immediate working requirement. Foreign exchange transactions by USAIDs should not give the appearance of currency speculation in the exchange markets. When exchanging U. S. dollars for foreign currencies, USAIDs will observe the following guidelines which apply to all exchanges except those entered into for the sole purpose of implementing U.S. international monetary policy. The guidelines are:

. All exchange of dollars for foreign currencies is to be conducted for "spot" delivery. No use may be made of forward contracts, or of purchase at negotiated rates directly from foreign governments or private contractors.

. No U. S. dollars should be exchanged for foreign currencies prior to the time at which the foreign currency is needed for immediate funding requirements.

. A.I.D. must avoid any appearance of currency speculation.

. Any change in program costs resulting from the foreign currency denomination of international financial arrangements is the responsibility of the program agencies, U. S. or foreign, involved.

. A.I.D. desiring to reduce exchange risks for the United States in international programs should take steps to assure that: (1) a larger portion of the program expenditures be in the United States, or (2) additional financial arrangements are dollar denominated. If these steps are not feasible, A.I.D. should enter into financial arrangements where applicable, using a multiple currency "unit of account" which includes the dollar as one of the currencies, to the extent possible as set forth in the following paragraph.

. The preferred currency to be used in all international financial arrangements is the U. S. dollar, except in those arrangements in which U. S. Government owned excess or near-excess currencies can be used. If the only alternative to the U.S. dollar is the use of a foreign currency, consideration, in consultation with Treasury through AID Controller, should be given to the use of "multiple currency unit of account" which includes the dollar as one of its currencies. An example of such a "multiple currency unit of account" is the International Monetary Fund's "Special Drawing Right" (SDR), the exchange value of which is determined by the International Monetary Fund on the basis of a basket of currencies, including the U.S. dollar, with each of the currencies assigned a weight in the determination of that value.

(4) Policy Exceptions - The Foreign Currency Staff, Bureau of Government Financial Operations, Department of the Treasury through AID Controller should be contacted at the earliest possible time on any potential or pending negotiations which will involve matters referred to in this section. Exceptions to Treasury policies and guidelines will be made only on the basis of a determination that such exceptions would be advantageous to the United States Government.

g. Foreign Currency

(1) General - The same cash management policies applicable to dollar activities as described above are generally also applicable to foreign currency activities. However, if such policy is contrary to the normal and customary practices of the country, USAID controller may request a waiver from the Treasury through M/FM, AID/W.

(2) Utilization of Excess and Near-Excess Currencies - Utilization of excess and near-excess currencies will be governed by the following:

. Obligations in excess and near-excess currency countries will be made payable in the currencies of those countries rather than in U. S. dollars.

. Every effort will be made to include in contracts with American contractors that obligations will be made payable in foreign exchange of excess and near-excess currency countries to the extent that the contractor may be expected to require such exchange for necessary expenses in the country involved. Provision will be inserted in each contract, whenever possible, requiring that U. S. dollars not be expended in an excess or near-excess currency country and that the foreign currency needed to carry out the contract be obtained solely from the U. S. Government or their delegated agents. Exceptions to this requirement must be approved by the USAID Director when contractors justify payment of such costs in excess or near-excess currencies as administratively impractical, or when A.I.D. determines at the time a project is approved that use of excess or near-excess currencies is not consistent with the objectives to be achieved.

. Allowances (cost of living, housing, etc.) to employees will be paid in local currency to the extent possible under existing law.

. Employees will use the accommodation exchange services provided by the U. S. Government, or their delegated agents, to exchange checks, drafts, bills of exchange and other instruments payable in U. S. dollars for local currency.

h. Contract Amendment

Provisions of existing contracts and other formal agreements not in compliance with the regulations on the date of release, which contracts are subject to renegotiation and amendment, will be amended upon the next renegotiation of such arrangements. Contracting officers and others who approve contracts and other agreements will consider and when practical introduce these cash management provisions when existing contracts and agreements are next amended.

i. Audit

The A.I.D. Inspector General will test agency systems and procedures as deemed necessary and assess compliance with Treasury regulations and the above cash management procedures. Audit reports which include findings and recommendations relating to the subject of cash management will be provided to the Treasury upon request, in accordance with Section 8080.40 of I TFRM 6-8000.

j. Review

Each division of the Office of Financial Management and each USAID will maintain a system for monitoring its cash management practices to ensure compliance with policies and procedures prescribed herein. The system will provide for periodic, but no less frequent than annual, review of the division's or USAID's cash management practices.

k. Reporting Requirement

Documentation summarizing reviews of the USAID's or division's cash management practices will be furnished to M/FM/ASD, AID/W upon completion. M/FM/ASD is responsible for summarizing Agency's practices and forwarding to the Cash Management Regulations and Compliance Staff, Bureau of Government Financial Operations, Department of the Treasury, Treasury Annex No. 1, PB-711, Washington, D. C. 20226.

Appendix 1C

AID Prompt Payment Implementation Policy and Procedures

1. Introduction

This Appendix summarizes AID policy and procedures for implementation of the Prompt Payment Act [P.L. 97-177] which issued regulations relating to payment for property and services acquired under AID contracts. The Act requires Federal agencies to pay their bills on time, to pay interest penalties when payments are made late, and to take discounts only when payments are made within the discount period.

2. Authority

a. OMB Circular A-125 dated 8/19/82 prescribes policy and procedures for implementation of the Prompt Payment Act. It requires each agency head issue internal instructions, as necessary, to implement the Circular by October 1, 1982. Such instructions will include provisions for determining the causes of any interest penalties incurred and for taking necessary corrective or disciplinary action. This Circular has also been supplemented by FPR Temporary Regulation 66 (47 FR 46277, dated October 18, 1982) and AID Contract Information Bulletin 82-21.

b. Treasury Fiscal Requirements Manual, Volume I, Part 6, Chapter 8000, Cash Management, prescribes the procedures to be observed by affected Government organizations to assure effective management of the Government's cash when developing regulations, systems, and procedures and conducting financial activities encompassing billings and collections, deposits, disbursements, cash advances, and cash held outside the cash account of the Treasury.

3. Policy

a. AID will make payment under all types of contracts as close as possible to, but not later than, the due date, or if appropriate, the discount date. Payment will be based on receipt of proper invoices (see definition in Section 4 below) and satisfactory performance of contract terms. AID will take discounts only when payments are made within the discount period and when the discount terms applied in the formula provided in Appendix 1B of this Chapter, yield an effective annual interest rate equivalent to, or greater than the percentage rate based on the current value of funds to the Treasury. When discounts are taken after expiration of the discount period or payments are made late, interest penalties will be paid without the need for business concerns requesting them. (See definition of Payment Date in Section 4 below.)

b. As prescribed in OMB Circular A-125 and FPR Temporary Regulation 66, interest penalties are not required when payments are made solely for financing purposes, payments are made in advance, or for a period when amounts

3b.

are withheld temporarily in accordance with the terms of contract. Hence, interest penalties are not required when payments are made under AID grants, cooperative agreements and the direct letters of commitment issued pursuant to the host country contracts including AID Regulation 1 transactions; nor are they required when advance, or final withholding fee payments are made under the contract.

c. Recipients of AID grants and cooperative agreements under AID Handbook 13 may pay interest penalties if so specified in their contracts with business concerns. However, obligations to pay such interest penalties will not be obligations of the United States. AID funds may not be used for this purpose, nor may interest penalties be used to meet matching requirements of AID-assisted programs.

d. Host country contracts are not subject to the Prompt Payment Act; however, while payments under such contracts are not subject to the interest penalties of the Act, the prompt payment standards of this Appendix shall apply as a matter of AID policy, when AID is the disbursing agent (i.e., when Direct Letters of Commitment are used).

4. Definitions

For the purpose of this Appendix, the following definitions apply:

a. Applicable Interest Rate -- the interest rate established by the Secretary of the Treasury under Section 12 of the Contract Disputes Act of 1978 [41 U.S.C. 611] and published in the Federal Register. The prompt payment interest rate as published in the Federal Register for the period beginning October 1, 1982, and ending on December 31, 1982, is 15.5 per centum per annum. M/FM/ASD, AID/W will notify all paying stations of this rate quarterly, along with the billing late payment charge and effective discount taking rate as prescribed in the Cash Management Policy and Procedures in Appendix 1B of this Chapter.

b. Business Concern -- any person or organization engaged in a profession, trade, or business; and not-for-profit entities (including State and local governments, but excluding Federal entities) operating as contractors.

c. Contract -- any enforceable award, including rental and lease agreements and purchase orders, between AID and a business concern for the acquisition of property or services.

d. Designated Payment Office -- the place named in the contract for forwarding of invoices for payment, or in certain instances, for approval. It can be an M/FM paying office, a Mission paying station, or any other office conveniently implementing/administering the program/project. However, before designating an office other than M/FM or Mission Controller as payment office, concurrence of M/FM or Mission Controller must be obtained.

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e. Due Date -- the date on which AID payment should be made. Guidelines for setting payment due date(s) in contract are provided in 5.a.(1), and determination of such date(s) is discussed in 5.e. below.

f. Discount Date -- the date by which, if payment is made, a specified discount can be taken.

g. Payment Date -- the date placed on the payment check at time of issuance by the disbursing office or a wire transfer is made.

h. Proper Invoice -- a bill or written request for payment provided by a business concern for property or services rendered. A proper invoice must meet the following requirements:

(1) Name of the business concern and invoice date;

(2) Contract number, or other authorization for delivery of property or services;

(3) Description, price, and quantity of property and services actually delivered or rendered;

(4) Shipping and payment terms;

(5) Other payment documentation required by the contract; and

(6) Name where practicable, title, phone number, and complete mailing address of responsible official to whom payment is to be sent.

i. Receipt of Invoice - the later of:

(1) The date a proper invoice is actually received in the designated payment office, or

(2) The date on which a designated AID official accepts the property or services.

j. Receiving Report -- written evidence of acceptance of property or services by a designated AID official. Receiving reports must include:

(1) Contract or other authorization number;

(2) Product or service description;

(3) Quantities received, if applicable;

(4) Date(s) property or services accepted; and

(5) Signature, printed name, title, phone number, and mailing address of the receiving official.

5. Procedures

a. Issuance of Contract

Effective October 1, 1982, all AID-direct contracts, including purchase orders, issued must include the following payment terms, in addition to those in FPR Temporary Regulation 66:

(1) Payment due date(s) - Except for products specified in 5.a.(3) below, the following guidelines are provided. Alternative payment due date(s) other than provided in these guidelines must be concurred in by M/FM or Mission paying office.

(a) When the designated payment office (see item (5) below) is located in the U.S.: 30 calendar days after the date of actual receipt of a proper invoice in the designated payment office or 30 calendar days after a designated AID official or authorized representative accepted the property or services, whichever is later.

(b) When the designated payment office is at a foreign location: 45 calendar days after the date of actual receipt of a proper invoice in the designated payment office or 45 calendar days after a designated AID official or authorized representative accepted the property or services, whichever is later.

(2) Separate payment dates if partial payment is provided for partial executions or deliveries.

(3) If applicable, a statement that the special payment provisions of the Packers and Stockyard Act of 1921 [7 U.S.C. 182(3)] or the Perishable Agricultural Commodities Act of 1930 [7 U.S.C. 499a(4)] applies.

(4) A stated inspection period following delivery, where necessary, for AID acceptance of property or services.

(5) Name where practicable, title, phone number, and complete mailing address of officials of the business concern, and of the designated payment office.

b. Acceptance of Property or Services

(1) Following delivery by the business concern, the designated AID official will inspect the property delivered or services rendered within the stated inspection period provided in the contract. If the designated AID official is unable to complete inspection within the specified inspection period for any valid reason, the business concern should be advised well in advance of the expiration of the inspection period. This notification will be made by the AID designated payment office as defined in 4.c. above. If the designated payment office fails to advise the business concern, it will be deemed as if accepted on the last day of the inspection period and so indicated on the receiving (acceptance) report. (See 5.b.(2) and 5.e. below).

(2) Upon acceptance, a receiving or acceptance report (see Attachment A for sample form of Acceptance Report under AID Contract) is issued and forwarded to the designated payment office no later than the fifth (5th) business day after the date of acceptance. The designated payment office will date stamp the receiving (acceptance) report immediately upon receipt. The receiving (acceptance) report will then be filed in the respective contract/purchase order file.

(3) Presentation of ocean bills of lading rather than arrival and acceptance of goods at the foreign destination may be considered as receipt of goods when an executed Form AID 282 (Supplier's Certificate & Agreement with AID) or Form AID 1450-4 (Supplier's Certificate & Agreement with AID for Project Commodities) and, as appropriate, a freight forwarder's Letter of Undertaking to AID are provided.

c. Receipt of Invoices

The designated payment office must date stamp the invoices received from the business concern. A logbook is maintained by the designated payment office to keep track of the movement of the invoices and must include the following:

(1) M/FM or *USAID* Paying Station as the Designated Payment Office

-- Date Received

-- Contractor Name

-- Purchase Order/Contract No.

-- Invoice No.

-- Invoice Amount

-- Discount Due Date (if any)

-- Date Sent to Project Officer for Approval

-- Name of Implementing/Approving Office

-- Date Returned from Project Officer

-- Voucher Examiner's Initial

-- Schedule No.

-- Schedule Date

-- Remarks including amount of interest penalty and the cause(s) for late payment, explanation(s) why discounts not taken, etc.

* New Material

(2) Other Implementing/Administering Office as the Designated Payment Office

-- Date Received

-- Contractor Name

-- Contract No.

-- Invoice No.

-- Invoice Amount

-- Acceptance Date

-- Date Forwarded to Paying Station

-- Remarks including reason for return, etc.

(3) Procedures for review of logbook activity done periodically (not less than weekly).

The M/FM or USAID Paying Station should also date stamp the invoices received from the other office as designated payment office in order to evidence the responsibilities as set forth in Section 6 below. The invoices are then logged in the appropriate columns of the logbook in 5.c.(1) above.

d. Examination of Invoices - Designated Payment Office

Normal examination of invoices as provided in AID directives (HB 19, Controller's Guidebook, and M/FM Internal Procedures Manual) should be followed. A notice of an apparent error, defect, or impropriety in an invoice must be given to the business concern within 15 days (3 days for meat or meat food products, and 5 days for perishable agricultural commodities) by AID. To implement this policy, the designated payment office, if other than AID Paying Station, is to transmit immediately such receiving or acceptance report with reason(s) for non-acceptance or improper invoice to the AID Paying Station so that the invoice can be reviewed in other respects and the business concern can be notified within 15 days (or shorter as required) by the AID Paying Station.

e. Determining Due Dates

Payment will be made as close as possible to, but not later than, the thirtieth (30th) day or forty-fifth (45th) day, as appropriate (see 5.a.(1) above), after receipt of a proper invoice as defined in 4.i. above except as follows:

(1) When a specific payment date is provided for in the contract, payment will be made as close as possible to, but not later than, that date.

* New Material

(2) When a time discount is taken, payment will be made as close as possible to, but not later than, the discount date. Discounts will be taken whenever economically justified. (See Appendix 1B of this Chapter.)

(3) Payment for meat or meat food products, as defined in Section 2(a)(3) of the Packers and Stockyard Act of 1921 [7 U.S.C. 182(3)], will be made as close as possible to, but not later than, the seventh (7th) day after the date of delivery.

(4) Payment for perishable agricultural commodities, as defined in Section 1(4) of the Perishable Agricultural Commodities Act of 1930 [7 U.S.C. 499a(4)], will be made as close as possible to, but not later than, the tenth (10th) day after the date of delivery, unless another date is specified in the contract.

(5) When the designated payment office or paying station fails to make notification of an improper invoice within 15 days (3 days for meat or meat food products, and 5 days for perishable agricultural commodities), the number of days allowed for payment of the corrected, proper invoice will be reduced by the number of days between the fifteenth day and the day notification was transmitted to the business concern.

f. Payment of Interest Penalty

(1) Interest Penalty Requirement

(a) An interest penalty must be paid automatically, i.e. without being requested from the business concern, when all of the following conditions are met:

-- There is an AID-direct contract (see 4.c. above) with a business concern;

-- AID acceptance of property or services has occurred and there is no disagreement over quantity, quality, or other contract provisions (note para 5.b.(3) above);

-- A proper invoice has been received (except where no invoice is required, e.g., some periodic lease payments) or AID fails to give notice that the invoice is not proper within 15 days of receipt of an invoice (3 days for meat or meat food products, and 5 days for perishable agricultural commodities); and

-- Payment is made to the business concern more than 15 days after the due date (3 days for meat or meat food products, and 5 days for perishable agricultural commodities).

(b) An interest penalty will also be paid when AID takes a discount after the discount period has expired, and fails to correct the underpayment within 15 days of the expiration of the discount period (3 days for meat and meat food products, and 5 days for perishable agricultural commodities).

(c) Interest penalties are not required when payment is delayed because of a disagreement between AID and a business concern over the amount of the payment or other issues concerning compliance with the terms of a contract; nor are they required when payments are made solely for financing purposes, payments are made in advance, or for a period when amounts are withheld temporarily in accordance with the contract. Claims concerning disputes, and any interest that may be payable with respect to the period while the dispute is being settled, will be resolved in accordance with the provisions in the Contract Disputes Act of 1978 (41 U.S.C. 601 et. seq.).

(d) Interest penalties of less than one dollar will not be paid.

(2) Calculation of Interest Penalties

(a) Whenever a proper invoice (or periodic payment where no invoice is required) is paid after the due date plus 15 days (except 3 days for meat and meat food products, and 5 days for perishable agricultural commodities), interest will be included with the payment at the interest rate applicable on the payment date. Interest will be computed from the day after the due date through the payment date and the amount will be separately itemized either as a printed statement on the check or an accompanying remittance advice. Adjustments will be made for errors in calculating interest, if requested. When an interest penalty that is owed is not paid, interest will accrue on the unpaid amount until paid. Interest penalties remaining unpaid for any 30-day period will be added to the principal, and interest penalties, thereafter, will accrue monthly on the total of principal and previously accrued interest.

(b) When a paying station takes a discount after the discount period has expired, the interest payment will be calculated on the amount of the discount taken, for the period beginning the day after the end of the specified discount period through the payment date.

(c) When a paying station or designated payment office fails to make notification of an improper invoice within 15 days (3 days for meat or meat food products, and 5 days for perishable agricultural commodities), the number of days allowed for payment of the corrected, proper invoice will be reduced by the number of days between the fifteenth day and the day notification was transmitted to the business concern. Calculation of interest penalties, if any, will be based on an adjusted due date reflecting the reduced number of days allowable for payment. For example, if a business concern is notified 29 days after receipt that its invoice is not proper (14 days late), then AID will have only 31 days (45 days, minus 14 days, for U.S.) or 46 days (60 days, minus 14 days, for overseas) to pay the corrected proper invoice without interest penalties when it is received.

(d) Interest penalties under the Prompt Payment Act will not continue to accrue (i) after the filing of a claim for such penalties under the Contract Disputes Act of 1978, or (ii) for more than one year. Interest penalties of less than one dollar need not be paid.

(3) Funding of Interest Penalties

Interest penalty payments will be absorbed within funds available for the administration or operation of the program for which the penalty was incurred. All AID paying stations making interest penalty payments should charge them against the same obligation(s) as is the other portion of the payment. An upward adjustment of the obligation may be required. The normal rule for this action is to be followed. The total amount of payment should be scheduled on SF-1166 with appropriate statement identifying separately the payment and interest penalty amounts showing on both the schedule (for printing on check) and voucher.

(4) Effective Date of Interest Penalties

Interest penalties will apply to payments made under contracts issued on or after October 1, 1982.

g. Payment Facilities for Overseas USAIDs

The following facilities are available for USAIDs expediting disbursements:

(1) DATEL system installed at RAMC's that provide telegraphic check request for USAIDs installed with WANG equipment;

(2) Check Requests by normal cable to RAMC's to expedite check issuance for those USAIDs without WANG equipment; and

(3) In rare emergency situations, M/FM/PAD may be requested to make payment by Treasury electronic transfer of funds through banking institutions.

h. Review and Reporting Requirements

(1) The paying office will review their logbooks periodically but not less than weekly to ensure that vouchers are being processed in a timely fashion. The review will include assurance that the offered cash discounts are taken and such invoices are paid on the last day of the discount period, or any cash discount not taken is explained in the "Remarks" column (See B3c(3) of HB 19, Chapter 1, Appendix 1B).

(2) Beginning with Fiscal Year 1983 USAID Controllers and AID/W M/FM Division Chiefs will transmit a report at the end of each month to the Chief, M/FM/CAD indicating the reasons for any interest penalties which were incurred. The information for this report can be taken from the "Remarks" column of the logbook maintained by the paying office (see 5.c.(1) above). From USAIDs, the original and one copy of this report will be attached to the U-101 report. One negative report covering all other budget allowances from each accounting station is required for inclusion in the package of the monthly U-101 reports. In addition, a year-end cumulative report summarizing all interest payments made during the fiscal year under each budget allowance is required for attachment to the respective U-101 report.

(3) The USAID Controllers and the AID/W M/FM Division Chiefs who have vouchering functions will review payment vouchers paid in April and May of each year and report number, total amount, and relative frequency (on a percentage basis), of payments made *three (3)* days or more before the due date, except where cash discounts were taken. If for any reason these two months can not be used, M/FM/CAD should be advised in advance of the two months to be used. This report will provide a statistical sampling which M/FM/CAD can use in reporting to OMB, and must reach M/FM/CAD, AID/W no later than July 15 of each year.

(4) The Chief, M/FM/CAD will prepare an agency-wide annual report for the AID Controller's signature to OMB within 60 days after the end of each fiscal year, beginning with Fiscal Year 1983, the following information:

(a) Number of interest penalties paid;

(b) Amount of interest penalties paid;

(c) Relative frequency, on a percentage basis, of interest penalty payments to the total number of payments;

(d) Number, total, and relative frequency, on a percentage basis, of payments made *three (3)* days or more before the due date, except where cash discounts were taken;

(e) Reasons that interest penalties were incurred; and

(f) An analysis of the progress made from previous years in improving the timeliness of payments.

6. Responsibilities

a. Project Officer's Responsibility

Project Officer is responsible for acceptance of services rendered under contract(s) as prescribed in Section 5.b. above, and administrative approval of contractor's invoices especially under cost reimbursement contract as prescribed in Appendix 3A, Chapter 3, Handbook 19. It is required that the Acceptance Report and/or Administrative Approval of the invoice must be received by the designated payment office no later than the fifth business day after acceptance or receipt of the invoice. If the invoice is not proper, the reason(s) should be so stated in the Acceptance Report which should be forwarded to the designated payment office <u>immediately</u> (see requirement under Section 5.d. above).

b. M/FM Responsibility

M/FM is responsible for ensuring timely payments and the payment of interest penalties where required. Based on the analysis of the reports prepared by AID paying stations, the responsible officer of the paying station

* Revised

prepares memorandum to the Head of the problem Bureau/Office requesting improvement of the performance of the individual(s) involved and consideration of rating in the individual's PER. A copy of the memorandum is forwarded to M/PM for record.

c. Head of Bureau/Office or USAID Responsibility

The Head of either the Bureau/Office in AID/W or USAID overseas involved in the late payment is responsible for ensuring improvement of the performance of the individual(s) causing the late payment and inclusion of such findings in the individual's PER. In serious cases, disciplinary action should be taken immediately.

Appendix 1C
ATTACHMENT A

AGENCY FOR INTERNATIONAL DEVELOPMENT
ACCEPTANCE REPORT FOR SERVICES OR PROPERTY
PROCURRED UNDER AID CONTRACT

Contract No._____
Contractor Name:
_____

Funding Data:
Appropriation_____
Budget Plan Code_____
Obligation No._____

Description of Services or Property Received (Specify Quantity for Property Received):

Date of Invoice:_____
Date of Acceptance of Services or Property:_____

Indicate reason if invoice is not proper and/or services/property cannot be accepted:

Signature of Receiving/Approving Officer:_____

_____
Name and Title

_____
Mailing Address

_____
Phone Number

NOTE: Upon receipt of services and/or property, this form is to be immediately completed and forwarded in time to be received by the designated payment office no later than the fifth business day after acceptance. It is required that this notice be given immediately to the designated payment office if the invoice covering the services and/or property is not proper. If notification of improper invoice is not given to the contractor or supplier within 15 days of the receipt of the invoice, AID may incur interest penalties under the provisions of the Prompt Payment Act.

APPENDIX 1D

AID INTERNAL CONTROL DIRECTIVE

1. Purpose

The purpose of this Internal Control Directive is to prescribe policies and assign responsibility for developing, establishing, maintaining, evaluating, improving as necessary, and reporting on the internal control systems for AID programs and administrative functions. The establishment and maintenance of adequate internal controls is essential to the minimization of fraud, waste and abuse of government resources and mismanagement of government programs.

* Background

The AID Internal Control Directive was originally incorporated into Handbook 19, Appendix 1D on September 30, 1983 and was based on OMB Circular A-123 revised in August, 1983. In August, 1986 Circular A-123 was substantially revised which will necessitate a revision of the AID Internal Control Directive. *

2. Scope

The policy prescribed by this directive is applicable to all components of AID including the Central and Geographic Bureaus and independent offices of AID Washington as well as to all AID overseas components.

3. Statutory Requirements and OMB Directives

a. The Accounting and Auditing Act of 1950

The Accounting and Auditing Act of 1950 requires the head of each department and agency to establish and maintain adequate systems of internal control.

b. OMB Circular A-123

OMB Circular A-123, issued in October 1981, promulgated internal control standards and a system of agency responsibilities and requirements to address the numerous instances of fraud, waste, and abuse of Government resources and mismanagement of Government programs resulting from weaknesses in internal controls or breakdowns in compliance with internal controls. A revised OMB Circular A-123 was issued in August 1983. The revision incorporates the requirements of

* Revised

the Federal Managers' Financial Integrity Act of 1982, the OMB "Guidelines for the Evaluation and Improvement of and Reporting on Internal Control Systems in the Federal Government" issued in December 1982, and the Comptroller General's internal control standards.

* Another revised OMB Circular A-123 was issued in August, 1986. This revised Circular gives agencies more flexibility to design an internal control process suitable to its particular needs. The revision also states that internal control does not encompass such matters as statutory development or interpretation, determination of program need, resource allocation, rulemaking, or other discretionary policymaking processes within an agency. *

c. The Federal Managers' Financial Integrity Act

The Federal Manager's Financial Integrity Act, P.L. 97-255, (hereafter referred to as the Act), amended the Accounting and Auditing Act of 1950. The Act's requirements and objectives are basically the same as the original Circular's, except that the internal accounting and administrative control standards are to be prescribed by the Comptroller General; annual evaluations are to be conducted by each executive agency of its system of internal accounting and administrative control, in accordance with guidelines established for such evaluations by the Director of the OMB; and an annual statement is to be submitted by the head of each executive agency to the President and the Congress on the status of the agency's system of internal control. The guidelines are entitled "Guidelines for the Evaluation and Improvement of and Reporting on Internal Control Systems in the Federal Government".

d. 31 U.S.C. 1514

31 U.S.C. 1514 requires that agency systems for the control of funds be approved by the Director of OMB. These requirements are prescribed by OMB Circular A-34, "Budget Execution."

e. Reform '88 Tracking System

Agencies are also required to submit information to OMB on the progress made in evaluating and improving internal controls as part of the Reform '88 Tracking System.

4. Internal Control Policy Statement

With regard to internal control systems, it is established Agency policy to:

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* Revised

a. Establish and maintain effective systems of accounting and management control which will provide reasonable assurance that the objectives of the systems will be accomplished.

b. Involve all levels of AID in the process of ensuring the adequacy of internal controls.

c. Incorporate effective systems of internal control in all new programs and administrative functions and reevaluate the effectiveness of the systems of internal control when significant changes to established programs and administrative functions occur.

* d. Develop a Management Control Plan (MCP) to be updated annually. The primary purpose of an MCP is to identify component inventory, to show risk rating of component (high, medium, low), and to provide for necessary evaluations over a five-year period. Material weaknesses and other areas of management concern may also be monitored through the plan. High risk components and material weaknesses must be acted upon during the first year of the plan. The plan should be based upon the schedule of actions in each major component, and identify the senior managers responsible. Management should utilize the plan for monitoring progress and ensuring that planned actions are taken. MCPs are intended to be part of each agency's overall planning process and at a minimum should be linked to activities under A-127 and A-130. The first MCP should be issued and in effect by December 31, 1987.

e. Make risk assessments to identify potential risks in agency operations which require corrective action or further investigation through internal control evaluations or other actions. Management should update its risk assessment of agency components at least once every five years and as major changes occur. Risk assessments on new or substantially revised programs should occur as part of planning for implementation and the results reflected in the MCP. Risk Assessments are to be considered as part of developing the MCP.

f. Make internal control evaluations using the procedures in the Internal Control Guidelines or alternative reviews to determine whether the internal control system is effective and is operating in compliance with the Integrity Act and Circular A-123. The composite of all information that management relies upon to judge system effectiveness must include information on the results of test of operating internal control systems. *

* Revised

* g. Implement corrective actions identified by agency internal control evaluation efforts on a timely basis. A formal follow-up system should be established that records and tracks recommendations and projected action dates, and monitors whether the changes are made as scheduled. The tracking system should be made part of broader Agency management reporting systems whenever feasible.

h. Assure that the cost of internal controls will not exceed the benefits derived therefrom.

i. Establish ultimate responsibility with the Agency Administrator for installing, monitoring, maintaining, and reporting on the internal control systems within the Agency.

j. Issue reports, as required, on internal control activities and the results of evaluations. *

5. Responsibility

Four internal control designations are hereby being made in order to ensure proper execution of internal control system policy on an ongoing basis.

a. Internal Control Manager

The Assistant to the Administrator for Personnel and Financial Management is designated as the Internal Control Manager for the entire Agency. It is the responsibility of this designee to issue and clarify all Agency policy on internal control and monitor the application of internal control policy at all levels of the Agency. This includes determining that the system is established in accordance with the standards prescribed by the Comptroller General and that it provides reasonable assurance that the objectives of internal control are met. The Internal Control Manager is also responsible for advising the AID Administrator on the status of internal control systems for the entire Agency. Additional all requests for information relating to internal controls emanating outside of the Agency, as well as any responses to such requests, must be routed through the Internal Control Manager for approval as the Internal Control Manager is responsible for coordinating the overall agency-wide effort of evaluating, improving, and reporting on internal control systems in accordance with the Internal Control Guidelines.

* Revised

b. Internal Control Oversight Committee

(1) The Internal Control Oversight Committee shall be composed of a combination of program, financial, and administrative management personnel. The composition of the Internal Control Oversight Committee is as follows:

. AID Controller, Office of Financial Management - Chairperson

. Deputy Assistant Administrator, Bureau for Program and Policy Coordination - Vice Chairperson

. Deputy Assistant Administrator, Bureau for Asia - Member

. Deputy Assistant Administrator, Bureau for Africa - Member

. Deputy Assistant Administrator, Bureau for Near East - Member

. Deputy Assistant Administrator, Bureau for Latin America and the Caribbean - Member

. Deputy Assistant Administrator, Bureau for Science and Technology - Member

. Deputy Assistant Administrator, Bureau for Food for Peace and Voluntary Assistance - Member

. Deputy Assistant Administrator, Bureau for Private Enterprise - Member

. Assistant Director, U.S. Foreign Disaster Assistance - Member

. Deputy Assistant to the Administrator, Bureau for Management - Member

. Deputy Director, Office of Personnel Management - Member

. Director of Policy, Plans and Programs, Office of the Inspector General - Advisor

(2) It is the responsibility of the Oversight Committee to direct and monitor the execution of the internal control policies and prescribe standards for the purposes of ensuring the performance of risk assessments and internal control reviews at all levels of AID. The methodology and results of the risk assessments and the internal control reviews shall be reviewed and approved by the Committee. Additionally this committee is responsible for prescribing the formats for reporting breakdowns in internal control procedures, financial losses resulting from deficiencies in internal controls, and corrective actions taken to eliminate these occurences. The Chairman of the Committee shall advise the Internal Control Manager of the status of the Agency's internal control system. The Committee is responsible for establishing a follow-up system that records and tracks recommendations and projected action dates, and monitors whether the changes are made as scheduled.

* (3) An integral part of the Internal Control Oversight Committee's responsibility to direct and monitor the execution of internal control policies is to ensure implementation of various payment verification policies. To ensure compliance with these policies, it is the responsibility of the Committee to incorporate the following payment verification policies into the internal control process: *

-specific assessments of methods of implementation and financing included in project design documents;

-justification for a departure from a preferred method of financing;

-appraisal of host country contracting agencies capabilities;

-evaluation of audit needs to be included in project design documents;

-use of addendum project officer checklists;

-annual assessments of mission vouchering procedures; and

-use of qualified local accounting firms for financial services.

At its discretion, the Committee can request that a comprehensive general assessment of methods of implementation and financing be performed by the field missions and appropriate AID/W offices. However, these comprehensive general assessments, or updates, should be performed at least once every five years.

* Revised

c. Internal Control Contact

Each organizational component shall have a designated Internal Control Contact who will report directly to the Assistant Administrator or Head of Office as the head of the organizational unit is ultimately responsible for the system of internal control in his/her unit. The Internal Control Contacts for the Regional Bureaus will be responsible for establishing and maintaining internal control systems for both Mission and AID/W administered activities. It is the responsibility of the Internal Control Contact to conduct, coordinate, and evaluate the risk assessments and internal control reviews performed within his/her individual organization in accordance with the methodology approved by the Oversight Committee. The Internal Control Contact shall submit the necessary internal control reports as prescribed by the Committee. Additionally the Internal Control Contact shall develop, implement, maintain, review and improve as necessary, and report on the internal control system of his/her organization.

d. The Inspector General

The Inspector General (IG) is encouraged to provide technical assistance in the agency effort to evaluate and improve internal controls. Technical assistance includes active participation in meetings, training sessions, and assisting in the development of the Agency's internal control procedures. This would be in addition to the reviews of internal control documentation and systems, undertaken at the IG's initiative or at the request of the agency head, and the reports issued as a result of these reviews. In addition, the IG may advise the agency head whether the agency's internal control evaluation process has been conducted in accordance with the Internal Control Guidelines. Performing the limited review required to provide such advice should not be interpreted to preclude the IG from providing technical assistance in the agency effort to evaluate and improve internal controls, or otherwise limit the authority of the IG. The Inspector General shall also review the internal control monitoring system to ensure management's timely follow-up on internal control findings and recommendations for corrective actions. The Inspector General shall communicate to the Oversight Committee all significant internal control breakdowns and financial losses discovered during the conduct of the IG's internal audits, the risk assessments or internal control reviews which the IG may conduct independently at any time deemed necessary to the integrity of the Agency's operations.

* 6. The Internal Control Process

The internal control process consists of seven major steps:

a. Organize the Process

b. Segment the Agency

c. Conduct Risk Assessments

d. Develop Plans for Subsequent Actions

e. Conduct Internal Control Reviews or Alternative Internal Control Reviews

f. Take Corrective Actions

g. Prepare Report on Internal Controls *

7. The Internal Control Review

The internal control review is an ongoing detailed examination of the identified program or administrative function for the purposes of determining whether adequate internal controls exist and whether they are functioning effectively to prevent and detect breakdowns in internal controls and financial losses. The extent and frequency of the internal control review is dependent on the conclusions of the risk assessment. The major activities involved in the internal control review include identification and documentation of major activity/transaction cycles encompassed in the program or administrative function, evaluation of the internal controls within each activity/transaction cycle, and the testing of these internal controls to determine if they are functioning as intended. Based on the results of the internal control review, internal control weaknesses may be identified with corresponding recommendations for corrective actions. Documentation must be maintained to support the internal control analysis, recommendations and implementations or corrective actions.

8. Objectives of Internal Control

The objectives of internal control are to provide management with reasonable assurance that:

a. Obligations and costs comply with applicable law.

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* Revised

b. Assets are safeguarded against waste, loss, unauthorized use, and misappropriation.

c. Revenues and expenditures applicable to agency operations are recorded and accounted for properly so that accounts and reliable financial and statistical reports may be prepared and accountability of the assets may be maintained.

The objectives of internal control apply to all program and administrative activities.

9. Standards of Internal Control

The Internal Control Standards as prescribed by the Comptroller General are presented below.

a. General Standards

(1) Reasonable Assurance

Internal control systems are to provide reasonable assurance that the objectives of the systems will be accomplished. This standard recognizes that the cost of internal control should not exceed the benefits derived therefrom and that the benefits consist of reductions in the risks of failing to achieve the stated control objectives.

(2) Supportive Attitude

Managers and employees are to maintain and demonstrate a positive and supportive attitude toward internal controls at all times.

(3) Competent Personnel

Managers and employees are to have personal and professional integrity and are to maintain a level of competence that allows them to accomplish their assigned duties, as well as understand the importance of developing and implementing good internal controls.

(4) Control Objectives

Internal control objectives are to be identified or developed for each agency acitivity and are to be logical, applicable, and reasonably complete.

(5) Control Techniques

Internal control techniques are to be effective and efficient in accomplishing their internal control objectives. Internal control techniques are to be designed for and operated in all agency programs and administrative activities in order to accomplish the control objectives consistently.

b. Specific Standards

(1) Documentation

Internal control systems and all transactions and other significant events are to be clearly documented, and the documentation is to be readily available for examination.

(2) Recording of Transactions and Events

Transactions and other significant events are to be promptly recorded and properly classified.

(3) Execution of Transactions and Events

Transactions and other significant events are to be authorized and executed only by persons acting within the scope of their authority. Independent evidence is to be maintained that authorizations are issued by persons acting within the scope of their authority and that the transactions conform with the terms of the authorizations.

(4) Separation of Duties

Key duties and responsibilities in authorizing, processing, recording, and reviewing transactions should be separated among individuals. Key duties such as authorizing, approving, and recording transactions, issuing or receiving assets, making payments, and reviewing or auditing are to be assigned to separate individuals to minimize the risk of loss to the government. Internal control depends largely on the reduced opportunities to make and conceal errors or to engage in or conceal irregularities. This, in turn depends on the assignment of work so that no one individual controls all phases of an activity or transaction, thereby creating a situation that permits errors or irregularities to go undetected.

(5) Supervision

Qualified and continuous supervision is to be provided to ensure that internal control objectives are achieved.

(6) Access to and Accountability for Resources

Access to resources and records is to be limited to authorized individuals, and accountability for the custody and use of resources is to be assigned and maintained. Periodic comparison shall be made of the resources with the recorded accountability to determine whether the two agree. The frequency of the comparison shall be a function of the vulnerability of the asset.

c. Audit Resolution Standard

(1) Prompt Resolution of Audit Findings

Managers are to (1) promptly evaluate findings and recommendations reported by auditors, (2) determine proper actions in response to audit findings and recommendations, and (3) complete, within established time frames, all actions that correct or otherwise resolve the matters brought to management's attention.

10. Internal Control Elements

a. The internal control system of an Agency component must contain the following basic elements for programs and administrative activities in order to be effective:

(1) Organization

(a) Objectives and the nature of the component should be defined and communicated.

(b) Responsibility should be divided so that where possible no single individual controls all phases of a transaction.

(c) Officials should have authority to take prompt decisive action to properly carry out their responsibilities.

(d) Individual responsibility and accountability should be clearly defined.

(e) Officials who assign responsibility and delegate authority should follow-up on actions taken by their subordinates.

(f) An individual to whom authority is delegated should operate within the guidelines provided but seek his supervisor's advice when dealing with exceptions.

(g) Every individual should account to his supervisor for performance and results achieved.

(h) Organization should be sufficiently flexible to accommodate changes.

(i) Overlapping, duplication, and conflict must be avoided in the assignment of functions, duties and responsibilities.

(j) Access to resources shall be limited to authorized personnel.

(2) Policies

(a) Should be clearly stated in writing and systematically organized in handbooks, manuals, or other publications that are kept current.

(b) Should be systematically communicated to all officials and employees whose activities are affected.

(c) Should be consistent with applicable laws, regulations, and policies prescribed by higher levels.

(d) Should be periodically reviewed and revised as necessary.

(3) Procedures

(a) Should conform to the same principles applicable to policies discussed above.

(b) Should be periodically reviewed for potential improvement.

(c) Should be coordinated so that where possible the work of one employee is automatically checked by another who is independently performing their own prescribed duties.

(d) Should not be so rigid as to stifle judgment in unusual circumstances.

(e) Should not overlap, conflict with, or duplicate other procedures.

(4) Personnel

(a) Employees should have high standards of integrity.

(b) Performance of all employees should be periodically reviewed and counselling provided.

(c) Periodic training should be provided to improve competence and update employees on new policies and procedures.

(d) High standards of supervision should be established and quality of supervision should be periodically reviewed at all levels.

(5) Planning and Budgeting

(a) A planning mechanism should be maintained that supports Agency objectives and goals dictated by its assigned programmatic responsibilities.

(b) Budgeting should be integrated with the planning process.

(c) Budgets should provide a plan of operating performance and a standard against which actual events can be measured.

(6) Accounting

(a) Accounting systems should conform to the accounting principles, standards, and related requirements prescribed by the Agency Controller and the Comptroller General.

(b) Transactions should be recorded based on recognized economic events.

(c) Transactions should be appropriately authorized.

(d) Transactions should be properly valued.

(e) Transactions should be accurately applied to related subsidiary accounts.

(f) Transactions should be accurately and promptly classified, summarized, and reported.

(g) Transactions shall be clearly documented.

(h) The recorded accountability for assets should be compared with the existing assets at reasonable intervals and appropriate action should be taken with respect to any differences.

(7) Reporting

(a) Reports should be made in accordance with assigned responsibilities.

(b) Individuals or components should be required to report only on those matters within their control.

(c) Progress or performance reports should show comparisons with predetermined standards, budget allowances, or past performance.

(d) Reports should be timely.

(8) Internal Review

Organizations performing Internal Control Reviews should comply with the Standards for Audit of Governmental Organizations, Programs, Activities, and Functions prescribed by the Comptroller General and the standards issued by the Comptroller General on June 1, 1983, for use in establishing and maintaining systems of internal control.

11. Employee Performance Standards for Internal Controls

Performance agreements for each Senior Executive Service and Merit Pay or equivalent employee will be required to include internal control performance standards for those job elements considered to be critical. Normally, a separate job element solely for internal control is not necessary. Instead, the internal control responsibility is part of other job elements and inclusion of performance standards recognizing this link between internal controls and key job elements is necessary. For Foreign Service Personnel having significant management responsibility, it is also necessary to incorporate requirements for internal controls.

Examples of specific job duties which are performed by both GS and FS personnel and could require the inclusion of internal control standards would be those that assure:

a. Contracts, purchases and other obligations are in compliance with applicable laws and procedures;

b. Funds, property and other assets are safeguarded against waste, loss, unauthorized use, or misappropriation;

c. Revenues and expenditures applicable to agency operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over assets; and

d. Prudent management of AID financial loans and grants is achieved subject to applicable legislation, AID policies and Federal Procurement Regulations.

12. Enforcement of Internal Control Policy

Agency Assistant Administrators and Heads of Offices are responsible for determining the appropriate disciplinary action for all employee actions which constitute violations of internal controls, failure to correct internal weaknesses, or failure to properly address audit recommendations in a timely and effective manner. Such internal control violations and the related disciplinary action must be documented and presented to the Internal Control Committee for review. This review will normally consist of accumulating information for AID reports to the Administrator and OMB. However, the Committee may also recommend that a different disciplinary action be taken if it feels that either the action does not fit the problem or in order to assure equity within the Agency.

* 13. Definitions

a. Agency

Any department or independent establishment in the executive branch.

b. Agency Component

A major program, administrative activity, organization, or functional subdivision of an agency.

c. Internal Control Objective

Specific end to be achieved by control techniques used in a component. Each objective is to take into consideration the nature of the component and the requirements of Circular A-123. Limiting factors such as budget constraints, statutory and regulatory restrictions, staff limitations, and the cost-benefits of each control technique are to be considered in determining desired internal control objectives. *

* Revised

✱ d. Internal Control Documentation

Written materials consisting of two types:

(1) System documentation includes policies and procedures, organization charts, manuals, memoranda, flow charts, and related written materials necessary to describe organizational structure, operating procedures, and administrative practices, and to communicate responsibilities and authorities for accomplishing programs and activities. Such documentation should be present to the extent required by management to effectively control their operations.

(2) Review documentation shows the type and scope of review, the responsible official, the pertinent dates and facts, the key findings, and the recommended corrective actions. Documentation is adequate if the information is understandable to a reasonably knowledgeable reviewer.

e. Internal Control Guidelines

The guidelines issued by the Office of Management and Budget (OMB) in December 1982, entitled "Guidelines for the Evaluation and Improvement of and Reporting on Internal Control Systems in the Federal Government", or as they may be modified subsequently. These guidelines present a suggested approach and should be adapted to meet the needs of the individual agencies provided that any such adaption remains in compliance with Circular A-123.

f. Internal Control Evaluation

A detailed evaluation of a program or administrative activity to determine whether adequate control techniques exist and are implemented to achieve cost-effective compliance with the Integrity Act. Control evaluations are of two types:

(1) Internal Control Review is a detailed examination of a system of internal controls using the methodology specified in the Internal Control Guidelines. All reviews should produce written materials documenting what was done and what was found.

(2) Alternative Internal Control Reveiw is a process such as Circular A-130 computer security reviews, Circular A-127 financial system reviews, Inspector General audits, and other management and consulting reviews to determine that the control techniques in an agency component are operating in compliance with Circular A-123. Such alternative reviews must determine overall compliance and include testing of controls and the development of required documentation. ✱

✱ Revised

✱ g. Internal Control Standards

The standards developed by the General Accounting Office, and published in "Standards for Internal Controls in the Federal Government", October 31, 1984. Implementation of the standards should be in accordance with Circular A-123, consistent with agency needs for sound cost-effective internal control systems.

h. Internal Control System

The organization structure, operating procedures, and administrative practices adopted by all levels of management to provide reasonable assurance that programs and administrative activities are effectively carried out in accordance with the objectives of the Integrity Act and Circular A-123.

i. Internal Control Techniques

The management processes and documents necessary to accomplish an internal control objective.

j. Management Control Plan (MCP)

A brief written plan which summarizes the agency's risk assessments, planned actions, and internal control evaluations to be undertaken to provide reasonable assurance that controls are in place and working and is used to manage Integrity Act implementation.

k. Material Weakness

A specific instance of non-compliance with the Integrity Act of sufficient importance to be reported to the President and Congress. Such a weakness would significantly impair the fulfillment of an agency component's mission; deprive the public of needed services; violate statutory or regulatory requirements; significantly weaken safeguards against waste, loss, unauthorized use of misappropriation of funds, property, or other assets; or result in a conflict of interest.

l. Reasonable Assurance

A judgement by an agency head based upon all available information that the systems of internal control are operating as intended by the Integrity Act. ✱

✱ Revised

* m. Risk Assessment

A documented review by management of a component's susceptibility to waste, loss, unauthorized use, or misappropriation. Risk assessments are of two types:

(1) Vulnerability assessments as provided in the guidelines, and

(2) Alternative procedures tailored to agency circumstances.

n. Testing

Procedures to determine whether internal control systems are working in accordance with management internal control objectives. *

14. Reporting

By December 31, 1983, and by each succeeding December 31, the head of each executive agency subject to P.L. 97-255 (31 U.S.C. 3512) must submit a statement to the President and to the Congress stating whether the evaluation of internal controls was conducted in accordance with the Internal Control Guidelines, stating whether the agency's system of internal accounting and administrative control complies with the Comptroller General's standards and provides reasonable assurance that obligations and costs are in accordance with applicable law; funds, property, and other assets are safeguarded; and revenues and expenditures are properly recorded and permit the preparation of reliable financial and statistical reports; reporting the material weaknesses, if any, in the agency's system of internal control, however identified; and containing a plan for correcting any weaknesses.

* Revised

Appendix 1E

AID FINANCIAL MANAGEMENT SYSTEM

A. Policy

1. Applicability

This appendix applies to the total of AID financial systems, both manual and automated, for planning, budget formulation and execution, program and administrative accounting, and audit; as well as all other systems for recording and classifying financial data and reporting financial management information including purchasing, property, and inventory.

2. General

The financial management system of this Agency shall meet the objectives set forth in Section D of this Appendix. These objectives are intended to establish a framework for complying with applicable law, appropriate budget and accounting principles and standards, Treasury reporting requirements, and the best contemporary financial practice. Systems developed and operated under this appendix shall be the source for financial information used in the budget, Treasury financial statements, financial reports to the Congress, and other financial reports. This Agency shall establish and maintain a single, integrated financial management system, which may be supplemented by subsidiary systems. Data needed in this system and other AID systems shall be entered only once and transferred automatically to appropriate accounts or other parts of the system or systems. New or substantially revised systems shall be developed on an interagency basis and designed to meet the needs of all participating agencies. Funds shall be expended only for systems that meet the requirements of OMB Circular A-127.

B. Source of Policy

The policy stems from OMB Circular A-127, the Budget and Accounting Procedures Act of 1950, Federal Managers Financial Integrity Act and related legislation 31 U.S.C. 1108, 31 U.S.C. 3511 and 31 U.S.C. 3512.

C. Responsibility

The Administrator is responsible for ensuring that the planning, development, operation, review and reporting on the AID's financial management system are in accordance with OMB Circular A-127. The manager of each subsidiary financial system has responsibilities for

performance of necessary system reviews and for issuance of reports thereon. These responsibilities are described in Section C2 and 3. The Inspector General (IG), has limited responsibility in regard to financial systems, as explained in Section C4. Top AID management, as well as program and functional managers, shall participate in systems planning and evaluation to ensure that their needs are met.

1. The Administrator is responsible for establishing and properly maintaining the financial management system within AID. This includes ensuring that the system is operating as required by OMB Circular A-127.

2. The Assistant to the Administrator for Management (AA/M) shall be responsible for coordinating the overall agency-wide effort of reviewing, improving, and reporting on the financial systems in accordance with OMB Circular A-127 as set forth in Sections E and F.

3. System Managers as listed in Attachment 1E-1 are named as the responsible individual for each subsidiary system in the AID's inventory of financial systems. This responsibility includes ensuring that the system is established, maintained, reviewed, improved and reported upon in accordance with the requirements of this Appendix in Section E and F.

4. The Office/Bureau which manages a system listed in the Financial Systems Inventory of this Appendix is required to advise M/FM/ASD in writing of any changes to the Inventory. This includes additions or deletions as well as changes of ownership, system name, type, IRM Control No. or manager. Current information is mandatory in order for the Agency to meet its reporting requirements to the OMB.

5. The IG shall provide technical assistance and advice in the Agency effort to review and improve the AID's financial management system. This will be in addition to the reviews of financial systems undertaken at the IG's initiative or at the request of the Administrator, and the reports issued as a result of these reviews.

6. In addition, the IG shall advise the Administrator whether the AID's financial management system review has been conducted in accordance with the OMB guidelines. Performing the limited review required to include such advice should not be interpreted as precluding the IG from providing technical assistance in the agency effort to evaluate and improve the financial management system, or otherwise limit the authority of the IG. The extent of IG technical assistance involvement should be coordinated among the Administrator, the IG and the designated financial management system manager.

D. Financial Management System Objectives

The following objectives shall be met by the AID financial management system in complying with applicable law and appropriate guidance of GAO, Treasury, and OMB. Additional details regarding these objectives are contained in an OMB document entitled "Financial Management and Accounting Objectives." Where objectives appear to conflict with other guidance, AID, through AA/M, will communicate the particulars of the issue to OMB for resolution.

1. Systems Operations

The AID financial management system shall use the best of acceptably priced, contemporary technology--including automated data entry and edit, data management, data base dictionaries, electronic communications between systems, flexible report formats, and controlled access to data bases by personal computers and other means--to achieve the following objectives.

-- Usefulness

Financial management data shall be gathered and processed only where necessary to meet specific internal management needs or external requirements. Reports shall be tailored to specific user needs and if report usage does not justify cost, reports shall be terminated. Usefulness shall be determined in part through consultation with users.

-- Timeliness

Financial management data shall be recorded as soon as practicable after the occurrence of the event, and relevant preliminary data shall be made available to managers by the fifth working day following the end of the reporting period. Other standards of timeliness may be established where the agency has inventoried reports and set specific standards, with user participation. Final, corrected data shall be available in time to meet external reporting requirements.

-- Reliability and Completeness

Financial management information shall be reasonably complete and accurate, shall be verifiable and ordinarily be drawn from the official records and systems, and shall be no more detailed than necessary to meet the needs of management and external requirements.

D1

-- Comparability and Consistency

Financial management data shall be recorded and reported in the same manner throughout the Agency, using uniform definitions. Accounting shall be synchronized with budgeting. Consistency over time shall be maintained. New and revised systems shall adopt common, existing definitions and classifications.

-- Efficiency and Economy

The AID financial management system shall be designed and operated with reasonable total costs and transaction costs, in accordance with OMB guidelines. Financial systems which are excessively costly shall be identified and phased out. This shall be accomplished through installation of effective systems of planning and evaluation, sharing of data, elimination of overlap and duplication, and use of the best contemporary technology, including commercially available packages with proven success in other agencies or the private sector.

2. Systems Integrity

The AID financial management system shall feature reasonable controls designed, operated, and evaluated in accordance with OMB Circular A-123, "Internal Control Systems," and A-71, "Responsibilities for the Administration and Management of Automatic Data Processing Facilities."

3. Support for Budgets

Financial management data shall be recorded, stored, and reported to facilitate budget preparation, analysis, and execution. Data shall be classified uniformly and that classification, at a minimum, shall be at a level of detail that directly supports execution of enacted budgets and formulation of proposed budgets, without excessive aggregation or disaggregation.

Presidential and Congressional decisions shall be recorded precisely and financial management data on results shall be classified to track such decisions. This includes detailed support for reports to OMB under Circular A-34, "Budget Execution," as required by OMB, and for routine budget submission materials under Circular A-11, "Preparation and Submission of Budget Estimates." Data required for budget and management decision making on unit costs and performance shall be included in the system.

4. Support for Management

Data shall be recorded and reported in a manner to facilitate carrying out the responsibilities of both program and administrative managers. The AID financial management system shall provide for a coherent, timely, and accurate financial management data base. It should be supplemented as necessary to meet Agency management and Executive Office requirements for administrative data, such as the Financial and Administative Management Information System. Accrual accounting information shall be developed only as needed for pricing purposes, comparative cost analyses and to meet the needs of management or the Congress.

5. Full Financial Disclosure

Financial management data shall be recorded, and reported as specifically required by OMB or Treasury, to provide for full financial disclosure and accountability in accordance with appropriate budget and accounting principles and standards. Financial disclosure requirements are met through the Budget, the Treasury Combined Statement, and related documents. Agencies contribute to this disclosure through required reports to OMB, Treasury, and the Congress and through proper recording and classifying of financial data. Any other financial statements intended for use by the public shall be submitted to OMB for review and approval, and shall be evaluated on the basis of costs and benefits and for consistency with the Budget.

E. Required Action

1. Each system manager shall take the following actions:

a. Insure that managers using financial information for decision making are involved in systems planning and evaluation, and that funds are not expended for financial systems, except as provided in the Agency plan. This policy will assure that all systems using financial management data shall acquire such data from financial systems contained in the inventory.

b. Conduct, in conjunction with system users, an annual review in accordance with the OMB review guide entitled "Guidelines for Evaluating, Improving, and Reporting upon Financial Management/Accounting Systems." The review will build upon reviews required by OMB Circular A-123, "Internal Control Systems," and result in a documented management assessment of how well the AID's financial management system and component systems conform to Section D objectives. More detailed evaluations of AID financial systems shall be conducted on a cyclical basis. These reports will be transmitted to AA/M.

c. Review results shall be used as a basis for the financial management system plan required under Section E2 of this Appendix to ensure that all deficiencies are addressed. As part of this review, failures to conform to objectives implementing appropriate accounting principles and standards along with suggested corrective actions, shall be noted and included in reports on accounting systems under Section F of this Appendix.

2. The Assistant to the Administrator for Management shall develop a five-year plan for a single integrated, efficient AID financial management system. The plan shall be approved by the Administrator and accompany each year's budget and management submission to OMB, beginning with the FY 1987 budget. Materials submitted shall be adequate to support the development of an overall executive branch management report to Congress.

The plan shall feature specific milestones and obligation and outlay estimates for each financial system making up the AID's financial management system. It shall feature a review and change approval process and be coordinated with the information technology five-year plan.

F. Reporting

As required by Section 4 of the Federal Managers Financial Integrity Act, the head of each executive agency subject to the Act shall report to the President and the Congress on whether the Agency's accounting system conforms to appropriate accounting principles and standards. Systems that conform to the provisions of OMB Circular A-127 shall be considered as meeting the requirements of the Act. This report shall be made by December 31 of each year for the year ending September 30. This report may be made part of the internal control reports required by Section 2 of the Act and OMB Circular A-123. It is to be based on the AID accounting system. It should reflect the Administrator's judgment of conformance, based on the review performed under Section E1b of this Appendix.

FINANCIAL SYSTEMS INVENTORY

BUREAU	SYSTEM	TYPE	IRM CONTROL	MANAGER	ORGANIZATION
AA/AFR	OYB TRACKING	A	D-509	GLENN CAUVIN	AFR/DP/PAB
	DEGN, REVW, & APPRVL TRACKING	A	R-560	TED LEE	AFR/PD/PS
	NON/PROJ IMPLEM REPRT SYSTEM	M		GEORGE RUBLEE	AFR/PD
	NON/PROJ DE/OBLG, UPWD ADJ, PACD	A		TED LEE	AFR/PD/PS
	PIPELINE ANALYSIS SYSTEM	A		TED LEE	AFR/PD/PS
	OE ALLOWANCE & TRACKING	A		TRAVIS RATTAN	AFR/CONT
	TRAVEL OBLIGATION CONTROL	M		BLANCHE LAYNE	AFR/CONT
	NUMBER ASSIGNMENT	M		MINNIE SEBSIBE	AFR/RA
	NUMBER ASSIGNMENT	M		JUDY SHAMPAIN	AFR/SWA
	OYB TRACKING	A		JUDY SHAMPAIN	AFR/SWA
AA/ANE	OYB TRACKING	A	D-509	BETTY PEARSON	ANE/DP
	PD&D PROJECT TRACKING SYSTEM	A	D-519	KAREN SIMPSON	ANE/DP
	DEOB/REOB TRACKING SYSTEM	A		SUSAN HUDEC	ANE/DP
	OE ALLOWANCE & LIMIT TRACKING	A		SUSAN HUDEC	AME/DP
	TRAVEL OBLIGATION CONTROL SYSTEM	M		S. HUMPHREY	ANE/EMS
AA/FVA	PROG BUD DATA SYS - DEV ASSIST			NANCY McKAY	FVA/PPE
	ORIG BYD DATA STS - PL 480			J. MARKUNAS	FVA/FFP
	PROJ ACCTG INFO SYSTEM			J. MARKUNAS	FVA/FFP
	PROJ/BUD ALLOW LEDGERS (PROG/OE)	W		McKAY/ B. BLACKWELL	FVA/MS
	AFRICA FOOD NEEDS ASSESSMT SYSTEM			S. FRENCH/ P. RADER	FVA/PPE
	RRP MGMT INFO SYSTEM			J. MARKUNAS	FVA/FFP
	PVO INFO SYSTEM			R.MacINTOSH/ R. HUDSON	FVA/PVC

FINANCIAL SYSTEMS INVENTORY

BUREAU	SYSTEM	TYPE	IRM CONTROL	MANAGER	ORGANIZATION
	PVC GRANT MGMT CALENDAR			R.MacINTOSH/ R. HUDSON	FVA/PVC
AA/LAC	BI-ANNUAL PROJ PIPELINE REVIEW			CAROL PEASLEY	LAC/DR
	OYB TRACKING	A	D-509	BILL LUKEN	LAC/DP
AA/M	FINANCIAL ACCT CONTROL SYSTEM (FACS)	A	C-800	DON ROADS	M/FM/ASD
	MISSION ACCT CONTROL SYSTEM (MACS)	A		IVAN PETERSON	M/FM/CONT
	ACCTS RECEIVABLE	A	C-435	TOM VAPNIAREK	M/FM/CAD
	ALLOTMENT ACCT	A	C-448	J HEVESY	M/FM/CAD
	BALANCE OF PAYMENTS	A		R HIBMA	M/FM/CAD
	CASH JOURNAL	A	C-445	C FOWLKES	M/FM/CAD
	COUNTRY FINANCIAL REPORTING	A		TOM VAPNIAREK	M/FM/CAD
	FUNDS CONTROL	A	C-460	J DOCKTER	M/FM/CAD
	GENERAL LEDGER ACCTG	A	C-422	DON NEWMAN	M/FM/LMD
	LOAN ACCOUNTING	A	C-421	TED PANAGOS	M/FM/LMD
	MGT OPERATING EXPENSE BUDGET	A		M RARICK	M/FM/BUD
	PARTICIPANT PAYMENT	A	C-380	DOUG DILL	M/FM/PAFD
	PAYROLL COST ACCTG	A	C-446	U McLAUGHLIN	M/FM/ESD
	PERMANENT STORAGE ACCTG	A	C-449	M HARDY	M/FM/SSD
	PROGRAM ASSISTANCE	A	C-442	DOUG DILL	M/FM/PAFD
	PROJ ACCTG INFORMATION	A	D-525	D OSTERMEYER	M/FM/CAD
	TRAVEL ADVANCE ACCTG	A	C-447	D OSTERMEYER	M/FM/CAD
	U-101	A	C-425	D OSTERMEYER	M/FM/CAD
	ZERO BALANCE	A	C-441	C EDWARDS	M/FM/CAD
	GENERAL LEDGER	W		TOM VAPNIAREK	M/FM/CAD
	FOREIGN CURRENCY	M		D OSTERMEYER	M/FM/CAD
	EXCESS PROPERTY	M		W LIVENGOOD	M/FM/CAD
	HOST COUNTRY CONTRACT FNV	A		J MITCHINER	M/FM/CAD
	NEW AMERICAN PAYROLL SYSTEM (NAPS)	A	C-453	G STEWART	M/FM/ESD
	LETTER OF CREDIT SUPPORT	A	C-501	GENE WESTLAKE	M/FM/PAFD
	REVSD AUTO MANPWR & PERSONEL (RAMPS)	B	B-632	EVIE HOOKER	M/PM/MP
AA/PPC	PBDS	A	D-509	ROBERT HUDEC	PPC/PC
	PDAC	A	D-512	ROBERT HUDEC	PPC/PC
	GREENBOOK	A	D-521	ROBERT HUDEC	PPC/PC
	SPIGOTS (PC)			ROBERT HUDEC	PPC/PC

FINANCIAL SYSTEMS INVENTORY

BUREAU	SYSTEM	TYPE	IRM CONTROL	MANAGER	ORGANIZATION
	OYB AVAILABILITY SYST			B STRASSBURGER	PPC/PC
	ROLLIS-COLLINS SYSTEM			ROBERT HUDEC	PPC/PC
	IMPLEMENTATION MONITORING	A	D-509	ROBERT HUDEC	PPC/PC
	BA TRACKING SYSTEM			JIM PAINTER	PPC/PC
	CN DATA	A	D-509	ROBERT HUDEC	PPC/PC
	CPDB DATA	A	D-505	ROBERT HUDEC	PPC/PC
	DEOB-REOB TRACKING SYSTEM			JIM PAINTER	PPC/PC
	CENTRAL PROG ATTRIBUTION			JIM PAINTER	PPC/PC
	OUTLAY CASCADE SYSTEM			JIM PAINTER	PPC/PC
	PRESIDENT'S BUDGET SCHEDULE			JIM PAINTER	PPC/PC
	ESF OUTLAY ALLOCATION TRACKER			JIM PAINTER	PPC/PC
	OMB MONTHLY OUTLAY REPORT			JIM PAINTER	PPC/PC
AA/XA	XA's BUDGET	A		FRAN DENNIS	XA/EMS
	XA's COMMUNICATIONS DATA BASE			BARBARA BARNES	XA/EMS
OFDA	IDA OBLIGATIONS	M		FREDERICK COLE	OFDA/ASP
	OBLIGATIONS LIST BY LINE ITIEM	W		FREDERICK COLE	OFDA/ASP
	PROGRAM BUDGET	W		FREDERICK COLE	OFDA/ASP
	VOUCHER LIST	M		FREDERICK COLE	OFDA/ASP
SAA/S&T	PROGRAM & BUDGET MIS	A		JOHNNIE HOLT	S&T/PO
	POP PROJ COMMODITY MGMT SYSTEM	A		B. BLACKBURN	S&T/POP
	POP PROJ MGMT INFO SYSTEM	A		MARNIE CHEN	S&T/POP
	OYB AND BUDGET MIS	A		CARL HEMMER	S&T/POP
	AGRIC PROJ MGMT INFO SYSTEM	A		FRANCES LI	S&T/AGR
	PROJ FIELD ACTVY TRACKING	A		R. McCLUSKY	S&T/RD
	PARTCPT TRAIN INFO SYSTEM	A		DICK CALHOUN	S&T/IT
	EN MGMT INFO SYSTEM	A		HAROLD LeSIEUR	S&T/EN
	TRAVEL MIS	W		NORA BENTON	S&T/MGT
	RESEARCH & UNIV RELATIONS PMIS	A		FLOYD O'QUINN	S&T/RUR
	EDUC PROJ MGMT INFO SYSTEM	A/M		GARY THIESEN	S&T/ED
	NUTRITION PROJ MGMT INFO SYSTEM	A/M		SALLY MAHONE	S&T/N
	OE BUDGET TRACKING	A/M		NORA BENTON	S&T/MGT
	PARTCPT TRAIN MGT	A		DAN TERRELL	S&T/IT

Appendix 1F
Managing AID Credit Programs

1. Purpose. This appendix prescribes policies and standards for managing AID credit programs. It discusses and incorporates, to the maximum extent applicable, the standards/provisions prescribed in OMB Circular A-129 "Managing Federal Credit Programs" (Attachment A).

2. Coverage. The provisions of this appendix apply to loans (project and non-project assistance), housing guaranty programs and other receivables. However, it must be acknowledged that the primary AID credit program involves loans to foreign governments and that procedures for credit management cycle (see 3. below) are governed by the Foreign Assistance Act and by the delineation of the Paris Club. As a result, AID has very little leeway in application of the standards set forth by OMB Circular A-129.

3. Credit Management Cycle. The total credit management process includes credit extension, servicing of accounts, collection of delinquent accounts, and write-off of uncollectible accounts.

4. Credit Extension. All AID credit programs are extended to the less developed countries as authorized by the Foreign Assistance Act of 1961, as amended, and the annual FA appropriation acts. Extension of credits shall be made through the process of program planning and budgeting as set forth in AID Handbook 2; and approval and implementation - for Project Loans in Handbook 3, for Non-Project Loans in Handbook 4, and for Housing Guaranty Programs in Handbook 7.

5. Account Servicing. Chapter 6 of this Handbook provides policies and procedures for loan financial management including documentation, account review and loan loss estimates, followup procedures, automation of loan servicing activities, and management reporting. Chapter 7 of this Handbook provides policies and procedures for billing and collection of other receivables.

6. Collections. Every effort should be made to promptly collect loans and indebtedness from individuals and organizations. AID procedures and standards are provided in Chapters 6 and 7 of this Handbook for collection of delinquent accounts, interest, penalties and administrative costs, administrative offset, use of collection agencies, referral for litigation, Federal employee salary offset and rescheduling, where applicable.

7. Write-Off and Close-Out Procedures. To improve accounting for the costs of credit programs, and to allow management to focus its efforts on accounts most likely to be collected, the responsible M/FM divisions (M/FM/LMD for loans and M/FM/CAD for other receivables) shall constantly identify and remove uncollectible accounts from receivables. The write-off and close-out procedures are provided in Chapters 6 and 7 of this Handbook.

8. Management Review. Credit management requires an ongoing review and evaluation of whether programs are meeting their objectives in the most cost effective manner. The following standards shall apply to management review and evaluation:

a. Responsibilites. The Deputy Administrator has the overall responsibility for managing AID credit programs. The Assistant Administrators or their designees are responsible for loan extension to the countries/sectors concerned. M/FM Controller is responsible for account servicing and collection. In consultation with the cognizant Assistant Administrator, M/FM Controller is responsible for determining loan loss estimates; program subsidy levels; estimated amount of delinquent, non-performing, and rescheduled accounts; estimated guarantee claims and estimated write-offs.

b. Annual Improvement Plans. M/FM Controller shall develop annual plans for improving credit management performance. Improvement plans shall be established for each account for which a Report on Status of Debt Collection as prescribed in OMB Circular A-11 has been prepared. The plan shall include, at a minimum, collection targets, loan loss estimates, program subsidy levels, write-offs, claims on guarantees, defaulted loans, delinquencies non-performing accounts, and rescheduled accounts; as well as strategies for reducing risk and the use of reporting and appraisal systems to track progress and ensure accountability.

An initial plan shall be submitted to OMB within 60 days of publication of OMB Circular A-129. The plan shall be updated annually thereafter, and submitted with agency management improvement plans as required by OMB directives.

c. Program Loss Estimates. M/FM shall develop loss estimates for each loan program. These estimates shall be submitted to OMB as part of AID budget submission. M/FM/CAD and M/FM/LMD shall maintain documentation on the methods and data used to develop loss estimates.

d. Independent Credit Review. The Deputy Assistant to the Administrator for Management (DAA/M) shall arrange for a loan review and portfolio analysis to assess the quality of credit allocation decisions. The objectives of the review and analysis are to:

(1) determine compliance with loan policies;

(2) assess the quality of loans;

(3) assess the appropriateness of, and need for, special servicing activities;

(4) verify loan loss estimates, analyze trends that may have an effect on the quality of the debt portfolio; and

(5) assess the need for staff training.

The review function shall be described in the management improvement plan required by 8.b. above.

e. Performance Appraisal. Achievement of program objectives and performance measures shall be considered in the performance appraisal of individuals with credit management responsibilities.

9. Accounting and Reporting. AID accounting and reporting systems for loans and other receivables are prescribed in Chapters 6 and 7 of this Handbook. The required reports in these two chapters shall be submitted as part of the management improvement plan required by 8.b above. Such reports shall be consistent with or reconcilable to amounts reported in the Budget and on Schedule 9, SF-220, Statement of Financial Condition.

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

May 9, 1985 OMB Circular A-129

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Managing Federal Credit Programs

1. Purpose. This Circular prescribes policies and procedures for managing Federal credit programs and for collecting loans and other receivables. It sets standards for extending credit, servicing accounts, collecting delinquent receivables, and writing off uncollectible accounts.

2. Authority. This Circular is issued under the authority of the Budget and Accounting Act of 1921, as amended, the Debt Collection Act of 1982, as amended, and the Deficit Reduction Act of 1984.

3. Background. OMB Circular A-70, "Policies and Guidelines for Federal Credit Programs" establishes standards for proposing, reviewing, and evaluating credit programs. This Circular builds upon the policies in Circular A-70, and replaces Bulletins 83-11, "Debt Collection," and 83-21, "Use of Credit Reporting Agencies."

4. Coverage. The provisions of this Circular apply to direct loans, loan guarantees, loan insurance, financial contracts designed to support borrowing, and debts arising from contracts grants, and other administrative arrangements. They apply to all executive branch departments and agencies and to government corporations unless specifically excluded by law. Because of exemptions provided in the Debt Collection Act, the debt collection provisions of the Circular do not apply to debts arising under the Internal Revenue Code, the Social Security Act, the tariff laws of the United States, or debts owed by State or local governments.

5. Definitions. The definitions found in Appendix 1, "Glossary of Credit Terms," shall be used by agencies in managing credit programs and other receivables.

6. Policy. A comprehensive credit management program shall be established in each agency to assure collection of all receivables, to enable management to evaluate credit policies, to provide efficient and effective account servicing, and to improve the accuracy and timeliness of financial reports.

Agencies shall provide credit assistance only when it is determined that the assistance is necessary and cannot be made available on a reasonable basis by private sources consistent with statutory requirements.

Except where required by law or approved by the head of the agency, no award of Federal funds shall be made to an applicant who is delinquent on a Federal debt until the delinquent account is made current or satisfactory arrangements are made between affected agencies and the debtor.

Agencies shall incorporate the standards set forth in this Circular into agreements with primary lenders under programs authorizing guaranteed and insured loans. Agencies shall monitor the performance of such lenders to ensure due diligence in the application of these standards.

In implementing the provisions of this Circular, agencies shall ensure that loans and debts with individuals are managed in accordance with the Privacy Act. That Act does not apply loans and debts of commercial organizations.

Agencies shall carry out the policies in this circular within clearly defined objectives and monitor the results achieved against those objectives.

Changes will be made to other OMB Circulars and to the Federal Acquisition Regulations to apply the provisions of this Circular to grants and contracts, where appropriate.

7. Loan Extension and Pre-screening. Federal credit programs generally provide credit on more favorable terms than is otherwise available. In some cases, agencies extend credit to high risk applicants. In general, however, there must be a reasonable expectation that the borrower will repay the loan. The fact that the agency or institution has a statutory role of "lender of last resort" does not obviate the need to determine the degree of risk involved. Screening of applicants is intended to assure that actual credit risks are consistent with program objectives. Screening is now enhanced by credit account information from other agencies made available through private credit bureau reporting systems.

The following standards apply to credit extension and screening of applicants.

a. Screening Applicants.

-- Information presented in applications shall be verified by comparison to credit reports and by use of other verification procedures.

-- Agencies shall obtain credit reports for all new applicants, when refinancing, and when loans are rescheduled.

-- Credit reports also shall be used to identify applicants in default on other Federal programs and to identify other financial relationships that applicants may have with Federal agencies in order to take advantage of opportunities for offset.

-- Credit reports on individuals and on commercial organizations shall be obtained through Federal Supply Schedule contracts negotiated by the General Services Administration.

-- Applicants for loan programs identified in the Appendix 2, also shall be screened against Internal Revenue Service delinquent tax files.

-- Agencies shall require financial institutions to submit credit reports with defaulted guarantee loans returned for reimbursement to facilitate agency determinations of next collection steps to be pursued.

b. Taxpayer Identification Number.

-- Agencies shall obtain taxpayer identification numbers for all applicants in programs identified in Appendix 2.

-- Agencies should attempt to obtain taxpayer identification numbers for all existing loans if collection action is to be taken. Such actions must conform to the provisions of the Privacy Act.

c. Credit Analysis and Ability to Repay.

-- An analysis shall be made of each credit application and shall assess the applicant's credit worthiness, financial responsibility, and ability to repay. The analysis should include the following:

- For individuals: employment history, current income and indebtedness, repayment of prior debt, assets, and potential future income and indebtedness.

- For commercial organizations: balance sheet, income statement, cash flow statement, market position, marketing strategy, strength of competition, working capital assessment, asset ratios, analysis of market share, ownership, management expertise, and appraisals of guarantees and collateral.

- Review of audited financial statements and income tax returns.

- Determination of whether collateral is insured or pledged on other debt.

-- Agencies shall ensure that the actual credit risks and costs are compatible with program objectives by:

- investigating credit histories;

• determining risk ratings (see Appendix 3); and

• comparing risk of individual applicants with program objectives established by enabling statute.

-- When a credit analysis concludes that an application is likely to qualify for private financing, the agency shall refer the applicant to private sources unless authorizing statutes provide otherwise.

d. Loan Origination and Application Fees.

-- Loan origination fees shall be assessed on direct agency loans to defray administrative and other costs, or to comply with statutory, regulatory, or other requirements.

-- Fees shall be charged to recover the costs of obtaining credit reports. Exceptions may be made for unsuccessful applicants on the basis of need.

-- Fees shall be collected upon approval of a loan, or subtracted from the initial disbursement.

-- Fees shall be required on guaranteed loans to cover agency administrative and servicing costs and all or a portion of the estimated cost to the Government of default.

e. Monthly Payments.

-- Agencies shall establish a payment schedule for each type of loan similar to that prevailing in the private sector for that type of debt.

-- Monthly payments should be usual arrangement.

f. Debt Collection Certification.

-- Agencies shall inform loan applicants of Federal debt collection policies and procedures prior to extending credit. Applicants shall be required to sign an appropriate certification statement similar to the examples found in Appendix 4 prior to settlement of the loan. The signed statement shall be maintained as part of the official loan file.

-- The statement does not constitute a notification under the Debt Collection Act or the Deficit Reduction Act.

8. Account Servicing. Account servicing involves the proper maintenance of files, and the proper review and management of accounts. Account servicing standards ensure that collections are received and accounted for, delinquent accounts are identified promptly, and reports are produced comparing actual results to previously established objectives. Automated systems should be

used whenever justified by the volume of accounts. The following account servicing standards apply.

a. Documentation.

-- Agency loan files shall contain standard information on the history and status of each loan. Loan files must include at least the following:

- applicant or debtor name, address, telephone number and taxpayer identification number;
- amount and nature of the debt;
- statement of purpose for which credit was extended;
- payment schedules;
- account status;
- summary of contacts between the agency and the applicant;
- credit approval documentation (screening measures and subsequent approval actions);
- credit risk rating;
- financial and market analyses for commercial loans;
- appraisal of collateral including values of guarantees for secured loans;
- all legal documents related to the loan; and
- payment history including any rescheduling.

b. Agencies shall establish procedures for routine invoicing of amounts due and for their timely collection.

c. Account Review and Loan Loss Estimates.

-- Agencies shall establish procedures, including the use of credit reports, for an annual assessment of the risk associated with their portfolio.

-- Review procedures shall be used to determine a risk rating based on performance, changes in financial position, the degree of compliance with reporting requirements, or changes in the status of collateral or security (see Appendix 3).

-- These risk ratings shall be used, along with historical loss experience, characteristics of borrowers, type of credit transactions, and other relevant information to determine loan loss estimates.

-- The loan loss estimates shall be recorded in the agencies accounting records as "Allowance for Uncollectable Accounts."

-- Loan files shall be reconciled periodically with subsidiary and general ledger accounts in the agency accounting system.

d. Referring Account Information to Credit Reporting Agencies.

-- Agencies shall enter into agreements with credit reporting agencies to establish the conditions for the transfer, storage, protection, and distribution of account information.

-- Agencies shall refer delinquent accounts to credit reporting agencies in accordance with the Privacy Act and 4 CFR Part 102.5. All accounts in excess of $100 that have been delinquent more than 31 days shall be referred.

-- Commercial accounts are not covered by the Privacy Act and all such accounts are to be reported.

-- The system for referring loan information shall be able to:

• Identify, as required by the Privacy Act, the system of records from which information will be disclosed. Disclosure may not be made indiscriminately, and must be made from primary systems of records. Notice shall be published in the Federal Register identifying the applicable system of records.

• Identify which debts will be referred, the point in the collection process when this will take place, and what information will be disclosed.

• Ensure that the debt is valid and the information is accurate, complete, timely, and relevant.

• Notify delinquent individual debtors in writing, 60 days prior to referral, that the debt is delinquent and will be referred to credit reporting agencies unless repayment arrangements are made.

• Provide internal procedures to permit a delinquent individual debtor, as provided for by statute, to appeal the accuracy and validity of information concerning debts reflected in credit reports.

• Accept corrections and report them to credit reporting agencies on a timely basis consistent with the Fair Credit Reporting Act.

e. Followup Procedures.

-- Agencies shall establish procedures for written followup on past due accounts based on the Federal Claims Collection

Standards Title 4, Code of Federal Regulations (4 CFR Part 102.2) and including three progressively stronger written demands for payment at not more than 30 day intervals.

-- The second demand for delinquent individual accounts shall incorporate the due process notice required by the Privacy Act for referring such accounts to credit reporting agencies.

-- Agencies shall monitor the follow up procedures of those making guaranteed loans to ensure that debtors are provided timely notice of delinquency and of collection action that will be taken by the lender or the guarantor agency.

f. Automation of Loan Servicing Activities.

-- Agencies shall develop and implement plans to automate loan portfolios whenever justified by volume to ensure:

° timely generation of invoices and follow-up letters; and

° production of complete and systematic reports on the status of accounts.

-- Automated systems shall produce the information called for in paragraph 14, and the information required to be submitted quarterly to Treasury and OMB on Schedule 9, SF-220, "Report on Status of Accounts and Loans Receivable Due from the Public," (see Department of the Treasury I-TFRM 2-4100).

-- Automation plans shall include provisions for transferring automated account information to credit reporting agencies.

-- Agencies shall submit automation plans to OMB for approval prior to implementation.

-- When necessary to protect government interests, written demands may be preceded or accompanied by other appropriate actions, including referral to a collection agency or to the Justice Department for litigation in accordance with paragraph 9 of this Circular.

g. Management Reporting. Agencies shall establish internal management reporting systems to provide information on results of credit program operations compared to objectives.

9. Loan Collections. Agencies shall have efficient systems for the collection of routine loan payments. In addition, they shall employ the special measures authorized by the Debt Collection Act of 1982, as amended, and implementing guidance reflected in 4 CFR Parts 101-105 to provide for the collection of delinquent loan payments. These measures shall be based on the following standards.

a. Delinquent Accounts.

-- Agencies shall identify all loans that have been delinquent six months or more, and for which normal account servicing and debt collection efforts have failed. These accounts shall be considered "non-performing" and their entire amount separately identified in the accounting records.

-- When permitted by law, regulation, and contract the entire amount of such debt shall be declared due and the debtor so notified.

-- Agencies shall assign such accounts to an internal workout group, a private collection agency, or to the Department of Justice for litigation (see subparagraphs d and e below).

b. Interest, Penalties and Administrative Costs.

-- Agencies shall assess interest, penalties, and administrative costs in accordance with 4 CFR Part 102.

-- The minimum rate of interest that agencies shall use is the Treasury tax and loan account rate as prescribed and published by the Secretary of Treasury in the Federal Register and the Treasury Fiscal Requirements Manual Bulletin published annually or quarterly in accordance with 31 U.S.C. 3717.

-- Agencies should use a higher rate of interest if determined necessary to protect the interests of the Government.

-- Agencies shall establish a notification procedure to inform debtors of impending interest and other charges before the charges are imposed. This procedure should be incorporated into agency dunning procedures (see paragraph 8d).

-- Agencies may not charge interest on interest and related charges except where a debtor has defaulted on a previous repayment agreement or a judgment has been obtained.

c. Administrative Offset.

-- Agencies shall implement administrative offset in accordance with 4 CFR Part 102.3 and Part 102.4.

-- Agencies shall obtain credit reports on delinquent accounts to identify opportunities for administrative offset of amounts due to a delinquent debtor from other Federal sources when other collection techniques have been unsuccessful.

-- Creditor agencies shall determine on a case-by-case basis whether to engage in offset. At a minimum, a creditor agency should consider holding up award or further disbursement of funds until the delinquent debtor and the agency requesting offset have reached a satisfactory resolution.

d. Collection Agencies.

-- Agencies shall determine, on the basis of the amount due and the degree of willingness of the debtor to repay, whether to turn over a delinquent account to a collection agency or make an immediate referral for litigation.

-- Agencies shall consider the use of collection agencies at any time after the account is 61 days past due. In all cases accounts that are six months or more past due shall be turned over to a collection agency unless referred for litigation or unless arrangements have been made for a workout procedure.

-- Agencies shall contract for private collection services as provided for in the Debt Collection Act, as amended, and in accordance with 4 CFR Part 102.6.

-- Services of collection agencies are available through Federal Supply Schedule contracts negotiated by the General Services Administration.

-- Arrangements with collection agencies shall provide that uncollectible accounts be returned with appropriate documentation to enable the agencies to determine whether to pursue collection through litigation or to terminate collection efforts and write off the debt.

-- Collection agencies should not be used to collect delinquent debt owed by currently employed or retired Federal employees if salary offset authority could be used instead.

-- Agencies shall monitor the performance of individual collection agencies and establish a system to account for cases referred to and returned from them.

e. Referral for Litigation.

-- Agencies shall refer seriously delinquent accounts to the Department of Justice if there is sufficient reason to conclude that full or partial recovery of the debt is best achieved through litigation.

-- No claim should be sent to Justice until agency collection efforts and administrative processes are completed and the debt remains delinquent and legally enforceable.

-- Each agency shall set up a system to ensure that each Claims Collection Litigation Report (CCLR) or its equivalent referred to Justice will include:

- verified address, current place of employment, and salary of debtor;

- evidence that debtor has ability to pay a judgment;

• a certificate of indebtedness provided by the creditor agency; and

• tax identification number.

-- Where these standards are met, a United States Attorney will file suit within 30 days of receipt of a case unless the debtor has come forward with a voluntary payment.

-- Agencies, in consultation with the Department of Justice, shall establish a system to account for cases referred to and returned from Justice.

f. Calling Guarantees and Foreclosing on Collateral.

-- Where loans have been guaranteed by a third party, and collection from the principal debtor appears unlikely, the Government's rights under the guarantee shall be exercised.

-- Where all other collection measures have failed, agencies and the Department of Justice are authorized to enter into foreclosure proceedings.

g. Federal Employee Salary Offset.

-- Agencies shall implement Federal employee salary offset in accordance with 5 CFR Part 550.

-- Agencies shall make arrangements for at least biennial matching of their delinquent debtor files against files of OPM, DOD, the Postal Service, and other control sources, to identify present and retired Federal employees who are delinquent.

-- Agencies shall cooperate fully with other Federal agencies in offsetting Federal employee salaries where the debt is certified to be owed and due process has been provided to the debtor.

-- Agencies have the option of referring delinquent Federal employee accounts to the Department of Justice to obtain a default judgment in accordance with Section 124 of P.L. 97-276, that amends 5 U.S.C. 5514.

h. Income Tax Refund Offset.

-- Referral of delinquent accounts for income tax refund offset shall be made in accordance with guidance provided by the Internal Revenue Service and OMB.

-- Referral does not relieve the agency of its responsibility to continue collection efforts through the means provided in the Federal Claims Collection Standards and this Circular.

-- Written-off debt reported as income to the IRS cannot also be referred for offset (see paragraph 10).

i. Rescheduling.

-- Agencies shall permit rescheduling of payments only when it is in the best interest of the Government and where the agency has determined that recovery of all or a portion of the amount owed is reasonably assured.

-- Agencies shall maintain records of accounts rescheduled and amounts shall be reported on Schedule 9 of SF 220.

10. Write-Off and Close-Out Procedures: Agencies shall develop write-off procedures that identify and remove uncollectable accounts from receivables, and close-out procedures that cease collection activity. Effective write-off and close-out procedures will improve accounting for the costs of credit programs, and will allow management to focus its efforts on accounts most likely to be collected.

a. Write-Off.

-- Accounts shall be written-off when:

• a judgment has been obtained and has failed to produce full or partial collection;

• a collection agency has been unable to collect the debt and has returned it with sufficient documentation to demonstrate that the debt is uncollectable; and

• collection costs are estimated to exceed the amount recoverable.

-- Appropriate adjustments shall be made in the allowance for uncollectible loans account.

-- Written-off accounts shall be closed, and the debtors' account ledgers removed from active agency files.

b. Close-Out.

-- Despite write-off. it may be appropriate for agencies to maintain subsidiary records of individual accounts that may be collected subsequently by offset against future benefit claims.

-- Amounts written-off shall be recorded with debtor identifying information in an IRS referral log, accumulated for the calendar year, and forwarded to IRS in January of the following year on IRS Form 1099. IRS will recognize written-off amounts as taxable income to debtors classified as individuals, partnerships, and sole proprietorships.

-- Agencies may reinstitute collection action on closed-out accounts if there is subsequent evidence that a debtor has new ability to repay.

c. Agency Procedures. Each agency shall establish write-off procedures based on the Federal Claims Collection Standards and this Circular and submit them to OMB as part of the credit management improvement plan called for in paragraph 13b.

11. Other Receivables. Receivables are sometimes generated in connection with administrative operations, grants, contracts, and other agreements. These receivables arise from overpayments to beneficiaries, advances to employees, audit exceptions, identification of unallowable costs, fees, fines, penalties, and related claims. The following standards apply to such receivables:

a. Pre-screening. Grant and contract applicants, other than State and local governments and Indian tribal governments, shall be screened in accordance with the standards set forth in paragraph 7 of this Circular.

-- Agencies shall obtain taxpayer identification numbers from all grant and contract applicants consistent with the requirements of the Privacy Act.

-- Agencies shall obtain and use credit reports to determine the extent and status of financial dealings between the government and the applicant.

-- In those cases where Federal agencies have prior or ongoing relationships with grantees and contractors, credit reports need not be used unless warranted by the circumstances, nor need they be used on mandatory awards (e.g., entitlement programs, formula grants, etc.).

-- Where a credit report discloses that an applicant is delinquent on an obligation to the government, agencies shall employ administrative offset in accordance with 4 CFR Part 102.3 and Part 102.4.

-- Where a credit report discloses that an applicant has been debarred or suspended by a Federal agency, no award of Federal funds shall be made, unless required by law or approval by the head of the agency.

-- Credit reports shall be obtained for grants only after selection and before actual award.

b. Account Servicing. Accounts shall be serviced in accordance with paragraph 8 of this Circular.

c. Debt Collection. Delinquent accounts shall be handled in accordance with paragraph 9 of this Circular.

d. Write-Offs. Write-offs shall be handled in accordance with paragraph 10 of this Circular.

12. Portfolio Sales. Effective credit management requires agencies to consider sale of direct loans and defaulted guaranteed loans. The following standards for portfolio sales shall be followed:

-- Agencies should sell loans for cash without recourse, repurchase agreement, or other Federal guarantee.

-- Agencies shall report proposed sales to OMB and Treasury and provide information on the date and size of the sale, unpaid balance and interest rate on the loans, minimum acceptance sales price, and the type of buyer expected. A joint determination will be made as to the benefits of such sale and on the timing and pooling of loan sales to maximize revenue and minimize the effect on Treasury financing activity.

-- Agencies shall review present and proposed statutory and regulatory provisions governing loan programs and propose removal of any impediment to loan sales on a non-recourse basis. Statutory or regulatory change should be proposed in the annual improvement plan required in paragraph 13b.

13. Management Review. Credit management requires an ongoing review and evaluation of whether programs are meeting their objectives in the most cost effective manner. The following standards shall apply to management review and evaluation.

a. Agency Directive.

-- Within 60 days of publication of this Circular, each agency shall issue a directive assigning credit management responsibilities, and defining the roles of individuals and organizations having such responsibilities.

-- The directive shall assign overall responsibility, as well as responsibility for each phase of the credit management cycle, and specify what actions are to be taken to ensure full implementation of the policies set forth in this Circular.

-- The directive shall call for the establishment of performance objectives, such as loan loss estimates; program subsidy levels; estimated amount of delinquent, non-performing, and rescheduled accounts; estimated guarantee claims; and estimated write-offs.

-- The directive shall call for agency monitoring of results compared to performance objectives.

b. Annual Improvement Plans.

-- Agencies shall develop annual plans for improving credit management performance.

-- Improvement plans shall be established for each account for which a Report on Status of Debt Collection, prescribed in OMB Circular A-11, has been prepared.

-- The plan shall include, at a minimum, collection targets, loan loss estimates, program subsidy levels, write-offs, claims on guarantees, defaulted loans, delinquencies non-performing accounts, and rescheduled accounts; as well as strategies for reducing risk and the use of reporting and appraisal systems to track progress and ensure accountability.

-- An initial plan shall be submitted to OMB within 60 days of publication of this Circular. The plan shall be updated annually thereafter, and submitted with agency management improvement plans as required by OMB directives.

c. Program Loss Estimates.

-- Agencies shall develop loss estimates for each loan program as provided for in paragraph 8b. These estimates shall be submitted to OMB as part of the agency's budget submission.

-- Agencies shall maintain documentation on the methods and data used to develop loss estimates.

d. Other Performance Measures.

-- Each agency shall establish performance measures to assess the degree of risk the Government is exposed to at various points in the direct loan cycle or loan guarantee cycle.

-- Performance measures should be prepared by the year in which loans were issued or by groupings of two or more years. Performance data should not be presented on a cumulative basis for programs with maturity cycles extending over a number of years. To do so distorts the results because the denominator of any such ratio would reflect 100 percent of the loans disbursed while the numerator would reflect results in only a limited period.

-- Estimated loss rates shall be determined by considering historical rates of default and write-off and applying the appropriate rate to current loan activity.

-- The following rates shall be calculated in dollars by year or group of years:

- Delinquency rate $= \frac{\text{Delinquent loans}}{\text{Loans outstanding}}$
- Default rate $= \frac{\text{Defaulted loans}}{\text{Loans disbursed}}$
- Default/write-off rate $= \frac{\text{Loans written-off}}{\text{Defaulted loans}}$
- Write-off rate: $= \frac{\text{Loans written-off}}{\text{Loans disbursed.}}$

-- Agencies shall develop such additional measures of performance as are appropriate for their individual programs.

e. Independent Credit Review.

-- Each credit agency shall arrange for a loan review and portfolio analysis to assess the quality of credit allocation decisions and to allocate servicing and collection resources properly.

-- The objectives of the review and analysis are to:

- determine compliance with loan policies;
- assess the quality of loans;
- assess the appropriateness of, and need for, special servicing activities;
- evaluate the performance of loan officers;
- verify loan loss estimates, analyze trends that may have an effect on the quality of the debt portfolio; and
- assess the need for staff training.

-- These responsibilities shall be carried out by individuals independent of the credit approval process who shall have access to all credit files. The function may be established on a decentralized basis for individual programs or combinations of programs as long as there is central oversight and coordination.

-- The review function shall be described in the management improvement plan called for in paragraph 13b.

f. Performance Appraisal. Achievement of program objectives and performance measures shall be considered in the performance appraisal of individuals with credit management responsibilities.

14. Accounting and Reporting. Agencies shall establish accounting and reporting systems to enable them to meet the credit management standards provided in this Circular. These systems shall be capable of accounting for obligations and outlays and meeting the reporting requirements of central management agencies. In addition, systems for major loan programs shall provide accurate and timely reports on the cost and current status of those programs, consistent with generally accepted accounting principles.

a. These reports shall be submitted as part of the management plan required by paragraph 13b. and should include an operating statement, statement of financial position, and cash flow statement.

b. Agency reports shall be consistent with or reconcilable to amounts reported in the Budget and on Schedule 9, SF 220.

15. Implementation. Where current law or regulations preclude full implementation of the standards in this Circular, agencies shall take appropriate steps to have statutes or regulations amended. Documentation shall be maintained describing all such instances. When existing loan agreements, contracts, or grants prevent implementation, steps should be taken to ensure that future agreements conform with the standards in this Circular.

16. Policy Review. The policies contained in this Circular will be reviewed by the Office of Management and Budget within three years of the date of issuance.

17. Effective Date. This Circular is effective immediately.

18. Inquiries. For further information concerning this Circular, contact the Office of Management and Budget, Credit Management Staff, Room 10225, New Executive Office Building, 726 Jackson Place, N.W., Washington, D.C. 20503, (202) 395-3066.

David A. Stockman
Director

Attachments

GLOSSARY OF CREDIT TERMS

Account servicing: that portion of the credit management cycle dealing with monitoring the status of accounts of indebtedness, maintaining records of current debts, billing for amounts due, collecting amounts due, dunning for past due amounts, handling debtor correspondence, performing follow-up functions, and providing accurate reporting of debt portfolios.

Commercial Organization: a for-profit business, including individuals operating commercial enterprises as sole proprietorships, limited and general partnerships, and corporations; or a not-for-profit organization, including private educational and health-services institutions, cooperatives and corporations.

Credit extension: that portion of the credit management cycle involving review and approval of requests for short term or long term credit.

Credit management cycle: the total credit management process including credit extension, servicing of accounts, collection of delinquent accounts, and write-off of uncollectible accounts.

Credit report: any written or documented oral communication of information provided by a commercial or consumer credit reporting agency dealing with the credit worthiness or financial reliability of an applicant or debtor.

Creditworthy: a favorable determination entitling an applicant to receive credit. This status is based on the perceived ability and willingness of the borrower to repay the debt and the lending organization's level of acceptable risk. It also considers other Federal obligations that could jeopardize or be jeopardized by the new debt under consideration.

Current receivables: amount of debt due and payable within 12 months of the end of the reporting period.

Debt: an amount of money or property that has been determined by an appropriate agency official to be owed to the United States from any person, organization or entity except another Federal agency.

Debt collection: that portion of the credit management cycle dealing with recovery of amounts due after routine followup fails. This activity includes assessment of the debtor's ability to pay, the exploration of possible alternative arrangements to increase the debtor's ability to pay, and other efforts to secure payment.

Default: failure to meet any obligation or term of a credit, grant or contract agreement that causes the lender to accelerate demand on the borrower because of the severity of the borrower's breach of the agreement.

-- For direct loans when the account is past due over 180 days.

-- For guaranteed loans when the Government repurchases the loan.

Delinquency: accounts 30 days past due.

Direct loan: (a) disbursement of funds to an individual or non-federal entity that is contracted to be repaid, with or without interest; (b) a purchase of private loans through secondary market operations; (c) an acquisition of guaranteed private loans in satisfaction of default or other loan guarantee claims; (d) a sale of agency assets on credit terms of more than 90 days duration.

Financial contracts: is any agreement or contract made by an agency, the primary purpose or results of which is to make private credit available, or available on more favorable terms than in the absence of the contract, to a non-Federal entity by indirectly or directly assuming the risk involved. Included are financial contracts such as agreement to pay all or part of the principal or interest on the debt obligation of a non-Federal entity (debt service payments) financial lease agreements for assets and project financing and repayment arrangements. For the purpose of this Circular, "financial contracts" will be considered as "loan guarantees."

Loan guarantee: contingent liability of an agency. A guaranteed loan is (a) any debt obligation on which the agency pledges to pay part or all of the amount due to a lender or holder in the event of default by the borrower; and (b) a direct Federal loan that an agency sold under a guarantee or agreement to repurchase.

Loan insurance: type of guarantee in which any agency pledges the use of accumulated insurance premiums to secure lenders against default on the part of borrowers. For the purposes of this Circular, loan insurance is considered to be a "loan guarantee" and the term "insured loan" is considered to be a "guaranteed loan."

Non-current receivables: receivables that will not become due and payable within the 12 months following the end of the reporting period.

Non-performing accounts: accounts past due six months or more.

Referral for litigation: referral to the Department of Justice for appropriate legal proceedings; or, where the agency has statutory authority for handling its own litigation, referral to the organization within the agency that is responsible for litigation.

Receivables: amounts owed the government upon completion of the acts giving rise to such claims. Examples of receivables generated by normal functions of government agencies include, amounts due for taxes, loans, sales of goods and services, fines, penalties, forfeitures, interest, overpayments, fees, duties, rents, royalties, claims, damages, audit disallowances, and travel advances.

Reschedule: to establish new terms and conditions to facilitate repayment of a debt. Also referred to as restructure.

Workout: a process for consideration of rescheduling or restructuring terms and conditions of a loan to facilitate repayment and meet lending criteria and objectives. A workout is initiated when it becomes evident that the original terms cannot be fulfilled.

(TM 19:106)
Circular A-129
Appendix 2

OFFICE OF MANAGEMENT AND BUDGET

Identification of Included Federal Loan Programs for the Purposes of Public Law 97-365, the Debt Collection Act of 1982

AGENCY: Office of Management and Budget.

ACTION: Notice.

SUMMARY: Section 7 of the Debt Collection Act of 1982, Pub. L. 97-365, requires the Office of Management and Budget (OMB) to determine those direct, insured and guaranteed Federal loan programs to which Section 4 and Section 7 of the Act apply. The Act refers to these programs as "included Federal loan programs."

Under Section 4 of the Act, agencies which administer included Federal loan programs will have to require applicants to furnish their taxpayer identifying number on their loan applications. The taxpayer identifying number is the number an individual or business is required to furnish on a return filed with the Internal Revenue Service (IRS). In the case of individuals, the number is the social security number. Under the Act, agencies will use the number to verify the identity of loan applicants and to locate individuals and businesses should the loans become delinquent.

The application of Section 4 to all currently authorized loan programs will prevent and reduce future delinquencies substantially. Based on past experience, the broad application of Section 4 will not result in undue administrative costs or burdens being placed on credit applicants or the agencies administering the loan programs.

Section 7 of the Debt Collection Act of 1982 permits the Internal Revenue Service (IRS) to disclose to the head of a Federal agency administering an included Federal loan program whether or not a loan applicant has a tax delinquent account. A tax delinquent account for an individual generally arises after a taxpayer has received four notices that tax is due. A similar but not identical procedure is followed in the case of business taxpayers. Under the Act, disclosure of this information can only be made for the purpose of determining the credit worthiness of a loan applicant. Redisclosure of this information by the receiving agency is not authorized.

The extent to which agenices will utilize the screening authority contained in Section 7 will vary from agency to agency. For example, while it is unlikely that recent high school graduates applying for educational loans would have outstanding tax liabilities, it may be necessary in certain circumstances to screen applicants for educational loans against IRS records of tax delinquencies. On the other hand, applicants for Federal housing and business loans are more likely to have outstanding tax liabilities, and it is expected that these programs will use the screening authority more frequently than educational loan programs. The degree to which progams use the screening authority will also be influenced by other factors, such as the amount of credit involved, other credit information available on the applicant, and the

administrative costs associated with screening IRS records.

While a substantial number of Federal loan programs are included on the following list, it is important to remember that the Act permits but does not require agencies to utilize the screening authority. Depending on such factors as the amount of credit involved and the availability of other credit information on the applicant, an agency may elect not to utilize the screening authority.

The application of the screening authority will enhance the Government's debt collection efforts and will substantially prevent and reduce future delinquencies in these programs in two ways. Initially, the knowledge that a loan applicant has an outstanding tax liabililty will allow agenices to exercise sounder judgment in determining the potential abililty of a loan applicant to repay the debt. This will in turn lead to more informed decisions concerning the extension of Federal credit assistance and will reduce the possibility that a loan is inadvertently granted to an individual or business who is a poor credit risk. In addition, the screening authority will provide an incentive for Federal loan applicants to clear any outstanding tax debts prior to seeking Federal credit assistance. In 1982, over $27 billion in delinquent taxes was owed to the IRS. The diligent use of the screening authority will be of great assistance to the IRS in its efforts to collect delinquent taxes.

The direct, insured and guaranteed loan program authorized by the following statutes are included Federal loan programs for the purposes of Section 7 of the Debt Collection Act of 1982:

Department of Agriculture

—Commodity Credit Corporation Charter Act, as amended
—Agriculture Act of 1949, as amended
—Agriculture Adjustment Act of 1938, as amended
—Rural Electrification Act of 1936, as amended
—Consolidated Farm and Rural Development Act, as amended
—Housing Act of 1949, as amended
—Emergency Agriculture Credit Adjustment Act of 1978, as amended
—Bankhead-Jones Farm Tenant Act (Title III), as amended
—25 U.S.C. 488–492, as amended

Department of Commerce

—Trade Act of 1974, as amended
—Public Works and Economic Development Act of 1965 as amended
—Costal Zone Management Act of 1972, as amended
—Merchant Marine Act of 1936, as amended
—Fish and Wildlife Act of 1956, as amended

Department of Education

—Higher Education Act of 1965, as amended
—Housing Act of 1950 (Title IV), as amended

Department of Energy

—Electric and Hybrid Vehicle Research, Development and Demonstration Act of 1976, as amended
—Energy Policy and Conservation Act of 1975, as amended
—Geothermal Energy Research, Development and Demonstration Act of 1974, as amended
—Energy Security Act of 1980, as amended
—Federal Nonnuclear Energy Research and Development Act of 1974, as amended
—Energy Conservation and Production Act, as amended
—National Energy Conservation Policy Act of 1978, as amended
—Power Plant and Industrial Fuel Use Act of 1978, as amended
—Public Utility Regulatory Policies Act of 1978, as amended
—Pacific Northwest Electric Power Planning and Conservation Act, as amended

Department of Health and Human Services

—Public Health Service Act, as amended

Department of Housing and Urban Development

—National Housing Act, as amended
—United States Housing Act of 1937, as amended
—Housing Act of 1959, as amended
—Independent Offices Appropriation Act of 1955, as amended
—Solar Energy and Energy Conservation Bank Act of 1980, as amended
—Housing and Urban Development Act of 1968, as amended
—Housing Act of 1964, as amended

Department of Interior

—Indian Financing Act of 1974, as amended
—Indian Reorganization Act of 1934, as amended

Department of Labor

—Employee Retirement Income Security Act of 1974 (29 U.S.C. 1431), as amended

Department of Transportation

—Emergency Rail Services Act of 1970, as amended
—Regional Rail Reorganization Act of 1973, as amended
—Rail Passenger Service Act, as amended
—Railroad Revitalization and Regulatory Reform Act of 1976, as amended
—Urban Mass Transportation Act of 1964, as amended
—the Act of September 7, 1957, as amended
—Merchant Marine Act of 1936, as amended

Veterans Administration

—38 U.S.C. Chapters 31, 34 and 37, as amended
—National Service Life Insurance Act of 1940, as amended

Small Business Administration

—Small Business Act, as amended
—Public Law 94–305, as amended
—Small Business Investment Act of 1958, as amended

Overseas Private Investment Corporation

—Foreign Assistance Act of 1961, as amended
—Agriculture Trade Development and Assistance Act of 1954, as amended
—Foreign Assistance Act of 1969, as amended

Export-Import Bank

—Export-Import Bank Act of 1945, as amended

Tennessee Valley Authority

—Tennessee Valley Authority Act of 1933, as amended.

FOR FURTHER INFORMATION CONTACT: Inquiries should be directed to the Office of Management and Budget, Debt Collection Staff, Room 10236 NEOB, 726 Jackson Place, N.W., Washington, D.C. 20503. (Telephone: 202/395–3967)

Joseph R. Wright, Jr.,

Deputy Director, Office of Management and Budget.

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MODEL RISK RATINGS

Purpose

Accounts should be rated with respect to risk to permit agencies to estimate the probability of repayment. Consistently applied, the procedure permits evaluation of portfolios of loans, and the targeting of collection resources.

Introduction

While there are numerous rating systems used in the private sector, most are comparable to the Comptroller of the Currency system that follows. Because the government is often "the lender of last resort," a much higher proportion of loans will have to be classified as high risk, but the government should be able to understand the degree of risk among loans as well as any changes in that level of risk. The following ratings provide the basis for assigning risk ratings to such loans.

Consumer Loans

Consumer loans are usually given three ratings.

Problemless: Loans on which payment is being made consistent with the terms of the agreement.

Substandard: Closed end consumer installment credit past due between 90 and 119 days (4 monthly payments).

Loss: Closed end consumer installment credit past due 120 days or more (5 monthly payments).

Commercial Loans

For commercial and industrial loans, the risk rating system also includes at least one problemless loan classification plus a modified version of the Comptroller of the Currency classifications of criticized assets. These are defined as follows:

Other Assets Especially Mentioned (OAEM) or Program Standard: Assets in this category are potentially weak, but may meet minimum program standards for creditworthiness. Those assets constitute a credit risk but not to the point of justifying a classification of substandard. The credit risk may be relatively minor yet constitute an unwarranted risk in light of the circumstances surrounding a specific asset. An OAEM classification should not be used as a compromise between problemless and substandard loan ratings.

Other assets especially mentioned have potential weaknesses that may, if not checked or corrected, weaken the asset or inadequately protect the lenders' credit position at some future date. Assets that might be included in this category are those that the lending officer may be unable to supervise properly because of a lack of expertise, an inadequate loan agreement, the condition of and control over collateral, failure to obtain proper documentation or any other deviations from standard lending practice.

This category should not be used to list assets that bear risks usually associated with the particular type of financing. Any type of asset, regardless of collateral, financial stability and responsibility of the borrower involves certain risks. A credit secured by accounts receivable has a certain risk, but to criticize such a credit it must be evident that the risk is increasing beyond the original expected risk. A rapid increase in receivables without the lender knowing the causes, concentrations that lack proper credit support, lack of on-site audits, or other similar matters could lead the lender to question the quality of the receivables and classify the loan as OAEM. Assets in which actual, not potential, weaknesses are evident and significant should be considered for more serious criticism.

Substandard Assets: A substandard asset is inadequately protected by the current worth and paying capacity of the borrower or of the collateral pledged, if any. Assets so classified must have a well-defined weakness or weaknesses that jeopardize the liquidation of the debt. They are characterized by the distinct possibility that the lender will sustain some loss if the deficiencies are not corrected. Loss potential, while existing in the aggregate amount of substandard assets, does not have to exist in individual assets classified substandard.

Doubtful Assets: An asset classified doubtful has all the weaknesses inherent in one classified substandard with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently existing facts, conditions, and values highly questionable and improbable. The possibility of loss is extremely high, but because of certain important and reasonably specific pending factors which may work to the advantage and strengthening of the asset, its classification as an estimated loss is deferred until its more exact status may be determined. Pending factors include proposed merger, acquisition, or liquidation procedures, capital injection, perfecting liens on additional collateral and refinancing plans.

Loss: Assets classified this way are considered uncollectible and of such little value that their continuance as assets is not warranted. This classification does not mean that the asset has absolutely no recovery or salvage value, but rather it is not practicable or desirable to defer writing off this basically worthless asset even though partial recovery may be effected in the future.

EXAMPLE 1

APPLICANT CERTIFICATION
FEDERAL COLLECTION POLICIES FOR CONSUMER DEBTS

The Federal Government is authorized by law to take any or all of the following actions in the event your loan payments become delinquent or you default on your loan:

- Report your name and account information to a credit bureau.
- Assess additional interest and penalty charges for the period of time that payment is not made.
- Assess charges to cover additional administrative costs incurred by the government to service your account.
- Offset amounts owed to you under other Federal programs.
- Refer your account to a private collection agency to collect the amount due.
- Refer your account to the Department of Justice for litigation in the courts.
- If you are a current or retired Federal employee, take action to offset your salary, or civil service retirement benefits.
- Refer your debt to the Internal Revenue Service for offset against any amount owed to you as an income tax refund.
- Report any written off debt to the Internal Revenue Service as taxable income.

All of these actions can and will be used to recover any debts owed when it is determined to be in the interest of the Government to do so.

Certification

I have read and I understand the actions the Federal Government can take in the event that I fail to meet my scheduled payments in accordance with the terms and conditions of my agreement.

Signed: _____

Date: _____

EXAMPLE 2

APPLICANT CERTIFICATION
FEDERAL COLLECTION POLICIES FOR COMMERCIAL DEBTS

The Federal Government is authorized by law to take any or all of the following actions in the event your loan payments become delinquent or you default on your loan:

- Report your delinquent account to a credit bureau.
- Assess additional interest and penalty charges for the period of time that payment is not made.
- Assess charges to cover additional administrative costs incurred by the government to service your account.
- Offset amounts owed to you under other Federal programs.
- Refer your account to a private collection agency to collect the amount due.
- Refer your account to the Department of Justice for litigation in the courts.
- Suspend or debar you from doing business with the Federal Government.

All of these actions can and will be used to recover any debts owed when it is determined to be in the interest of the Government to do so.

Certification

I have read and I understand the actions the Federal Government can take in the event that I fail to meet my scheduled payments in accordance with the terms and conditions of my agreements.

Signed: _____

Date: _____

APPENDIX 1G
NONEMPLOYEE COMPENSATION

G1. Purpose

The purpose of this section is to provide the reporting requirements for nonemployee compensation to Internal Revenue Service. It also contains the procedures which are to be followed in reporting the information to the IRS.

G2. General

The Internal Revenue Service requires that Form 1099-MISC, "Statement for Recipients of Miscellaneous Income," be given to each individual, partnership, or company to which the Agency has paid at least $600 in fees, commissions, or any other form of compensation in a calendar year. This requirement applies to any recipient, in the United States or overseas, that is subject to U.S. tax laws. It should be assumed that all recipients residing overseas when payment are made by the U.S. Government (including host country contractors paid by U.S. Treasury check) are subject to U.S. tax laws.

It excludes: (1) any recipient whose compensation has been reported on a Form 941, "Quarterly Statement of Withholding," and/or a W-2, "Wage and Tax Statement," (2) corporations, and (3) any entity treated like a corporation under law; e.g., a professional association.

The AID/W office or the mission that controls payment to the recipient will complete a Form 1099-MISC for each recipient by January 31 of the following year.

G3. Form 1099-MISC, "Statement for Recipients of Miscellaneous Income"

This form is prepared (see Exhibit 4-5) in the following manner:

a. In the large block near the top of the form, type or print the paying office's name, address, zip code, and IRS employer identification number.

b. In the block marked "Recipient's identifying number," insert one of the following:

(1) For individuals (including sole proprietors), use the social security number of the recipient. The social security number is to be shown as: 000-00-0000.

(2) For persons engaged in a trade or a business (other than sole proprietors), use the employer identification number. This number should be shown as: 00-0000000.

(Note: It is important to properly hyphenate the identifying number to distinguish the type of number being reported.)

c. In the box numbered 7, "Nonemployee compensation," insert the total amount for the year of all fees, commissions, or any other compensation paid to or on behalf of any recipient for services rendered when that recipient is not treated as an employee.

d. In the block for the recipient's name, address, and zip code, insert the required information. Align the name with the arrow to the left of the block.

After Form 1099-MISC is prepared, the three copies of the form are distributed as follows:

Copy A is forwarded to IRS.

Copy B is sent to the recipient.

Copy C is retained in the files of the paying office.

G4. Form 1096, "Annual Summary and Transmittal of U.S. Information Returns"

A single Form 1096 is used to summarize and transmit all of the copy A's of Form 1099-MISC to the IRS. (Do not use the same Form 1096 to submit the Copy A's of more than one type of Form 1099.) IRS regulations require a signed affidavit on the transmittal document. This requirement is met by signing Form 1096 below the declaration of compliance at the bottom of the form. The form is prepared (see Exhibit 4-6) in the following manner:

a. In block marked "Payer identifying number" enter paying office's tax identifying number (53-0197906 for PFM/FM/WAOD-Payroll or 53-0179706 for PFM/FM/PAFD-FS C-Personal Services Contract).

b. Do not enter anything in the block marked "Social security number." It is for the use of payers that use a social security number in lieu of an employer identification number.

c. In the block marked "Enter total number of documents," enter the number of Copy A's of Form 1099-MISC attached.

d. In the block for the payer's name, address, and zip code, enter the paying office's name and address. Align the name with the arrow in the left-hand side of the block.

e. If all the attached Copy A's are from corrected Form 1099's, place an "X" in the box marked "Corrected." Do not submit Copy A's from original Form 1099's and corrected Form 1099's with the same Form 1096.

f. In the block marked "Enter number without taxpayer ID numbers," enter the number of Copy A's being submitted without a recipient identifying number. Although a separate Form 1096 should be used to submit Copy A's without an identifying number, such copies may be submitted along with those with a number with one Form 1096 if they are bundled separately and the number of Copy A's without a number is shown in the block marked "Enter number without taxpayer ID numbers."

g. In the upper row of boxes for "Regular 1099's and 5498's," place an "X" in the box marked "1099 MISC 95."

h. Do not mark any of the boxes in the lower row for "Nominee/Middleman 1099's." Agency paying offices do not receive amounts that actually belong to another person.

The form is then signed and dated by the head of the paying office.

By March 2 of the following year, the Form 1096 with the Copy A's of Form 1099-MISC are to be sent to:

Internal Revenue Service Center
Philadelphia, Pa. 19255

G5. Information Reporting to the Internal Revenue Service

This section provides the policies and procedures applicable to contract and payment information reporting to the Internal Revenue Service (IRS).

a. Definitions:

1. "Common parent", as used in this subpart, means an offeror that is a member of an affiliated group of corporations that files its Federal income tax returns on a consolidated basis.

2. "Corporate status", as used in this subpart, means a designation as to whether the offeror is a corporate entity, an unincorporated entity, (e.g., sole proprietorship of partnership), or a corporation providing medical and health care services.

3. "Taxpayer Identification Number (TIN)," as used in this subpart, means the number required by the IRS to be used by the offeror in reporting income tax and other returns.

b. Reporting Requirements to IRS

26 U.S.C. 6041 and 6041A, as implemented in 26 CFR, in part, require payors, including Federal Government agencies, to report the payments which were made to certain contractors to the IRS. However, the following payments are exempt from this reporting requirement:

1. Payments to corporations. However, payments to corporations providing medical and health care services or engaged in the billing and collecting of payments for such services are not exempted.

2. Payments for bills for merchandise, telegrams, telephone, freight, storage, and similar charges.

3. Payments of income required to be reported on an IRS Form W-2 (e.g., contracts for personal services).

4. Payments to a hospital or extended care facility described in 26 CFR 501(c)(3) that is exempt from taxation under 26 CFR 501(a).

5. Payments to a hospital or extended care facility owned and operated by the United States, a state, the District of Columbia, a possession of the United States, or a political subdivision, agency, or instrumentality of any of the foregoing.

6. Payments for any contract with a state, District of Columbia, a possession of the United States, or a political subdivision, agency, or instrumentality of any of the foregoing.

c. Information Required by the IRS

The following information is required when reporting to the IRS:

- Name
- Address
- Taxpayer Identification Number
- Corporates Status

d. Reporting Requirements to the IRS by M/SER/OP

26 U.S.C., 605M, as implemented in 26 CFR, requires heads of Federal Executive agencies to report to the IRS. The following information is required for reporting to IRS for certain contracts in excess of $25,000:

- Name
- Address
- Tax Identification Number of contractors
- Name and TIN of common parent (if any)
- Date of the contract action
- Amount obligated on the contract action
- Estimated contract completion date

CHAPTER 2 - OBLIGATION PROCEDURES

CHAPTER 2

OBLIGATION PROCEDURES

2A. Purpose

The procedures prescribed herein supplement AID's Fund Control Regulations set forth in Appendix 1A of Chapter 1 of this Handbook.

Obligation procedures are prescribed for each major category of AID activities., i.e., operating expenses, project assistance, non-project assistance, and others.

2B. Responsibilities

1. Officials Authorized to Incur Obligations

Only persons who have been delegated authority in writing by the Administrator of AID or persons to whom such authority has been properly redelegated can incur obligations and sign obligating documents on behalf of AID.

Officials authorized to incur obligations are responsible for ensuring that the obligation conforms to the applicable regulatory requirements and is within the legal limitations of the appropriation funding the transaction, and that the obligation document is routed to the appropriate accounting office for prevalidation prior to its release to a supplier, a borrower/grantee, a traveler, contractor, U.S. participating agency, or other third party.

Any obligation which results in a violation of the Revised Statute 3679 (The Anti-Deficiency Act) [31 U.S.C. 1517] must be reported by the AID Administrator to the President and to the Congress. Officers authorized to obligate AID funds and employees dealing with the obligation of AID funds are required to be familiar with the regulations governing the administrative control of funds as provided in Appendix 1A of Chapter 1 of this Handbook.

2. Controllers

Under the technical guidance of the Agency Controller, the Office of Financial Management in AID/W and USAID controllers at field installations are responsible for devising, implementing, and maintaining a comprehensive system for the control of obligations against budget allowances. This system includes but is not limited to techniques for:

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a. Assuring all obligations are prevalidated against budget allowance and accounting records before the related obligating documents are released.

b. Maintaining liquidated and unliquidated obligation files.

c. Establishing records for each obligation during liquidation to reflect disbursements and prevent overobligation or overexpenditure against underlying budget allowances.

d. Subjecting all obligations to a continuous and comprehensive review process within the requirements of Section 1311 of the Supplemental Appropriations Act, 1955 [31 U.S.C. 1501].

e. Certifying for AID that the annual statement of obligations submitted each year to the Office of Management and Budget consists of valid obligations as defined in 31 U.S.C. 1501.

2C. Obligation Documentation

1. Section 1311 of the Supplemental Appropriations Act, 1955, [31 U.S.C. 1501] provides that an amount shall be recorded as an obligation only when supported by documentary evidence showing that:

a. A valid and binding agreement in writing and for a purpose authorized by law has been executed before the expiration of fund availability.

b. A loan agreement showing the amount and terms of repayment has been executed.

c. An order required by law has been placed with an agency.

d. An order has been issued under a law authorizing purchases without advertising, (1) when necessary because of a public exigency, (2) for perishable subsistence supplies, or (3) within specific monetary limits.

e. A grant or cooperative agreement authorized by law has been executed.

f. A liability may result from pending litigation.

g. A notification of employment or services of persons or authorization for travel has been issued.

h. A contract/agreement for services provided by public utilities has been executed.

2C1

i. Other legal liability of the Government against an available appropriation or fund has incurred.

2. AID uses a number of special purpose forms as obligation documents, dependent upon the activity category. The activity categories and documentation are described in sections 2F, 2G, 2H, and 2I below.

3. Special agreements or other documents which do not meet the obligation criteria of this chapter are handled on a case-by-case basis insofar as their status as an obligation is concerned. Each such transaction can only be considered as an obligation after approval by Offices of the General Counsel and Financial Management.

2D. Avoiding Overobligation of Funds

1. All documents representing obligation transactions must be directed to the Office of Financial Management in AID/W or the USAID accounting office, where the budget allowance accounts are maintained, for prevalidation for availability of funds and recordation in the accounting records prior to release to a supplier, borrower/grantee, a traveler, contractor, U.S. participating agency, or other third party. Upon determination of availability of funds, such documents are recorded in the accounting records and are annotated to show "Funds Available". Where sufficient funds are not available to cover the proposed transaction, the office that initiated the action is advised immediately and the document returned to the office.

2. Documents representing administrative reservations (see 2L below) are processed and sent to the office where the accounts are maintained for confirmation of fund availability before release to the AID office or other U.S. Government agency which is to issue the obligation document. All such documents are recorded in the accounting records and the documents are annotated to show "Administrative Reservations Recorded" with the signature of the individual who records the administrative reservation of funds.

2E. Funding of Obligations Beyond Current Fiscal Year

1. Program Funds

Section 635(h) of the Foreign Assistance Act of 1961, as amended (the FAA) provides that a contract or agreement may subject to any future action of the Congress extend at any time for not more than five years. It is AID's policy to obligate funds for requirements that will be implemented within a reasonable period of time. Officers having authority to obligate funds follow the AID/W guidelines on the maximum forward funding authorized that are generally issued each year as part of AID/W program instructions.

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2. Operating Expense Funds

Funding of obligations under operating expense funds beyond the end of the current fiscal year may be made subject to review for bonafide needs and adherence to the "Advance Procurement Plan."

3. Participating Agency Service Agreements (PASA's), Form AID 2-2 or Resource Support Service Agreements (RSSA's), Form AID 240-2

PASA's and RSSA's issued pursuant to Section 632(b) of the FAA are valid obligations, if otherwise proper, under Section 1311 regardless of whether there is an underlying agreement with a foreign government or international organization for the furnishing of services of U.S. Government personnel. Such PASA's and RSSA's not covered by a project agreement may obligate funds for the services of non-AID U.S. Government personnel beyond a current fiscal year in the same manner that a contract obligates funds for the services of contractor employees, i.e., for the term of the appointment or duration of the project, and need not be restricted to a month-to-month or fiscal year basis.

2F. Obligation Procedures - Operating-Type Expenses

1. Recording Obligations

The following procedures regarding operating-type (i.e., administrative-type) obligations supplement the obligation concepts and legal requirements contained in Chapter 1 of this Handbook.

a. Pay and Allowances - AID Direct-Hire U.S. Employees

(1) Payments for salaries and those allowances subject to U.S. federal income taxes for U.S. citizens employed directly by AID are made by the Central Payroll Office, M/FM, in AID/W. The specific "U.S. salaries and allowances" processed by the Central Payroll Office are:

(a) Gross salaries, including overtime, holiday pay and all other premium payments.

(b) Post differential allowances.

(c) Employers' contributions for FICA, retirement, and life and health insurance.

(d) Lump sum final payments for unused annual leave and severance pay.

(2) Obligations for the above costs are established on a monthly basis in AID/W as follows:

2F1a(2)

Promptly following preparation of the last regular payroll to be paid during each month, the amount thereof is divided by 10 to determine the rate per day. The daily rate is multiplied by the number of work days plus U.S. holidays between the date covered by the last payroll and the end of the month. The amount derived from this computation represents the accrued liability for centrally payrolled U.S. salaries and allowances. The standard practice of recording the accrual as an expenditure and reversing the accrual entry as of the first of the succeeding month is followed. As a result of this procedure, monthly obligations are the sum of payments made during the month, plus the month-end accrual, minus the accrual of the preceding month.

(3) Obligation and payment of non-taxable allowances applicable to AID direct-hire U.S. employees overseas are made by USAID, except as specifically authorized otherwise. These may include the following, among others:

(a) Quarters and temporary lodging allowances. (b) Education allowances. (c) Cost of living allowances. (d) Transfer allowances. (e) Separate maintenance allowances.

(4) The costs listed in paragraph 2F1a(3) above are initially obligated on the basis of the approved SF 1190. Continuing benefits such as quarters and cost of living allowances are obligated on a monthly basis by each USAID controller based on the USAID's payments for these costs during the prior month and first hand information of the entitlements of each new and departing U.S. employee at the USAID.

b. Pay and Allowances - AID Direct-Hire Local and Third Country National Employees

Obligations for salaries and fringe benefit costs of local and third country nationals, which are payable as Operating Expenses or charged to local trust funds are established monthly by each USAID controller in the same manner as outlined in paragraph 2F1a(2) above. Special care is taken to include estimates for retirement, insurance, and severance costs peculiar to each country, as applicable.

c. Travel by U.S. Government Employees

(1) Prevalidation of Charges

A Request and Authorization of Official Travel, form AID 5-8 (hereinafter referred to as a travel order), is released by AID/W or USAIDs only after prevalidation by the accounting office maintaining the budget allowance account to be charged. To assure that prevalidation has been accomplished, when AID/W issues a travel order chargeable to a USAID account or when a USAID issues a travel order chargeable to a budget allowance account maintained by another USAID or AID/W, the following technique is employed:

2F1c(1)

(a) The accounting office of the USAID maintaining the budget allowance account to which the cost of the travel is being charged establishes an administrative reservation for the total estimated official charges for travel, transportation, and any storage of effects for the employee and dependents, accompanying or to follow, at the time the USAID secures country clearance for the incoming employee.

(b) Simultaneously with telegram notification of country clearance, the receiving USAID informs AID/W or the sending USAID that an administrative reservation for estimated travel costs, etc., has been made.

(c) The issuing officer does not release the travel order until confirmation of fund availability is received from the accounting office of AID/W or the USAID maintaining the accounts chargeable.

(d) Immediately upon release of the travel order, the issuing officer forwards a copy to the accounting office whose accounts are charged.

(e) Upon receipt of the copy of the travel order, the chargeable accounting office records the obligation in the usual manner.

(2) Recording Travel Obligations

(a) Prior to release of a travel order, the responsible AID/W or USAID officer approving the travel obtains or prepares an estimate of the costs for each element of travel, transportation, and (if appropriate) storage charges, and includes this information on the travel order.

(b) Establishment of administrative reservations and obligations based upon estimated travel and related charges by a USAID seldom assures obligation of exact requirements. Consequently, AID/W and USAID accounting offices periodically review and analyze unpaid travel obligations in the light of current supporting information such as cost of travel already performed, amendments to travel orders, receipt of bills of lading, changes in transportation and travel costs, etc. Administrative reservations and obligations for travel and related costs are revised on the basis of any new data revealed by such analyses.

(c) Blanket travel orders may be issued for in-country travel in a foreign country when it is administratively determined that it is not practical to issue individual travel orders for each trip. Such blanket travel orders are not to cover a period beyond the end of the current fiscal year. At year end, that portion of obligations covered by blanket travel orders for which travel has not been performed and per diem has not been earned is eliminated from the obligation.

2F1c(2)

(d) Travel orders are recorded as obligations in the month issued provided actual travel begins, or first expense under the travel order is incurred within that month. If travel is to begin in a subsequent month, an administrative reservation may be recorded until such time as travel commences or first expense is incurred at which time the obligation is recorded and the administrative reservation is cancelled. Travel of USAID and AID/W personnel beginning in one fiscal year and terminating in a subsequent fiscal year is obligated in the fiscal year in which travel begins or official expense incident to such travel is incurred. In order for travel and transportation expenses to be charged to the appropriation of a particular fiscal year, such travel must begin during that particular year, although it may be completed in the succeeding fiscal year. In those cases where a single travel order authorizes both travel of the employee and transportation of employee's effects, the occurrence of one of the following actions is sufficient to permit the obligation of funds for both types of costs.

1/ The employee and/or dependent covered by the travel order must actually be in travel status prior to midnight on September 30. Issuance of a travel order and/or purchase of a ticket are not, in themselves, sufficient.

2/ A transportation expense (for movement of effects) which includes any expense incidental thereto, must be incurred prior to midnight on September 30. Expenses incidental to transportation include charges for packing of personal effects and household effects at employee's residence, or for drayage of such effects to a warehouse for packing or temporary storage or to a terminal for shipment. From the copy of travel order received in the accounting office, entry is made in the "Obligations Incurred" column of the budget allowance account under the appropriation cited in the travel order for the estimated costs of per diem, transportation, shipment and/or storage of household effects, shipment of privately owned automobile, and miscellaneous expenses.

3/ Storage of effects of transferred employees is authorized, within certain limitations, by the Foreign Assistance Act. Section 162 of 6 FAM 100 lists maximum shipping and storage allowances. Storage costs incurred during the employee's first assignment to the USAID are chargeable to the fiscal year in which the first official expense is incurred under the travel order.

When an employee is to continue his/her assignment (i.e., no home leave or transfer orders are involved) at the USAID for a period beyond that originally contemplated in the travel order covering his/her assignment to the post, storage charges, if any, are obligated for the additional storage period against the appropriation current at the time the extension is authorized. An MOD (see 2F1i below) supported by a copy of the telegram or other authority is used as an obligating document in this case. At the time an employee is authorized home leave, transfer,

or separation travel, the appropriate issuing officer includes in the travel order an authorization for payment of storage costs, if any, for the additional period during which continuance of storage is chargeable to the appropriation current at the time the first travel expense is incurred under the home leave, transfer, or separation travel order.

d. Transportation of Things

U.S. Government bills of lading, contracts, or purchase orders constitute the obligation document for transportation of things, except shipment of employee's household effects or privately owned automobile for which the travel order is the obligating document.

e. Communication Services, Rents, and Other Utility Services

(1) Obligations for communications, rents, and utilities are established on a quarterly basis. In those cases where monthly bills are rendered for a period beginning in one month and ending in a following month, the services received subsequent to the latest billing date need not be included for obligation and accrued expenditure purposes if such amounts are relatively small. However, if the accrued expenditure for communication and utility services performed during the portion of the month between the end of the billing period and the end of the month is material, provision is made for recording such obligations and accrued expenditures accordingly. At the beginning of the fiscal year, administrative reservations covering the estimated costs of these services for the entire period may be recorded. As actual obligations are recorded each quarter, the administrative reservation is correspondingly reduced.

(2) In the case of postage, the cost of stamps or metered postage purchased during the month is established as an obligation and an accrued expenditure. In AID/W an obligation and an accrued expenditure are also established for the amount owed for penalty mail used during the reporting period.

(3) Contracts involving recurring services (such as rent) are recorded quarterly as obligations and accrued expenditures as the services are received or performed even though the total amount of the contract is definite. Exceptions to this general rule are: (a) rental space furnished by the General Services Administration on the basis of standard level user charges (SLUC) and (b) ADP equipment leased on a contractual basis without a purchase option. In the case of GSA rental space, the amount of SLUC payments owed (both earned and advanced) on the basis of bills rendered by GSA pursuant to regulation is recorded. With respect to leasing ADP equipment on a contractual basis without a purchase option, obligations are incurred when contracts are consummated, not as services are rendered. For fixed-term contracts, the total amount of the contract is recorded. For contracts with renewal options, the amount required to cover the basic period and any penalty charges for failure to exercise options is recorded.

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f. Goods and Services Furnished Under Contract

The following criteria are generally applied in recording obligations for contract goods and services, other than those specified above, when such goods and services are to be procured with either operating expense funds or program funds not obligated by arrangement or agreement with the cooperating government.

(1) Firm Fixed-Price Contracts

Obligations are recorded for the total amount of firm fixed-price contracts at the time the contract is signed.

(2) Open-End Contracts

When the quantity of goods or services required under a contract is indefinite and is determined by subsequent orders not requiring acceptance by the contractor, such orders placed pursuant to the contract within the time period specified in the contract are recorded as obligations in the amount stated in the order upon placement of such order. When such contracts or agreements require acceptance of an order by the contractor, the amount of such order is recorded as an obligation upon acceptance of the order.

(3) Contracts Authorizing Variations in Quantities

Obligations are recorded for the price of the quantity anticipated to be delivered and accepted based on the best information available.

(4) Cost-Reimbursement Contracts (cost-plus-fixed fee, cost, cost-sharing, etc.)

Obligations for cost-reimbursement contracts are recorded for the amount of the total estimated cost or payments shown or provided for in the contract, but not in excess of the maximum current liability shown, including the fixed fee in the case of cost-plus-fixed-fee contracts.

(5) Combined Types of Contracts

Contracts may contain one or more of the types of obligation described above. In such cases the total amount to be recorded as an obligation is the sum of amounts arrived at as appropriate for each of the various types.

(6) Termination of Contracts for the Convenience of the Government

When a contract is terminated in whole or in part for the convenience of the Government by giving a Notice of Termination to the other party, such contract is decreased in an amount which results in an outstanding obligation sufficient to meet the settlement costs under such contract.

g. Goods and Services Furnished Under Purchase Orders (SF 147 and AID 530-1)

Purchase orders constitute the obligation document for the procurement of goods or services not being obtained pursuant to an executed contract or agreement. The obligation is established prior to release of the purchase order to the supplier in the amount stated on the purchase order. This also applies to purchases made from GSA from the Stores Stock Catalog.

h. Administrative-Type Costs Incurred by Other U.S. Government Agencies

Obligations for domestic services performed under general agreements with other U.S. Government agencies covering administrative and program backstopping costs are recorded monthly on the basis of a pro rata distribution of the amount of the agreed-to budget as indicated in writing, subject to adjustment at the close of the fiscal year. Differences between the amounts initially obligated by AID/W and the amounts claimed by the participating agency at the end of the fiscal year must be adjusted to assure proper certification of obligations as required by 31 U.S.C. 1501(b).

i. Use of the Miscellaneous Obligation Document (MOD)

The Miscellaneous Obligation Document (MOD), form AID 7-7 (see Attachment 2A), is used to identify and provide factual information underlying certain existing valid obligations and for use in recording such obligations in the official AID accounting records. The MOD is used for the following representative types of transactions:

(1) Obligations of a recurring and/or continuing nature, such as salaries and public utilities services, which are recorded in the official accounts on a periodic basis pending receipt of formal payment documents;

(2) Occasionally, the valid obligation document may be of a classified nature and therefore, may not be filed in the open unliquidated obligation files. In such cases, pertinent accounting data may be abstracted to an MOD and cross-referenced to the obligation document in the classified files;

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(3) Obligations for long-term commitments which are recorded in the official accounts on a periodic basis, e.g., multiyear rental and lease agreements. In these cases, the basic obligation document is maintained in the accounting files and the MOD is used as the posting medium to record the amount of the accrual as an obligation for each period (monthly or quarterly) as a separate entry in the official accounting records.

2. Deobligations and Upward Adjustments

a. Deobligations

Accounting personnel maintain active surveillance of each obligating document to assure that funds obligated therein are required for liquidation (disbursement). Periodic review of unliquidated balances of obligations should be conducted in accordance with Section 2M below. Any excess funds should be deobligated promptly in accordance with Section 2O below.

b. Upward Adjustments

(1) Policy

(a) An upward adjustment of an obligation is never made to cover the cost of additional goods or services or higher quality goods or services which were not contemplated when the obligation was incurred. Paragraph 2J2b below describes procedures for processing proposed adjustments for additional and/or higher quality goods or services.

(b) An upward adjustment of an obligation for the additional cost of goods or services which were contemplated when the obligation was incurred is authorized to the extent that there is genuine need for the increase, and appropriate approval has been received.

(c) Obligations for travel orders, purchase orders, etc., are recorded on the basis of an estimate of the amount required to pay for the specified service. The U.S. Government, in effect, agrees to pay for specified goods and/or services and, where the exact cost of these goods and/or services is not known in advance, a monetary estimate of the amount involved is inserted in the obligation document. If the actual cost exceeds the estimate, an upward adjustment of the obligation is appropriate from the original funding source.

(d) Upward adjustments of obligations under contracts may be made in accordance with the following guidelines:

1/ Cost Reimburseable Contracts. As a general rule, cost overruns arising from the terms, and within the scope, of the original contract may be funded from the appropriation available in the year the contract was executed. Current year funds, however, must be used if additional costs are incurred due to expansion of scope in the contract amendment. The original contract ceiling amount must be increased by executing an amendment for payment to be made in excess of the original contract amount.

2/ Fixed Priced Contracts. Upward adjustments of fixed priced contracts using prior year funds are generally not authorized. However, contract amendments based on the finalization of change orders that have been issued within the scope of the contract or based on termination settlements may be authorized, setting forth the legal basis for the change. Increased costs as a result of change orders are funded from current year funds.

3/ Other Types of Contracts. Upward adjustments of contracts which have fixed price and cost reimbursement elements may be upward adjusted for only the cost reimbursement elements so long as the basic rules on upward adjustments have been satisfied.

(2) Procedure

(a) When it becomes apparent that the amount obligated must be increased, due to an underestimation of the original cost prior to the time of making payment, the increase is recorded from an adjusting document on which is shown 1/ the reason for the increase, 2/ a notation to the effect that "Increase due to revision of estimated obligation, no additional procurement authorized," and 3/ the name of the person authorizing the "Upward Adjustment."

(b) Adjustment documents are not needed to increase the amount of obligations as provided in 2F2b(1)(c) above within the percentage limitation provided below. These adjustments are recorded in the accounts automatically by the automated accounting system. The obligation document is noted to the effect that it was paid in the amount of (the amount of the payment).

For obligations $0.01 to $100.00 300% maximum adjustment For obligations $100.01 to $1,000.00 150% maximum adjustment For obligations $1,000.01 and up 15% maximum adjustment

2G. Obligation Procedures - Project Assistance

1. Definition

A development project is defined as the total, discrete endeavor to create, through the provision of personnel, equipment and/or capital funds, a finite result directly related to a discrete development

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problem. Modes, or means of delivery of project assistance, include all loans and grants for AID development projects, P.L. 480 Title II, housing investment and other AID guarantees, research grants, institutional development grants including grants or loans to intermediaries (such as voluntary agencies) to conduct projects, self-help, projectized sectorial assistance, certain level-of-effort contracts, and similar vehicles of assistance.

2. Authorizing Project Assistance

a. AID policy requires the formal approval of Project Assistance before AID funds are obligated pursuant to the project agreement. The approval document is the Project Authorization, which sets forth the terms and conditions governing the negotiation and conclusion of the project agreement. See Chapter 5 of Handbook 3.

b. Project Authorizations serve as a basis for the monitoring by M/FM of the obligation of AID funds to assure consistency with the requirements of the project and such other factors as may be appropriate for fund control purposes. The Project Accounting Information System (PAIS) is used to monitor fund requirements. See Chapters 8 and 9 of this Handbook.

3. Recording Project Assistance Obligations

a. General

Project assistance funds are obligated by either a project agreement or other contractual arrangements depending on whether the project is bilateral (multi-lateral) or unilateral with a cooperating government.

b. Bilateral Projects

For bilateral projects, the project agreement is normally the document used to record an obligation in the appropriate fund account. Funds are deobligated when it is clear that the amounts obligated by the project agreement exceed the amounts required to finance the AID assistance contemplated in the agreement.

(1) Project Agreement

(a) Execution of Project Agreements

A project agreement may take a standard format or other specialized format prescribed by appropriate authority in coordination with the AID/W Office of the General Counsel (GC) for the purpose involved. The project agreement is executed by authorized AID officials and by authorized officials of the host governments or by other aid recipients. The project agreement is recorded as an

obligation in the official accounts of the Agency upon receipt of a signed copy of the agreement. In those instances where an agreement is signed in a location away from the accounting station, the obligation is recorded upon receipt of satisfactory evidence (e.g., cable, etc.) that an agreement has been signed. Thereafter the accounting station secures a signed copy of the agreement.

1/ The project agreement is a document, normally bilateral but sometimes executed by more than two parties, which provides a written understanding between or among the parties as to the responsibilities for and timing of actions with respect to a given project. The agreement represents the results of the planning and approval processes; establishes the framework of rules for implementation; and permits the formal start of implementation of the project. It reflects the commitments agreed upon by the parties to fulfill the stated goals, purposes and targets of the project.

2/ The project agreement when signed by AID and the borrower/grantee obligates the United States to furnish up to a specified amount of assistance and clearly sets forth the terms and conditions under which such assistance is to be furnished, including undertakings or covenants made by the recipient country relative to the project. The project agreement provides funds for all project costs except AID direct-hire costs and related international travel.

3/ The project agreement presents a meaningful, informative summary of the total project as a guide to its implementation. The agreement indicates what is to be accomplished by the time the project is completed: what the end-of-project status ought to be and what outputs are to be achieved. The agreement requires inclusion of a financial plan which will show each party's contributions to the Project. These amounts are broken down by "Project Input" and by the time period in which each contributor agrees to provide resources for the project.

4/ The project agreement may be funded for the life of the project or on an incremental basis. Annual project agreements are not required for incrementally funded projects. Additional increments are normally added by simple amendments of the original agreement, which suffice to obligate subsequent years funds.

(b) Impact of Implementation Conditions Precedent in the Project Agreement

A firm obligation is incurred upon the execution of a project agreement. Failure of the borrower/grantee to comply with certain implementation conditions within the time specified in the agreement may invalidate the obligation. An example is a condition precedent to the disbursement of funds. Conditions precedent are

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limited generally to those without which the project should not go forward. The effect of each such failure is determined on a case-by-case basis by the responsible Geographic Bureau with the concurrence of GC.

(c) Obligation of Dollar Funds or Appropriations for Local Costs

Where AID is financing the local costs of Project Assistance, local currency requirements are included in the total amount of the AID fund or appropriation obligated by the project agreement. Local currency disbursements for goods and services procured from local sources are charged in dollar equivalents in the normal manner to the dollar fund or appropriation obligated by the agreement.

(2) Project Implementation Order/Participants (PIO/P), Form AID 1380-1, as an Obligating Document

In exceptional cases where the standard project agreement is not used, the PIO/P, if countersigned by the Borrower/Grantee is considered the project agreement, and therefore is used as the obligating document.

c. Unilateral Projects

For unilateral projects, Project Implementation Orders will be issued with or following project authorization. The PIO, serving as the documentation of AID-financed Project Inputs under a unilateral project, is used to record a reservation. Actual obligation of funds will be recorded when procurement documents are issued, e.g.; contracts, purchase orders, grants and cooperative agreements, etc.

A grant agreement is a legal instrument that creates a relationship between the Federal Government and a recipient, the principal purpose of which is the transfer of money or anything of value to the recipient to accomplish a purpose of support or stimulation authorized by Federal statute. A cooperative agreement is used when substantial involvement is anticipated between the Federal Government and the recipient during the performance of a contemplated activity. Grants and cooperative agreements are distinguished from contracts, the principal purpose of which is to acquire property or services. See Handbook 1, Supplement B, chapter 25; and Handbook 13.

4. Deobligations and Upward Adjustments

a. Deobligations

Accounting personnel maintain active surveillance of each project agreement to assure that the funds obligated therein are required to accomplish the goals as stated in the agreement. Deobligations of project funds are accomplished in accordance with paragraphs 2M2c and 2M2d of this Chapter.

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b. Upward Adjustments

(1) Project Agreements (Loan/Grant)

With respect to obligations evidenced by a project agreement, it should be noted that cost increases which would result in exceeding the total amount of the project agreement may not ordinarily be treated as upward adjustments since the total amount set forth in the project agreement is the maximum monetary contribution the United States is obligated to make. In other words, the United States does not obligate itself to provide all goods and services contemplated in the project agreement regardless of cost, but rather to provide such goods and services up to the limits of the sum of money specified in the agreement. The "Upward Adjustment" technique is not normally used to increase the total amount of a project agreement even though it later develops that additional services or materials are required to complete the project. Costs for such items should be provided for in an amended project agreement with funding either (a) against current year AID budget allowances or (b) by the borrower/grantee. In cases where there is a terminating project with no further funding increments proposed and there is a direct AID contract which otherwise would qualify for an upward adjustment, the project agreement may be upward adjusted unilaterally and the contract amended using prior year deobligated funds.

(2) Contracts Funded Outside of Project Agreements

The same guidelines as provided in 2F2b(1)(d) above should be followed.

(3) Grant and Cooperative Agreements Funded Outside o@ ProAgs

In AID practice, a grant or cooperative agreement is for reimbursement of costs related to a project or activity described in the agreement up to the total amount of the award. Generally, any cost increase above the total amount of the initial award (assuming it is fully funded) should be funded with current appropriations. However, an upward adjustment in a "provisional overhead rate" contained in a grant or cooperative agreement does not constitute an additional award. Therefore, any cost over the original award of grant or cooperative agreement resulting from the overhead rate adjustment may be funded from the prior year appropriation that funded the grant or cooperative agreement [48 Comp. Gen. 186 (1968)]. Also an upward adjustment may be funded from prior year appropriations if it reflects increased costs authorized or approved under the terms of the agreement for which there was a genuine need within the scope of the project or activity contemplated when the obligation was incurred.

2H. Obligation Procedures - Nonproject Assistance (Loan/Grant)

1. Definition

a. Nonproject assistance is the transfer of resources (commodities, dollars or local currency) through loans or grants to cooperating governments when required resources are provided by means other than projects. (See Handbook 1 - AID Policy, Part V for AID policies and procedures on the use of project versus nonproject assistance.)

b. Generally, nonproject assistance is a mechanism for providing short-term relief from constraints on the economy of a less developed country; whereas project assistance is designed to effect a long-term change in the conditions of a target population. Nonproject assistance is often directed to alleviating budgetary or balance-of-payments problems.

2. Authorization

Nonproject assistance is authorized by the Program Assistance Approval Document (PAAD), form AID 1120-1. The PAAD specifies the recipient country; the total amount, and the amount approved for obligation if less than the total amount, the source of funds, the type of funding, i.e., loan or grant, specific commodity categories approved for financing; authorized source countries for procurement; methods of financing; and the principal terms and conditions applicable to the furnishing of the assistance. It is accompanied by a narrative supporting analysis including detailed description and justification of the proposed activity. The PAAD is approved either within an approved planning level in the Operational Year Budget (OYB) or by authority competent to change the approved planning level. Approved PAAD's are recorded as administrative reservations. Administrative reservations do not reduce AID's fund availability and these amounts are not included in AID's external reports.

3. Recording Obligations

a. Nonproject Assistance Agreements

(1) For Section 1311 of Supplemental Appropriation Act of 1954 [31 U.S.C. 1501] purposes the program assistance agreement is the basis for obligating funds for AID commodity and cash transfer program assistance. The primary purpose of the agreement is to record the basic substantive decisions reached by the U.S. Government and the government of the recipient country concerning the nature, purpose, amount and major conditions of the assistance being provided. The agreement is authorized by and gives effect to the related PAAD. The agreements are essentially the same for grants and loans except that repayment provisions are included for loans.

(2) The nonproject assistance agreement is an obligating document provided: (a) it is signed by both parties, i.e., the U.S. Government and the recipient country government, (b) it specifies an amount of assistance the furnishing of which is not conditioned upon the happening of an event under AID's control, (c) it specifies the nature of the assistance, (d) it states the undertaking of the borrower/grantee in exchange for the assistance, including repayment provisions in the case of a loan, and (e) it contains a terminal disbursement date for the provision of the assistance.

(3) The nonproject assistance agreement is usually not an obligating document so long as there remains unsatisfied a substantive condition precedent as outlined in paragraph (2) above. Terminal dates for compliance with conditions precedent are frequently included in nonproject assistance agreements. Failure to comply by such date does not necessarily invalidate the agreement. The effect thereof is judged on a case-by-case basis by the GC, whose written opinion on each case is circulated to all interested parties including the concerned Geographic Bureau, M/FM, and the USAID.

(4) A nonproject assistance agreement which finances commodities provides that commodities eligible for financing will be those mutually agreed upon by the parties and specified in implementation letters or form AID 1130-1, Commodity Procurement Instructions (CPI). The agreement also provides for additions by appropriate language such as inclusion of "such other commodities as AID may agree in writing to finance."

(5) Although the nonproject assistance agreement is the Section 1311 obligating document, because of the lapse of time between the signing of the agreement and its subsequent reproduction and distribution to all interested offices, cable advice from USAID of signing the agreement and conditions precedent met, is used as the basis of the initial recording of the obligation in AID records. No later than three weeks following the date of agreement signing indicated in the USAID cable, M/FM is responsible for initiating a followup request for the original signed agreement from the Geographic Bureau, if it has not been received during the interim.

(6) It is desirable that the Commodity Procurement Instruction (CPI) and initial implementation letters be ready for issuance with the signing of the agreement. The validity of the agreement as an obligation is not, however, affected by the timing of the issuance of these documents.

b. Unilateral Nonproject Grant (see HB 1, Supp. B, Ch 25E & HB 13, Ch 1)

Grants are defined in OMB Circular A-110 and mean money or property provided in lieu of money paid or furnished by the Federal

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Government to recipients under programs that provide financial assistance or that provide support or stimulation to accomplish a public purpose.

It may be necessary in very rare instances for AID to make a unilateral grant of nonproject assistance. Such grants are made by a document entitled "Advice of Unilateral Grant - Nonproject Assistance." This document is an obligating document provided it (1) is signed by an authorized official of the U.S. Government, (2) specifies an amount of assistance which is not conditioned upon the happening of an event under AID's control, (3) specifies the nature of the assistance, (4) contains a terminal date for the provision of the assistance, and (5) refers to any other documents such as an exchange of letters which contain substantive conditions, restrictions, and grantee undertakings applicable to the assistance being granted.

4. Adjustments and Amendments

a. Decrease adjustments or amendments to an agreement prior to the agreement's terminal disbursement date must be agreed to by both parties except where AID has reserved the right to effect such decreases unilaterally. Under AID Commodity Program Assistance Refund Utilization Policy, agreements must provide for AID to unilaterally decrease agreements by the amount of borrower/grantee refunds to AID whether voluntarily made or the result of AID billings.

b. Increase adjustments or amendments are rare and may be made only in situations where the initial agreement (1) was only obligated in part because the determination of compliance with conditions precedent was left to the discretion of the United States, or (2) was an "umbrella" agreement covering in general terms a contemplated program of assistance over a given period of time but obligated only a stipulated amount pending subsequent agreement to increase that amount. Such adjustments may not be made after the terminal disbursement date specified in the agreement. The source of funding for such increases is determined on a case-by-case basis by the Geographic Bureau with the advice and concurrence of M/FM giving due consideration to (1) whether the funding source is an annual or a no-year appropriation, and (2) the timing of the increase relative to the end of the fiscal year.

5. Deobligations (Closings)

M/FM provides Geographic Bureaus with advance notice of the expiration of agreement terminal disbursement dates. Upon expiration of the terminal disbursement date of the agreement, the undisbursed balance of the agreement is unilaterally reduced by M/FM. Advice of these unilateral actions is transmitted to the Geographic Bureau concerned for information and appropriate action vis-a-vis the borrower/grantee.

2I. Obligation Procedures - Others

1. Scope and Definition

Any AID activities which do not fall in the above three categories (i.e., Operating Expenses, Project Assistance, and Nonproject Assistance) are classified as "Others". This category includes, but not limited to, foreign disaster assistance, country-financed technical services, master disbursing account, and gifts and donations. Detailed accounting procedures for these activities are provided in Chapter 10 and Appendix 4A of this Handbook.

a. Foreign Disaster Assistance. A foreign disaster is an act of nature (such as a flood, drought, fire, hurricane, earthquake, volcanic eruption, or epidemic) or an act of man (such as a riot, violence, civil strife, explosion, fire, or epidemic) which is, or threatens to be, of sufficient severity and magnitude to warrant U.S. emergency relief assistance. Foreign disaster assistance includes (1) the analysis and study of disasters, (2) disaster preparedness, and (3) developing an operational plan for the disaster. (See Handbook 8.)

b. Country-Financed Technical Services. As authorized under Section 6U/ of the Foreign Assistance Act of 1961, as amended, AID may furnish services and commodities on an advance-of-funds or reimbursement basis to friendly countries, international organizations, the American Red Cross, and voluntary nonprofit relief agencies registered with and approved by AID. It is Agency policy that the preponderance of country-financed activities be financed on the advance-of-funds basis. Use of reimbursement methods is limited to exceptional cases in accordance with specific AID authority for each project. To carry out such activities, a Section 607 Determination approved by TDP or the appropriate AID official is required. (See Section 10I, Chapter 10 of this Handbook and 21C1c of Supplement B, Handbook 1.)

c. Master Disbursing Account. Beginning July 1, 1973, the Agency instituted an improved and simplified system for accounting for participant training program in the U. S. The system pulls all funds under the USAID issued PIO/Ps into an AID/W centralized disbursing account. The system eliminates cross-disbursing by AID/W against USAID budget allowances, thereby discontinues Advices of Charge for payments against individual PIO/Ps. The system also facilitates USAIDs early liquidation and closing of project accounts. The detailed function of this account is prescribed in Section 10J, Chapter 10 of this Handbook.

d. Gifts and Donations. The principal authority used by the Agency to accept donations is Section 635(d) of the FAA, which authorizes the Agency to accept and use in furtherance of the purposes of the FAA, money, funds, property and services of any kind made available by gift, devise, bequest, grant or otherwise for such purpose. (See Appendix 4A of this Handbook.)

2I

2. Authorization

a. Foreign Disaster Assistance. A disaster determination by a Chief of Mission or other appropriate region official, e.g. Assistant Secretary of State is a prerequisite for U.S. Government relief aid. Due to the nature and urgency of this assistance, all authorizations are exercised by cable. The Chief of Mission in the disaster stricken country has authority to obligate up to $25,000 in cash, supplies, or services to assist disaster victims. Any expenditures in excess of the $25,000 authority must be approved by Director, Office of U. S. Foreign Disaster Assistance (OFDA). (See Section 10B, Chapter 10 of this Handbook.)

b. Country-Financed Technical Services. Upon approval of the Section 607 Determination, a trust fund agreement or a reimbursement agreement can be signed between the U.S. and the friendly country. Under advance-of-funds method, obligation for the activity can be incurred only after receipt and deposit of the trust funds from the cooperating country.

c. Master Disbursing Account. USAID issued PIO/Ps based on M/FM/PAFD confirmation cable (see Section 10J, Chapter 10 of this Handbook) are the authorizations for payments of participant training costs from this account. Funds are periodically transferred to this account from USAIDs by means of their U-101 reports (under Section E. Misc. Items Processed by the Mission.)

d. Gifts and Donations. The authority to accept donations has been redelegated to M/FM. Therefore, any letter, written arrangement, or agreements regarding the acceptance and use of donations (other than travel expenses for AID employees) must be approved by M/FM. Travel expenses for AID employees must be approved by GC/EPA (see Handbook 22, Chapter 1.) However, prior to such approval, a determination under Section 635(d) of FAA must be prepared and approved by the appropriate Bureau Assistant Administrator or his/her designee. (See Appendix 4A of this Handbook.)

3. Recording Obligations

a. Foreign Disaster Assistance. Obligations for disaster relief which are evidenced by a letter signed by proper authority to the government of the country in which the disaster occurred and which sets forth a firm obligation by the U.S. Government of up to a specified amount as disaster relief assistance.

b. Country-Financed Technical Assistance. The same obligation procedures for operating-type expenses as provided in 2F1 above should be followed. However, it should be noted that trust funds are no-year funds.

2I3

c. Master Disbursing Account. Actually, obligations under this account are made in USAID accounts by ProAgs and earmarked by issued PIO/Ps. The technique of transfer of funds to this account as liquidation (disbursements) in USAID accounts is offset by the credit to the same appropriation account in AID/W. In the Agency report, no liquidation (disbursements) for the transfers will be reflected under the appropriation. After the actual payments for participant training costs are made from the Master Disbursing Account and distributed to the various appropriations, the Agency reports will reflect the liquidation (disbursements).

d. Gifts and Donations. The same obligation procedures for operating-type expenses as provided in 2F1 above should be followed.

2J. Budget Allowance Increases to Cover Valid Upward Adjustments of Obligations

1. Prior Year Funds

a. Unobligated balances of budget allowances (as well as unobligated balances at the Bureau allotment level) are withdrawn by AID/W's Central Accounting Division at the end of each fiscal year. No Advice of Budget Allowance or allotment is issued to document this withdrawal.

b. If an upward adjustment of a prior-year obligation (where the actual cost exceeds the estimate and no change in scope, purpose, or quality is included) is required the following procedure is followed:

(1) Adjustments to a prior-year obligation are recorded even though such recording may result in negative balances in the budget allowance account and in the allotment account. An immediate and special appraisal is made of all unliquidated obligations in the same budget allowance account in which the upward adjustment is required to determine if reductions sufficient to cover the amount of the upward adjustment can properly be made in other unliquidated obligations. (See 2J1b(4) below for adjustments exceeding $10,000.)

(2) Any negative unobligated balance (overobligation) remaining in the prior-year budget allowance account at the end of each month is shown on the Report No. U-101, Summary of Budget Allowance Ledger Transactions and Reconciliation with Disbursing Officer's Accounts, and is explained under "Special Notes" by using one of the appropriate statements called for in Chapter 9 of this Handbook.

(3) Prior-year AID/W and USAID budget allowance accounts are automatically adjusted by the AID/W Central Accounting Division to the amount of the obligation reported in the monthly U-101 Reports. No Advice of Budget Allowance is issued to document this change. If appropriate, M/FM/CAD initiates the review procedure called for in Chapter 1 of this Handbook for possible violation of the Anti-Deficiency Act.

2J1b

(4) Exception Reporting (AID/W and USAID)

An exception to the automated upward adjustment procedures presently in the U-101 reporting instruction for upward adjustments is required when the upward adjustment exceeds $10,000. When the need for a large upward adjustment occurs, it is necessary to notify M/FM/CAD before affecting payment by requesting a prior year budget allowance increase through the allottee. This request is to be in standard memorandum form, and includes statements that (a) the increase does not result in an increase of the total value of the project agreement; and that, (b) the increase is not the result of an "add-on" and is within the scope of the original contract. This request is to include a statement justifying the requested increase. Detail supporting documentation must be attached. This memorandum is to be initiated through the allottee or his/her designee for required approval/action. If a USAID is involved, the request should include a cable for USAID notification similar to the cable notification presently in effect for current year increases and prepared by the regional controller in the cognizant bureau.

The distribution of the budget allowance increase should follow the same distribution procedures as current year budget allowances.

When in the opinion of the Chief, M/FM/CAD, the requested budget allowance increase may not meet the test of a valid upward adjustment, a review group shall convene to discuss the merits of the case. The review group shall consist of:

(a) Deputy Controller for AID/W Operations or Overseas -- who is responsible for chairing the meetings;

(b) Chief, M/FM/CAD -- member who is responsible for maintaining control over prior year appropriation accounts and ascertaining if the Agency has sufficient deobligated funds to cover the upward adjustment;

(c) Budget & Accounting Officer, M/FM/CAD -- member, responsible for notifying the chief when a budget allowance request is submitted against prior-year accounts;

(d) USAID controller representative of the responsible accounting station; i.e., the Regional Bureau Controller if USAID funds; or the Chief of M/FM/PAFD, M/FM/WAOD, or M/FM/LMD for AID/W funds; and

(e) M/FM/ASD representative, to assist in establishing the meeting time and provide necessary guidance and advice as may be required for appropriate resolution within established M/FM policy.

2J1b(4)

Upon approval by the M/FM review group, the budget allowance will be issued to provide funds available from cumulative deobligations in the prior-year appropriation account. If prior-year funds are not currently available, the accounting station will be notified as to the reason for delay. In no case should the payment or upward adjustment be delayed past the fifteenth day of the last month of the fiscal year, unless the upward adjustment results in the original appropriation authority being exceeded for the Geographic Bureau or the entire Agency.

2. Current-Year Funds

a. An adjustment to current year obligations is recorded and reported in the same manner as set forth in 2J1b above for prior-year funds when the current budget allowance is insufficient to fund the increased costs.

b. A proposed "upward adjustment" in obligations for additional or higher quality goods or services (or for similar reasons) is the same as incurring a new obligation, and an amendment to the original obligating document is required charging current-year funds. Such proposed adjustments to current-year funds are not made until sufficient funds are available in the budget allowance account to cover requirements. If there are not sufficient funds available in the budget allowance account to finance the proposed obligation increase, the review of unliquidated obligation balances called for in paragraph 2J1b(1) above is required to determine if reductions can be made in other unliquidated balances to cover the proposed increase. If such a review does not release sufficient funds, a request for an increase in the amount of the budget allowance is submitted to AID/W, through the allottee, accompanied by justification. The obligation document is not released to the proposed supplier, contractor, etc., until funds have become available and the document has been prevalidated for fund availability.

2K. Obligations During Periods of a Continuing Resolution

1. "Continuing Resolutions" are passed by the Congress when it is necessary to make funds available to AID on an interim basis pending enactment of the regular appropriation law for that year.

2. "Continuing Resolutions" usually provide that the obligational rate for operations may not be in excess of the rate for the year just ended or the rate provided in the budget estimates whichever is less. "Continuing Resolutions" provide funds for continuing projects or activities and may restrict obligations for new projects or activities. When a "Continuing Resolution" has been passed, allottees are advised of the provisions of the resolution and its applicability to AID by GC.

2K

3. Upon receipt of telegram notice of passage of a "Continuing Resolution," accounting stations establish new fiscal year budget allowance accounts to be used during the interim period for recording obligations in the new fiscal year.

4. Officers who plan obligations for new projects or activities ascertain that such obligations are in accordance with the current "Continuing Resolutions" and the current Agency guidelines on operations under the "Continuing Resolution."

2L. Administrative Reservation of Funds

1. Recording

a. The term "Administrative Reservation" indicates that funds have been set aside to cover a planned obligation during the current fiscal year. They are used where necessary for internal control and informational purposes, and are primarily notices of availability of funds during the period an agreement is being negotiated or when another AID office or other U.S. Government agency is responsible for executing the obligating document.

b. Administrative reservations posted to a budget allowance ledger do not reduce the amount of the unobligated balance. However, reservations do encumber funds so that the allotment/budget allowance is not exceeded.

c. Administrative reservations are not reported in the monthly fiscal reports to AID/W.

2. Status at End of Fiscal Year

At the end of each fiscal year all administrative reservations against annual appropriations are terminated. If the need for funds continues into the next fiscal year and new year's funds are available, the implementing document is reconfirmed or reissued, as appropriate, citing the new year's fund and the new year document number. A new administrative reservation is established for the planned obligation against the new year's availability.

2M. Review of Unliquidated Balances of Obligations

1. Each accounting station has unliquidated obligation balances under continuous review. A special intensive review is conducted at each mi@ fiscal year of all unliquidated obligations. The timing of this review is especially important to the AID planning process since resulting deobligations of prior-year funds can be reported to permit timely reallowance and orderly reobligations prior to the fiscal year end. A final review of unliquidated obligations is made at each fiscal year end to assure that recorded obligations are valid for the Agency Controller certification under the provisions of 31 U.S.C. 1501.

2M

2. Each obligation document having an unliquidated balance, along with the related supporting documents, is examined to determine the validity of the unliquidated balance. Listed below are supplemental criteria to be used in conducting the review of unliquidated obligations:

a. Unliquidated balances of specific procurement documents that have terminal delivery dates which have expired by the close of the fiscal year are considered invalid to the extent the unliquidated amount exceeds the value of goods delivered and services performed for which payment has not been made.

b. When all the goods, services, or training under the obligating document have been received, any unliquidated balance in excess of the amount required to cover goods delivered and services performed for which payment has not been made is deobligated. For contracts/agreements, the closing out procedures as provided in CM Administrative Memorandum 85-7 dated November 12, 1985 should be followed.

c. Project Agreements contain time controls based on a date, i.e., the Project Assistance Completion Date (PACD) by which it is estimated that AID-financed project assistance will be complete, i.e., all services performed, and all goods furnished. The PACD provides a positive (but not automatic) reference point for concluding AID assistance by stating that, except as it may otherwise agree, AID will not issue or approve documentation which will authorize services to be performed or goods to be furnished after the PACD. Amounts obligated which are not needed to pay for goods and services delivered by the PACD as amended are considered invalid and are subject to deobligation.

d. When the project implementation has not progressed on schedule, consideration is given to renegotiating the agreement and adjusting the obligation downward as required.

3. In those cases where the review discloses that all or a portion of the unliquidated balance is invalid and should be deobligated, a journal voucher or other accounting document is prepared, approved, and processed prior to closing the accounts and preparing the fiscal year-end reports. Large amounts are discussed with the budget allowee, the contract office and/or other responsible officers.

4. When the review discloses a transaction, under an obligation whose validity is questionable and cannot be resolved by the USAID, a complete report of the facts is presented through the USAID controller to M/FM in AID/W. M/FM determines whether the question(s) raised can properly be answered by AID/W or whether the case should be referred to the Comptroller General of the United States for decision.

2N. (Recoveries Deobligations) and (Reobligations DEOBS/REOBS)

1. Current Year Funds

A recovery through deobligation of a current-year fund obligation increases the unobligated balance of the appropriation account and as such is immediately available for use for the purposes for which the appropriation was made.

2. Prior Year Funds

a. A recovery through deobligation of prior-year funds increases the unobligated balance of the budget allowance account. Unobligated balances of prior-year budget allowances are automatically withdrawn as of the end of each month by M/FM based upon information shown on the monthly U-101 reports. No Advice of Budget Allowance, form AID 740-3, is issued to document this adjustment. Prior-year funds recovered are not automatically available for re-obligation by either the allowee or the allottee, except for valid upward adjustments of prior-year obligations required during the reporting period.

b. Authority to utilize prior-year funds recovered (deobligated), for other than upward adjustments rests upon specific Congressional authorization in individual appropriation acts. Within this authority, funds are made available to allottees pursuant to Agency allotment procedures.

20. Liquidation and Deobligation

1. Liquidation by Expenditure or Disbursement

a. To provide financial data (e.g. unliquidated obligations, expenditures, liabilities, etc.) on an accrued expenditure basis, an inventory of accruals for goods delivered and services performed for which payment has not been made is taken monthly, except as otherwise specifically authorized. The amount of the accrual inventory is entered as an expenditure with a corresponding liquidation of obligations at the end of the accounting period. The accrual entry is reversed as of the beginning of the succeeding accounting period.

b. In addition to the techniques indicated in 2F1a above, obligations are liquidated by one or more disbursements for the purpose for which the obligation was established. Disbursements by offices other than the office maintaining the budget allowance account are reported by an Advice of Charge (form AID 7-148 or form AID 7-46) to that accounting office.

c. When it is determined that the unliquidated balances exceed the funds required, prompt deobligation action is taken. Therefore, only minor adjustments are required upon receipt and disbursement of the final payment vouchers.

20

2. Liquidation Record

A liquidation record is maintained for each obligation document to reflect payment and/or adjustment of the obligation. The information in this record provides a basis for final deobligation when all expenditures have been completed and for periodic adjustment during the Section 1311 reviews of obligations. Example of liquidation records that are used are the "Miscellaneous Obligation Document" (Attachment 2A) and "Commitment Liquidation/Control Record" (Attachment 2B).

2P. Reporting Under Section 1311 of Supplemental Appropriation Act of 1954 [31 U.S.C. 1501]

1. The Agency Controller certifies for AID that the statement of obligations submitted each year to the Office of Management and Budget consists of valid obligations as defined in 31 U.S.C. 1501.

2. The certification by the Agency Controller of AID's overall report is made on the basis of a special certification by USAID controllers and M/FM division chiefs in AID/W, on their year-end Report No. U-101, Summary of Allowance Ledger Transactions and Reconciliation with Disbursing Officers Accounts, on the SALT Report No. U-106 for U.S. Owned Local Currency, and on certifications by other agencies having direct allocations from AID. Following is the statement affixed to U-101 and U-106 year-end reports:

> "I hereby certify that the amounts shown in this report are supported by the documentary evidence required by Section 1311 of Public Law 83-663, approved August 26, 1954 [31 U.S.C. 1501].
>
> /s/_____"
> (Name) (Date)

3. The reports and certifications are supported by records retained in each USAID and Washington office in a manner which facilitates audit and reconciliation.

AID-7-7 (3-64)

AGENCY FOR INTERNATIONAL DEVELOPMENT

MISCELLANEOUS OBLIGATION DOCUMENT

(Validate and return copy to Allottee in accordance with M.O. 712.1)

OBLIGATION NUMBER	8580402
SUPPLEMENT NO.	
DATE	9-1-78
NAME OF FIRM OR INDIVIDUAL	CHESAPEAKE & POTOMAC TELEPHONE CO.
APPROPRIATION SYMBOL	72-1181000
ALLOTMENT ACCOUNT SYMBOL	823-80-000-12-02-81
PURPOSE	LOCAL COMMERCIAL TELEPHONE CALLS
OBJECT CLASSIFICATION CODE	230 163800
PREVIOUS OBLIGATION	$ - - -
PERIOD COVERED BY OBLIGATION	August 1978
INCREASE	$1200.00
NAME AND TITLE OF APPROVING OFFICER (type)	John S. Smith, Chief, Buildings Management, AS/SPM
DECREASE	$ - - -
SIGNATURE	
TOTAL OBLIGATION	$1200.00

LIQUIDATION RECORD

DATE	DESCRIPTION	POSTED BY	PAYMENTS		OBLIGATION ADJUSTMENTS		UNLIQUIDATED BALANCE	

FUNDS AVAILABLE-OFFICE OF THE CONTROLLER

SIGNATURE	/s/ Jack Venick
DATE	9-1-78

(Validate and return copy to allottee in accordance with Chapter 1 of Handbook 19.)

DATE	DESCRIPTION	POSTED BY	PAYMENTS		OBLIGATION ADJUSTMENTS		UNLIQUIDATED BALANCE	

GPO 914-627

AGENCY FOR INTERNATIONAL DEVELOPMENT

COMMITMENT LIQUIDATION/CONTROL RECORD

PIO/PIL INFORMATION		PIO/PIL ALLOCATION							
PIO/PIL NUMBER	PROJECT NUMBER	DATE	INCREASE		DECREASE		BALANCE	
PROJECT TITLE								
PROJECT ELEMENT NO.	ACCRUAL BASIS							
ELEMENT DESCRIPTION								
APPROPRIATION SYMBOL	ALLOTMENT SYMBOL							
D. A. NUMBER	METHOD OF PAYMENT							
NAME AND ADDRESS OF CONTRACTOR, PASA, VENDOR								

PURPOSE

LIQUIDATION RECORD

DATE	DESCRIPTION	COMMITMENT		EXPENDITURE		BALANCE	

LIQUIDATION RECORD *(Continued)*

DATE	DESCRIPTION	COMMITMENT		EXPENDITURE		BALANCE	

C H A P T E R 3

PAYMENT PROCEDURES - AID-DIRECT CONTRACTS, COUNTRY COUNTRY CONTRACTS, GRANTS AND COOPERATIVE AGREEMENTS

CHAPTER 3

PAYMENT PROCEDURES AID-DIRECT CONTRACTS, COUNTRY CONTRACTS, GRANTS, COOPERATIVE AGREEMENTS PARTICIPATING AGENCY SERVICE AGREEMENT, AND RESOURCE SUPPORT SERVICES AGREEMENTS

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RETENTION DATE: April 1, 1991

AID HANDBOOK CIRCULAR

SUBJECT: Treasury Check Limited Payability

SUMMARY OF CHANGE: Public Law (P.L.) 100-86, The Competitive Banking Act of 1987 was signed into law in August 1987. Title X of the law which limits the life of a Treasury check's negotiability was implemented on October 1, 1989. The provisions of Title X limit the period for cashing the check, as well as limiting the period for making claims for lost or replacement checks. This circular provides interim guidance for payability and claimability for U.S. Government checks pending incorporation of the new policy into Handbook 19.

POLICY

1. The policy is applicable both within the United States and overseas and applies to U.S. Government checks only. Electronic fund transfers are not effected nor are Limited Depository Accounts (local currency).

2. All U.S. Government checks issued after October 1, 1989 will bear the legend "Void after one year." These checks have a limited payability and must be cashed within 1 year from date of issuance or they will be automatically cancelled. The process is referred to as a limited payability cancellation. (Prior to October 1, there was no time limit for cashing U.S. Government checks.)

3. The payee has 1 year from the date of the check to file a claim for loss, non-receipt or theft of a U.S. Government check. (Prior to October 1, the period was 6 years.)

4. Automatic Check Cancellation

a. Checks issued on or after October 1, 1989, and outstanding at the end of 12 months from date of issuance will be automatically cancelled by Treasury. This will occur during the 14th month after the issue date, with Treasury returning the proceeds to the authorizing agency.

b. Outstanding checks issued prior to October 1, 1989 will be automatically cancelled after October 1, 1990. The cancellation process will start in November 1990 and be completed by not later than April 1, 1991. Proceeds from this mass cancellation will be deposited into Treasury accounts, not to those of the authorizing agency.

5. Accounting for Cancelled Checks

a. Proceeds from limited payability cancellations of post-October 1, 1989 checks will be returned to the authorizing agency and will be treated as an accounts payable. Funds should be deobligated for those obligations no longer valid and thus made available to the appropriation or returned as part of the normal year end procedures.

b. Checks cancelled for valid obligations where a claim is not presented within three years from the date of the issued check, shall be deobligated. Claims placed by the payee after the deobligation may be recertified and handled through the restoration process. Certifying officers must retain records necessary to recertify authorization for check reissuance.

6. Treasury Record Retention Billings

a. Treasury will bill each agency for the prorata cost of the record storage system needed to maintain the 78 month research history of check issuance data. AID's share is estimated at $10K. There will also be an individual item charge of $4 per item for each inquiry made for stop payment, etc. These charges are scheduled to go into effect in April, 1991. The prorated record storage cost will be billed once a year, while the item retrieval cost will be billed quarterly based on the actual requests made. The retrieval cost will be evaluated annually with the next year's cost being provided as part of the 3rd quarter's billing.

b. Details on how the billings will be made are still being worked out. The Agency Location Code (ALC) will be used to identify requestors, however, whether the billings will be to individual locations, centralized to agencies, or various combinations of either or both is yet to be decided. Details will be provided at a later date.

CHAPTER 3

PAYMENT PROCEDURES AID-DIRECT CONTRACT, COUNTRY CONTRACTS, GRANTS, COOPERATIVE AGREEMENTS, PARTICIPATING AGENCY SERVICE AGREEMENTS, AND RESOURCE SUPPORT SERVICES AGREEMENTS

3A. Purpose

1. This chapter prescribes specific procedures to be followed in the payment of AID direct contracts, country contracts, grants and cooperative agreements, Participating Agency Service Agreements, and Resource Support Services Agreements. The basic principles and procedures for reviewing and processing all vouchers payable by AID are presented in Controller Guidebook, Chapter 5, Section III, and in Financial Management Internal Procedures Manual, Chapter 4, Section III.

2. The procedures in this chapter, which include procedures for advances of cash to AID contractors, grantees, and other private recipients, serve to implement the Agency accounting principles and standards for disbursements, as well as the AID cash management and prompt payment policy guidelines presented in Handbook 19, Financial Management, Chapter 1; Handbook 1, Supplement B, Policy, Chapter 15; and STATE 273219 dated 10/19/79.

3B. Definitions

As used in this chapter, the following definitions apply.

1. AID-Direct Contract

"AID-direct contract" means any contract, including personal services contracts, subject to provisions of Handbook 14, Procurement Regulations.

2. Country Contract

"Country contract" means any AID-financed host country contract subject to provisions of Handbook 11, Country Contracting, including contracts for professional and technical services, construction services, and equipment and materials.

3B

3. Grant

"Grant" means any grant to a private entity subject to provisions of AID Handbook 13, Grants. It does not include bilateral grants (i.e. government to government) covered by Handbook 3, Project Assistance, and Handbook 4, Non-Project Assistance.

4. Cooperative Agreement

"Cooperative Agreement" means any cooperative agreement with a private entity subject to the provisions of Handbook 13, Grants.

5. Participating Agency Service Agreement

"Participating Agency Service Agreement" (PASA) means an agreement for specific services or support tied to a specific project goal within a definite time, subject to the provisions of Handbook 12, Use of Federal Agencies.

6. Resource Support Services Agreement

"Resource Support Services Agreement" (RSSA) means an agreement with another Federal agency, funded from AID/W allotment/allowances, to obtain continuing, general support assistance, subject to the provisions of Handbook 12, Use of Federal Agencies.

3C. Applicability

These procedures apply to all vouchers submitted under AID-direct contracts, grants, cooperative agreements and country contracts. Both payment vouchers and "No Pay" vouchers under Treasury Financial Communication System Letter of Credit (TFCS/LOC) or advance procedures, in Section 3K below, are covered by these instructions. The approval/certification procedures, prescribed in Section 3H, in no way affect the post audit process. Since post audits do not include a 100% review of each transaction, the involvement of Project Officers (PO's) in reviewing the validity of these vouchers is a primary link in the financial management process.

3D. Timeliness of Disbursements

Invoices, bills, statements, or any other documents which are authorized for payment, including progress and final payments, will be paid when due. Checks will be scheduled for issuance and mailing to the payee as close as administratively possible to the due date as specified in the contract, or other agreement. If no due date is specified, the due date

3D

will be considered to be on the thirtieth (30) day (except for meat, meat food products, and perishable agricultural commodities) from either receipt of the invoice or the acceptance of the goods or services, whichever is later, (see Appendix 1C, Chapter 1, of this Handbook) and payment will be scheduled for issuance of a check by the Disbursing Office on that date. Payments will not be made on invoices prior to acceptance of the related goods and services, except as specifically provided by contracts or other agreements executed pursuant to law. Presentation of ocean bills of lading rather than arrival and acceptance of goods at the foreign destination may be considered as receipt of goods when an executed Form AID 282 (Supplier's Certificate) or Form AID 1450-4 (Supplier's Certificate for Project Commodities) and, as appropriate, a freight forwarder's Letter of Undertaking are provided.

3E. Cash Discounts

Payment procedures will be designed to automatically take advantage of cash discounts as a matter of routine. Such discounts will only be taken when payments can be made within the specified discount period and when the discount terms applied in the formula provided in Handbook 19, Chapter 1, Appendix 1B, yield an effective annual interest rate equivalent to, or greater than the percentage rate based on the current value of funds to the Treasury. AID offices will base the computation of the discount period on the date of receipt of an invoice which authorized payment by AID, unless otherwise provided in the contract or invoice as to how the discount period is to be determined. All discounted payment will be scheduled for check issuance on the last day of the discount period. However, payments will not be made to achieve discounts unless satisfactory evidence of acceptance of goods or services (or presentation of bills of lading) have been received except as specifically provided by contracts or other agreements executed pursuant to law.

3F. Late Payments

Every effort will be made to make payments in a timely manner. Payments not accomplished (see definition of "Payment Date" in Appendix 1C, Chapter 1 of this Handbook) on or before payment due date will be considered as late payments. Such late payments if not paid within 15 days after the payment due date (3 days for meat or meat food products and 5 days for perishable agricultural commodities) will be subject to interest penalties pursuant to contracts issued on or after October 1, 1982. Interest penalties will be paid automatically without request from the contractors from the next day after the payment due date to the date payments are made. However, interest penalty provisions are not

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applicable to the late payments of bills under grants, cooperative agreements, and country contracts (see Appendix 1C, Chapter 1 of this Handbook).

3G. Documentation Requirements for Processing Payments

1. AID-Direct Contracts

The documentation requirements for processing payments for AID Direct Contracts are included in Handbook 14, Procurement Regulations and AIDPR (41 CFR Chapter 7).

2. Grants and Cooperative Agreements

The documentation requirements for processing payments for Grants and Cooperative Agreements are included in Handbook 13, Grants.

3. Country Contracts

The documentation requirements for processing payments for Host Country Contracts are included in Handbook 11, Country Contracting.

4. PASA's and RSSA's

The documentation requirements for PASA's and RSSA's are included in Handbook 12, Use of Federal Agencies.

3H. Agency Approvals for Certifications

1. Basis for Approval of U.S. Government Payments

a. Federal law places ultimate personal financial responsibility on U.S. Government Authorized Certifying Officers (ACO's) for ascertaining the validity and correctness of payments by the U.S. Government. Specifically Title 31, Section 82c of the United States Code holds that:

> "The officer or employee cerfifying a voucher shall (1) be held responsible for the existence and correctness of the facts recited in the certificate or otherwise stated on the voucher or its supporting papers and for the legality of the proposed payment under the appropriation or fund involved; and (2) be held

* LOCATION WITHIN AID	ADDRESS	TELEPHONE
4. Office of the Inspector General	IG/ADM Room 411 SA-16 1604	875-4425
5. Office of Legislative Affairs	LEG Room 2895 NS 0016	647-7456
6. Office of Foreign Disaster Assistance	OFDA/OS Room 1262A NS 0008	647-7456
7. Office of the Science Advisor	SCI Room 320 SA-18	875-5482
8. Office of Small and Disadvantaged Business Utilization	OSDBU/MRC Room 1400 SA-14 1414	875-1551
9. Office of International Training	OIT/RS Room 215 SA-16 1601	875-4232
10. Bureau for Africa	AFR/CONT Room 4531 NS 0055	647-7183
11. Bureau for Asia and Near East	ANE/PD/PCS Room 3320A NS 0028	875-1270
12. Bureau for Latin America and The Caribbean	LAC/CONT Room 3253 NS 0024	647-3176
13. Bureau for Food for Peace and Voluntary Assistance	FVA/PPM/PMS Room 260 SA-8 0804	
14. Bureau for Private Enterprise	PRE/P Room 3208 NS 0018	647-5624
15. Bureau for Program and Policy Coordination		
15A For Operating Expenses	PPC/PB Room 3757 NS 0043	647-7656
15B For Program Expenses	PPC/PB Room 3756 NS 0043	647-6483 *

* Revised

* LOCATION WITHIN AID	ADDRESS	TELEPHONE
16. Bureau for Science and Technology	S&T/MGT Room 515 SA-18 1813	875-4202
17. Bureau for External Affairs	XA/ADM Room 4889 NS 0056	647-4278
18. Bureau for Personnel and Financial Management		
18A Office of Financial Management	PFM/FM/EX Room 800 SA-2 0211	663-2197
18B Office of Personnel Management	PFM/PM/ADM Room 1219 SA-1 0109	663-1324
19. Trade and Development Program	TDP Room 309 SA-16 1602	
20. Bureau for Management		
20A For Miscellaneous Contract Services BPC ENDING - ALL V900 SERIES	M/AAA/SER Room 1600A SA-14 1432	875-1377
20B For Information Resources Management BPC ENDING - ALL P000 SERIES	M/SER/IRM/PE Room 1105B SA-14 1407	875-1864
For General Support Services		
20C BPC ENDING - R110-150; R370	M/SER/MO/CPM Room 3728 NS 0042	647-9394
20D BPC ENDING - R170	M/SER/PA Room 1200A SA-14 1408	875-1532
20F BPC ENDING - R410-530	M/SER/MO/RM Room 1200F SA-14 1410	875-1537
20G BPC ENDING - R310-360	M/SER/CPM/P B926 NS 0003	647-8368
20H BPC ENDING - ALL OTHERS MO BILLINGS	M/SER/MO Room 1200A SA-14 1408	875-1329 *

* Revised

c. PO's are to administratively approve all vouchers submitted under AID direct contracts, grants/cooperative agreements, PASA's, RSSA's and host country contracts (excluding payments made by bank L/COM's and payments for commodities made directly by AID). Appendix 3A provides criteria of Project Officer's administrative approval.

d. The PO's approval, except for grants and cooperative agreements, signifies that the PO, who is in a position to know or find out if services have been performed pursuant to the terms of the contract, is satisfied that the services set forth on the document attached to the claim or bill have in fact been performed and that the PO assures to the best of his/her knowledge that such services are in accordance with the contract involved.

For grants and cooperative agreements, PASA's and RSSA's, the PO's approval signifies that to the best of his/her knowledge, the report reflects costs incurred for the purposes of the agreement.

e. PO's administrative approval, when required, will be the basis for the ACO's certification for expenditures. To comply with AID Prompt Payment policy and procedures, PO's administrative approval for AID direct contracts must be returned to the AID paying office within 5 business days; this time requirement does not apply to vouchers submitted under grants, cooperative agreements, host country contracts, PASA's or RSSA's except as a matter of AID policy. However, when the contracts/grants/agreements are financed with TFCS-LOC advances and PASA and RSSA are billed using OPAC or SIBAC, PO's approval will be made after the ACO's certification of the "No Pay" vouchers.

f. When the PO and the ACO are stationed in different locations, the following procedure for administrative approval of vouchers is to be followed:

(1) AID Preferred Procedure

(a) Under host country contract, the responsible borrower/grantee (B/G) agency or office executes a certificate of performance (see Sec. 3.6.5., Chapter 1, Handbook 11) and forwards it with the complete package (payment voucher, invoice(s) and supporting documents) to the PO.

(b) Under AID-direct contract, the contractor submits its request for payment (payment voucher, invoice(s) and supporting documentation) to the paying office designated on the face of the contract. The paying office shall refer the payment request to the PO for review.

3H2f(1)

(c) The PO reviews the payment voucher, certificate, invoices, and supporting documents attached thereto, and if the PO agrees that the claim is proper for payment, provides the appropriate approval in the form indicated in 3H2g below. The PO retains copy and sends the entire package to the AID paying office within 5 business days. If the PO finds an apparent error, defect, or impropriety in the contractor's invoice, it should be so noted and immediately forwarded to the AID paying office so that the invoice can be reviewed in other respects and the contractor can be notified within 15 days (or shorter as required) by the AID paying office.

(2) Alternative Procedure

In cases when it is not feasible to apply the procedure in Section 3H2f(1) immediately above, an alternative procedure is prescribed. This requires that the responsible B/G agency (under host country contract) submit the required request for payment documents to the designated AID paying office. The paying office immediately sends the PO pertinent data; e.g., period covered and any exceptions taken by B/G agency. The data must be sent by the most expeditious means. The PO, based on his/her knowledge of the activity, transmits his/her approval/ disapproval to the paying office within 5 business days. The paying office forwards to the PO a copy of the paid voucher and supporting documents for his/her information and retention.

g. PO administrative approval statements are required as follows:

(1) AID Direct Contracts, Grants, Cooperative Agreements, PASA's and RSSA's

"I have reviewed the voucher, the related invoice(s) and supporting documentation attached thereto. Based on this documentation and my personal knowledge of the project, I see no reason to withhold payment. Therefore, the voucher is administratively approved for payment subject to the financial review and certification by the paying office."

3H2g

(2) Reimbursements to B/G for Costs Incurred in the Project for Services Performed and/or Goods Delivered

"I have reviewed the voucher, the request for reimbursement and supporting documentation attached thereto. Based on this documentation and my personal knowledge of the project, I see no reason to withhold payment. Therefore, the voucher is administratively approved for payment subject to the financial review and certification by the paying office."

(3) Reimbursements to B/G Applicable to Projects Implemented Under Fixed Amount Reimbursement (FAR) Procedures

"I have reviewed the voucher, the request for reimbursement and relevant inspection reports. Based on this documentation and my personal knowledge of the project or activity, the voucher is administratively approved for payment subject to financial review and certification by the paying office."

(4) Borrower/Grantee Contracts Financed under AID Direct Letter of Commitment Procedures

(a) PO and paying office at the same location:

"I have reviewed the voucher, the related invoice(s) and supporting documentation. Based upon (1) my personal knowledge of the project, (2) the representations of the contractor in the Contractor's Certificate (form AID 1440-3), or other documentation, and (3) the representations of the borrower/grantee in the Certificate of Performance, I see no reason to withhold payment. Therefore, the voucher is administratively approved for payment subject to the financial review and certification by the paying office."

(b) PO and Paying Office at Different Locations and the Alternative Procedure, Section 3H2f(2) Above, is Applied:

"Based on the summary data provided which is applicable to the voucher and supporting documentation, including representations of the

3H2g

contractor and borrower/grantee, and my personal knowledge of the project, I see no reason to withhold payment. Therefore, the voucher is administratively approved for payment subject to the financial review and certification by the payment office."

(5) Addendum Project Officer Checklist

In order to provide a more complete documentary tracking of project payments, the Project Officer, whether in the field or in AID/W, will, in addition to providing the Project Officer administrative approval of vouchers, complete and attach the following checklist to the voucher. This will provide the authorized certifying officer with a more thorough knowledge of the relative vulnerability of each payment. The checklist is not intended to be used as a substitute for the above Project Officer approval statements, but merely as an addendum. The checklist is as follows:

Project Officer Checklist for Administrative Approval of Vouchers

(Please check as many as are applicable)

1. I have made _____ field visits to the project site(s) in the last three months and have personally observed project implementation _____.

2. I have visited the main office of the implementing agency(ies) _____ times in the last three months and discussed project implementation _____.

3. I have met with my counterpart(s) _____ times in the last three months and discussed the recipient's level of performance and/or commodities delivered _____.

4. I have visited the project site(s) as part of my Project Officer responsibilities and have sufficient information to enable me to provide an administrative approval _____.

5. None of the above. My administrative approval is based on the following: (Please be concise, i.e., two or three sentences.) _____

_____
Project Officer Name

_____
Project Number

(6) Unusual Circumstances

The statement as provided in Section 6 of Appendix 3A should be used under the circumstances as described.

h. The appropriate approval statement and the PO's signature is affixed to the reverse side of the payment voucher, except in the case of Section 3H2g(4)(b).

3. Payment Certification

a. Following the PO's administrative approval, a fiscal review is performed to permit the ACO to certify the payment. The PO's approval does not relieve the certifying officer of any responsibility in ascertaining that payment is in order. Rather, PO approval strengthens the internal control system upon which the certifying officer relies to assure that reasonable verification of the billing has taken place.

b. The ACO's statement is included on the face of the payment schedule and states:

> "pursuant to authority vested in me, I certify that the items listed herein are correct and proper for payment from the appropriation(s) designated hereon or on supporting vouchers."

3I. Implementing Procedures for AID-Direct Contracts, Grants, Cooperative Agreements, PASA's and RSSA's

The procedures to implement the PO's administrative approval of vouchers required by Section 3H2 follow:

1. Location Where Billings Are To Be Submitted and Processed

a. For all AID-direct contracts, grants and cooperative agreements, PASA's and RSSA's a determination is made on where billings are to be paid; i.e., at a field location or in AID/W.

(1) Billings are paid by a field location when all of the following conditions are applicable:

(a) The PO is located outside of the United States;

(b) There is a USAID Controller or other field paying office servicing the country where the PO is located; and

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(c) Neither the TFCS-LOC (see Section 3K6 below) or bank letter of commitment procedures are being utilized to pay the contractor/grantee.

(2) The Office of Financial Management, PFM/FM, AID/W, is the paying office when any of the following conditions apply:

(a) The TFCS-LOC or bank letter of commitment procedures are utilized to pay the contractor/grantee;

(b) The PO is located in /he United States; or

(c) There is no USAID Controller or other field paying office servicing the country where the PO is located.

b. All AID-direct contracts, grants, cooperative agreements, PASA's and RSSA's issued prior to the effective date of these instructions are to be reviewed to determine if the billing address is in accordance with the criteria set forth in Section 3Ila.

2. AID-Direct Contracts, Grants Cooperative Agreements, and PASA's to be Paid by Field Locations

a. USAID Controllers or ACO's are to assure that the PO's administrative approval, if required per Appendix 3A, is obtained prior to making payment. Each USAID Controller or ACO is free to establish local procedures for controlling and forwarding vouchers to the applicable PO. However, the date-stamping on payment documents and maintenance of logbook are required by the AID prompt payment policy and procedures.

b. PO's are to review the bill or voucher and provide an administrative approval to the USAID Controller or ACO in accordance with Section 3H2. Section 8 of Appendix 3A provides detail procedures for disallowances if the Project Officer discovers discrepancies.

3. AID-Direct Contracts, Grants, Cooperative Agreements, PASA's and RSSA's to be Paid by AID/W

a. PFM/FM is to obtain a PO's administrative approval, if required per Appendix 3A, prior to ACO certification, except for "No Pay" vouchers/ reports submitted under contracts/grants/cooperative agreements financed with TFCS-LOC advances and interagency transfers for OPAC and SIBAC billings under PASA's and RSSA's which will be obtained after ACO certification (see Section 3K3 below). The original of each contractor's bill/voucher (with the supporting documentation) or copy of grantee's report (SF 269, SF 270 or SF 272) received is forwarded to a central liaison point within the applicable Bureau.

3I3

b. The central liaison point within the Bureau is responsible for controlling the voucher/report, determining the responsible PO, and forwarding the voucher/report to the PO.

c. The PO is responsible for reviewing the voucher/report and providing an approval in accordance with Section 3H2. The PO returns the voucher/report to the central liaison point within the Bureau. If the goods received or services performed are not in agreement with the bill, the voucher with a covering memo explaining the difference between actual performance of services or receipt of commodities and the contractor's bill or grantee's report is returned to the appropriate PFM/FM paying office immediately. A copy of the memo to PFM/FM is sent to the contracting/grant officer through the central liaison point in the Bureau.

d. The central liaison point within the Bureau returns within 5 business days the voucher/report with the administrative approval to the PFM/FM paying office (in most cases, PFM/FM/CMP). The head of the Bureau/Office is responsible to see that PO's follow the AID Prompt Payment Policy and Procedures.

e. PFM/FM paying office matches the approved voucher/report with the other copies of the voucher/report, performs a fiscal review and if appropriate, certifies it for payment in accordance with Section 3H3b. If improper voucher/report and/or other discrepancies/disallowance as described in 3I3c above are discovered, M/FM paying office returns the voucher/report to the contractor within 15 days after receipt of the voucher/report; a copy of PFM/FM's transmittal shall be furnished to the contracting/grant officer in the event corrective action is necessary.

4. Procedures for Payment of Bills by Office Other Than Designated Paying Office

When an office certifies a voucher under a contract/grant/cooperative agreement PASA/RSSA for payment, the office must have complete and current knowledge of all payments involved with the contract, or agreement. While ideally this paying office is the same as the accounting office (or allowee), this arrangement is not always possible. There is no reason, however, that the paying office should not be fully informed of all disbursements affecting the obligation. An effective job of voucher auditing is not possible without a complete payment history and the risk of over disbursing an obligation is apparent. Therefore, it is imperative that an office other than the designated or normal paying office should not disburse any funds, either

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as advances or liquidation of obligations, for which another office has payment responsibility without first obtaining approval from the responsible office.

In emergencies, the responsible office has to be notified that a disbursement has been made. This is especially important for contracts, grants or cooperative agreements financed under a TFCS-LOC. (See Section 3K6 below). TFCS-LOC cannot readily be reduced when USAIDs provide advances or issue GTRs and GBLs to contractor/grantee personnel. Moreover, since all contracts, grants and cooperative agreements with one recipient are consolidated in a single TFCS-LOC, the accounting and reconciliation actions associated with such transactions become enormous unless (1) a Bill for Collection (AID Form 7-129) is issued, (2) funds are collected from the Contractor/Grantee to cover the amount of USAID disbursement and (3) the Contractor/Grantee reports the B/C payment as an expenditure under the TFCS-LOC.

Advances are kept on the books of the responsible paying office. An advance is not to be AOC'ed to another station simply because the obligation is against the second station, the advance is kept on the books of the first station and AOC's sent only for liquidation of the obligation. If circumstances dictate that the advance be AOC'ed for control purposes, the paying office should inform the second station of the reasons for the switch and should insure that an advance copy of the AOC is forwarded expeditiously.

3J. Implementing Procedures for AID-Financed Country Contracts

1. All AID direct letters of commitment issued to finance country contracts (except for equipment and materials) are to specify that the PO's administrative approval is a requirement for reimbursement by AID in accordance with Appendix 3A. (See also Section 3H2 above).

2. All country contracts financed by AID direct letters of commitment for direct payment are to specify for billing purposes the full and complete address of the USAID Controller or USAID employee authorized to certify payment.

3. The procedures used to obtain the administrative approval of bills submitted under country contracts, paid by AID direct disbursement procedures, are identical to the procedures used for AID direct contracts. (See Section 3I above.) Payment of such voucher is not subject to the interest penalty provisions under the AID prompt payment policy and procedures. The procedures for disallowances as prescribed in Section 8 of Appendix 3A is specifically applicable to the host country contracts.

3H1

accountable for and required to make good to the United States the amount of any illegal, improper, or incorrect payment resulting from any false, inaccurate, or misleading certificate made by him, as well as for any payment prohibited by law or which did not represent a legal obligation under the appropriation or fund involved...."

b. Limited relief is provided to an ACO provided a certification was based on official records and the certifying officer did not know, and by reasonable diligence and inquiry could not have ascertained, the actual facts. Nevertheless, the law places considerable responsibility on ACO's to uncover all facts surrounding billings which result in payments by the U.S. Government.

c. Prudent internal controls, not only to meet minimum legal requirements but also to satisfy reasonable management requirements, require the administrative approval of an officer of the U.S. Government who is in a position to know or to find out if those services for which payment is being requested have in fact been rendered, that goods described in the billing have been delivered, and that payment is in order.

2. Administrative Approval

a. The management system employed by AID places project monitoring responsibility on Project Officers (PO's), who may be located in AID/W Bureaus or overseas in USAID or regional offices. Project Officers represent AID's interests during all phases of project operations and are concerned with ensuring the prudent and effective utilization of U.S. resources.

b. It logically follows that the involvement of the PO in the payment process strengthens AID's management system. This involvement provides an opportunity for the PO to verify the contractors' billings/ grantees' reports and to evaluate the levels of effort reported against actual performance.

* Effective immediately the originals of all payment requests for which PFM/FM/CMP (Cash Management and Payment Division) is the paying office are to be sent by vendors directly to the DOCUMENT CONTROL BRANCH (DC) at the following address:

PFM/FM/CMP/DC
Room 700 SA-2
Washington, D.C. 20523-0209 *

*Revised

* After receipt by DC and entry into FACS, a copy of the request and a cover memorandum requesting administrative approval will be sent to the appropriate location within the Agency by DC. The payment requests are not officially received by AID until they reach DC and are entered into FACS (Financial Accounting and Control System). Any approval prior to receipt by DC is not valid. Vendors are not to be unofficially instructed to submit their payment requests directly to the officer responsible for administrative approval. If, for project management purposes, project officers believe they need to see invoices directly from the vendors, they may make arrangements with the vendors to have clearly marked "copies" sent to them. These "copies" are for project officer information only and must not be forwarded to PFM/FM.

Locations have been established within the Agency (see listing of locations below) to which payment requests requiring administrative approval will be sent by DC. These locations (control points) will be responsible for the following actions within their area of responsibility: 1) distributing the payment requests to the appropriate officer for administrative approval; 2) collecting the administratively-approved documents; and 3) returning them to PFM/FM/CMP/DC WITHIN FIVE (5) CALENDAR DAYS OF RECEIPT FOR COMPLETION OF THE PAYMENT PROCESS.

Any changes in the location of the control points must immediately be brought to the attention of DC at the above-mentioned address to assure correct distribution.

All vendor inquiries concerning payments should also be directed to the Document Control Branch at the above address.

THESE NEW PROCEDURES DO NOT APPLY TO THE ADMINISTRATIVE APPROVAL OF DIRECT LETTERS OF COMMITMENT OR TO THE PERMANENT STORAGE OF HOUSEHOLD EFFECTS.

LOCATION WITHIN AID	ADDRESS	TELEPHONE
1. Board for International Food and Agricultural Development	BIFAD/S Room 5314A NS 0059	647-8906
2. Office of Equal Opportunity Programs	EOP Room 1224 SA-1 0110	663-1330
3. Office of the General Counsel	GC Room 6945 NS 0076	647-8375

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* Revised

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4. All bills (except those for equipment and materials under host country contracts) which utilize AID direct disbursement procedures require an administrative approval in accordance with Section 3H2 and Appendix 3A.

5. In those cases where a country contract is financed by a bank L/COM, the requirement of this chapter for a PO to provide an administrative approval certificate does not apply.

6. Section 4 of Appendix 3A prescribes certain vouchers under direct letters of commitment exempted from requirement of administrative approval.

3K. Advances

1. Authority

Advances of cash to AID contractors, grantees, host country contractors, and other agreement recipients for the purpose of financing their current operations are authorized, reflected and/or incorporated in Handbook 14, Procurement Regulations (41 CFR 1-30.4 and 41 CFR 7-30.4); Handbook 11, Country Contracting; Handbook 13, Grants; Treasury Fiscal Requirements Manual for Guidance of Departments and Agencies (I TFRM 6-2000 and 6-8050); and Office of Management and Budget (OMB) Circular A-110 (41 FR 32016). Statutory authorities are provided by Sections 633 and 635(b) of the Foreign Assistance Act of 1961, as amended (FAA), as implemented by Executive Order 11223. Currently, only AA/M is delegated authority to approve advances to profit-making organizations, subject to prior consultation with AID/W Controller.

2. Recipient Organizations

A "recipient" for the purpose of these instructions means any contractor, grantee or other organizational entity, both profit and non-profit, who has been authorized to receive an advance under the authority in Section 3K1.

3. Approval and Certification for Payment

Generally, the procedures for administrative approval of payment vouchers and certification for payment of advances are based on the requirements in Sections 3H, 3I and 3J. No Pay vouchers for liquidation of advances are administratively approved by PO after ACO certification.

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4. Methods of Financing Advances

Advances to meet a recipient's immediate disbursing needs for liabilities arising from AID programs and activities are made by either Treasury check or TFCS-LOC. AID policy considerations underlying the selection and use of the methods of financing advances are set forth in Handbook 1, AID Policy, Chapter 15 of Supplement B. The standards and criteria applicable to each method follow.

5. Advances by Treasury Check (Cash Advances)

a. This method is used when an advance is justified but the conditions for a TFCS-LOC as prescribed in Section 3K6a(1) below cannot be met. The method of advancing funds by Treasury Check may be used under host country contracts, AID-direct contracts, grants and cooperative agreements. (Also see Section 3K6a(3)(d) below).

b. To minimize the impact on Treasury financing costs and the level of the public debt, advances are scheduled by AID so that the Treasury check, when issued, is available to the recipient only immediately prior to the disbursement of funds in accordance with the recipient's regular disbursement cycle (monthly, biweekly, or other interval).

c. Agency control over cash advances is established in accordance with Treasury Department regulations and related standards and requirements of the Comptroller General of the United States. Operating guidelines are provided under "Cash Management" in Handbook 19, Chapter 1, Appendix 1-B; in FM internal instructions; and in the USAID Controller Guidebook, Chapter 16.

d. Request for Advance and Reimbursement

(1) Under AID-Direct Contracts

The contract provisions generally provide instructions/procedures for contractors submitting vouchers as request for advance or reimbursement. SF 1034 Public Voucher for Purchases and Services Other Than Personal (Exhibit 3-1) is normally used for this purpose. For reimbursement, the contractor is further instructed to submit backup detail by line item budget categories from the contract, comparing budget and actual expenditures, current period and from inception to reporting period.

AGENCY FOR INTERNATIONAL DEVELOPMENT

HANDBOOK TRANSMITTAL MEMORANDUM	DATE March 9, 1994	TRANS. MEMO NO. 19:132

MATERIAL TRANSMITTED:

Handbook 19 - Financial Management

Chapter 12, Special Vouchering Activities, Sections 12A and 12B, have been updated as follows:

IG issued new policy directives covering "confidential funds," therefore, these revisions reflect FM's current procedures in response to IG's directives.

ES issued new policy directives covering "official entertainment," as directed by Aaron Williams, ES, December 30, 1993.

FILING INSTRUCTIONS:

1. REMOVE PAGES: — REPLACEMENT PAGES:

   12-1 thru 12-6 (TMs 19:4 & 19:130) — 12-1 thru 12-6

2. Initial the Transmittal Memorandum Checksheet (in the back of the Handbook binder) beside TM 19:132.

3. KEEP THIS TRANSMITTAL MEMORANDUM, which has an up-to-date Checklist for this Handbook on the back.

4. File this TM 19:132 in the front of the handbook binder; discard TM sheet 19:131.

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Address questions about this Handbook to
M/FM/FPS (202) 663-2168

For additional copies of this Transmittal contact M/AS/ISS (202) 736-4746

CHECKLIST FOR HANDBOOK 19
FINANCIAL MANAGEMENT

AUTHOR OFFICE: M/FM/FPS

DATE	MATERIAL TRANSMITTED	TM NO.
1-22-76	NOTE regarding sex-biased language in handbooks	19:11
2-1-77	Pages 6-1 & 6-2, 6-7 thru 6-16 of Chapter 6	19:15
2-24-77	Att. 8C thru 8G of Chapter 8	19:19
4-18-77	Pages 5-1 thru 5-4, 5-7 & 5-8, 5-13 thru 5-18, 5-21 thru 5-24, 5-27 thru 5-32, 5-35 & 5-36, 5-39 thru 5-44, 5-47 thru 5-50, 5-53 thru 5-58, 5-61 thru 5-86, 5-89 thru 5-94, 5-109 thru 5-128, 5-131 thru 5-139, Exh. 5A thru 5E, Att. 5A thru 5C, Att. 5D-3 thru 5H, Att. 5J thru 5R, App. 5A thru 5D, App. 5F thru 5H	19:22
4-20-77	Pages 6-5 & 6-6 of Chapter 6	19:23
4-28-77	Pages 10-1 thru 10-8, 10-37, 10-39 thru 10-66, Att. 10D thru Att. 10J of Chapter 10	19:24
5-31-77	Tabs for Chapters 5 - 13	19:25
8-3-77	Foreword	19:26
7-27-77	Pages 11-5 thru 11-24 of Ch. 11	19:27
8-4-77	Pages 12-7 thru 12-13, Att. 12B of Chapter 12	19:29
11-14-77	Pages 14-1 thru 14-18, Att. 14A thru 14E of Ch. 14 and Tab for Chapter 14	19:33
3-27-78	Pages 5-9 & 5-10, 5-59 & 5-60 ; Att. 5D pages 1 and 2 of of Chapter 5	19:36
3-29-78	Pages 6-3 and 6-4 of Chapter 6	19:38
5-8-78	Appendix 11B	19:39
10-11-78	Att. 14F, 14G, and 14H of Chapter 14	19:41
5-11-79	Pages 1-5 thru 1-12, 1-23 thru 1-38, and the Tab for Chapter 1	19:43
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6-14-79	Pages 15-1 thru 15-6, 15-15 thru 15-32, Att. 15A thru 15C and the Tab for Chapter 15	19:46
6-19-79	Pages 11-1 through 11-4 of Chapter 11	19:47
6-28-79	Pages 1-39 thru 1-45 of Chapter 1	19:48
10-31-79	Pages 10-69 thru 10-84, Att. 10K through 10P of Chapter 10	19:49
1-23-80	Attachment 7A of Chapter 7	19:51
7-15-80	Pages 1-1 thru 1-4 and 1-13 & 1-14, 1-17 thru 1-22 of Chapter 1	19:55
4-22-81	Pages 10-91 & 10-92 of Chapter 10	19:59
7-16-81	Exhibits 3-1 thru 3-6, 3-9 & 3-10 of Chapter 3	19:61
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2-16-83	Pages 9-1 & 9-2, 9-7 thru 9-19, Att. 9A thru 9J	19:77
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5-22-84	Pages 10-67, 10-67A, & 10-68; Att. 10Q App. 1 and 2	19:94
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DATE	MATERIAL TRANSMITTED	TM NO.
Aug.'86	New Handbook Index	19:114
3-26-87	Table of Contents; Individual Chapter TOC, (Ch. 1, 2, 4, 5, 6, 8 thru 15); Chapter 2 & Att. 8A & 8B of Chapter 8	19:115
12-23-87	Pages TC7-1 & TC7-2, 7-21, 7-21a & 7-22 of Ch. 7	19:116
11-22-88	Page TC1-3 of the TOC, App. 1G	19:118
4-21-89	Pages TC 14-2, 14-28 Chapter 14	19:120
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AGENCY FOR INTERNATIONAL DEVELOPMENT

HANDBOOK TRANSMITTAL MEMORANDUM	DATE January 8, 1992	TRANS. MEMO NO. 19:131

MATERIAL TRANSMITTED:

Handbook 19 - Financial Management

Attachment 15D, AID Owned & Controlled Non-Expendable and Real Property Report, has been updated to reflect the need for the Mission Director (or) Property Management Officer's approval.

SUPERSEDES:

Pages 15D-1 and 15D-2 (TM 19:129).

FILING INSTRUCTIONS:

1. Remove superseded material as indicated under SUPERSEDES.
2. File the attached in their appropriate places.
3. Initial the Transmittal Memorandum Checksheet (in the back of the Handbook binder) beside TM 19:131.

* * * * * * *

KEEP THIS TRANSMITTAL MEMORANDUM, which has an up-to-date Checklist for this Handbook on the back. File this TM 19:131 in the front of the handbook binder; discard TM sheet 19:130.

* * * * * * *

Address questions about this Handbook to FA/FM/FPS (202) 663-2245.

For additional copies of this Transmittal contact FA/AS/ISS.

CHECKLIST FOR HANDBOOK 19
FINANCIAL MANAGEMENT

AUTHOR OFFICE: FA/FM/FPS

DATE	MATERIAL TRANSMITTED	TM NO.
9-30-75	Pages 12-1 & 12-2	19:4
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2-24-77	Att. 8C thru 8G of Chapter 8	19:19
4-18-77	Pages 5-1 thru 5-4, 5-7 & 5-8, 5-13 thru 5-18, 5-21 thru 5-24, 5-27 thru 5-32, 5-35 & 5-36, 5-39 thru 5-44, 5-47 thru 5-50, 5-53 thru 5-58, 5-61 thru 5-86, 5-89 thru 5-94, 5-109 thru 5-128, 5-131 thru 5-139, Exh. 5A thru 5E, Att. 5A thru 5C, Att. 5D-3 thru 5H, Att. 5J thru 5R, App. 5A thru 5D, App. 5F thru 5H	19:22
4-20-77	Pages 6-5 & 6-6 of Chapter 6	19:23
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11-14-77	Pages 14-1 thru 14-18, Att. 14A thru 14E of Ch. 14 and Tab for Chapter 14	19:33
3-27-78	Pages 5-9 & 5-10, 5-59 & 5-60 ; Att. 5D pages 1 and 2 of of Chapter 5	19:36
3-29-78	Pages 6-3 and 6-4 of Chapter 6	19:38
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CHECKLIST FOR HANDBOOK 19
FINANCIAL MANAGEMENT

AUTHOR OFFICE: FM/FPS

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2-24-77	Att. 8C thru 8G of Chapter 8	19:19
4-18-77	Pages 5-1 thru 5-4, 5-7 & 5-8, 5-13 thru 5-18, 5-21 thru 5-24, 5-27 thru 5-32, 5-35 & 5-36, 5-39 thru 5-44, 5-47 thru 5-50, 5-53 thru 5-58, 5-61 thru 5-86, 5-89 thru 5-94, 5-109 thru 5-128, 5-131 thru 5-139, Exh. 5A thru 5E, Att. 5A thru 5C, Att. 5D-3 thru 5H, Att. 5J thru 5R, App. 5A thru 5D, App. 5F thru 5H	19:22
4-20-77	Pages 6-5 & 6-6 of Chapter 6	19:23
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3-27-78	Pages 5-9 & 5-10, 5-59 & 5-60 ; Att. 5D pages 1 and 2 of of Chapter 5	19:36
3-29-78	Pages 6-3 and 6-4 of Chapter 6	19:38
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10-31-79	Pages 10-69 thru 10-84, Att. 10K through 10P of Chapter 10	19:49
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4-22-81	Pages 10-91 & 10-92 of Chapter 10	19:59
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1-14-83	Pages 10-9 thru 10-18 of Chapter 10	19:76
2-16-83	Pages 9-1 & 9-2, 9-7 thru 9-19, Att. 9A thru 9J	19:77
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12-26-84	Att. 7E-1 thru 7E-10 of Chapter 7	19:100
6-21-85	Attachment 7D and 7E-11 of Chapter 7	19:101
7-1-85	Appendix 1E-3 thru 1E-6 of Chapter 1	19:102
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3-25-86	Pages 1A-TC-1, 1A-1 thru 1A-8, 1A-11 thru 1A-17 of Appendix 1A	19:108
5-29-86	App. 1E-7 thru 1E-9 of Chapter 1	19:109
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AGENCY FOR INTERNATIONAL DEVELOPMENT

HANDBOOK TRANSMITTAL MEMORANDUM	DATE November 25, 1991	TRANS. MEMO NO. 19:130

MATERIAL TRANSMITTED:

Handbook 19 - Financial Management

Section 12B Official Entertainment in the United States has been amended and Attachment 12A Request and Authorization. This update reflects that Executive Secretary (ES) administers the entertainment funds; Assistant Administrators (AA's) and others no longer have allocations. The policy restricts entertainment of Executive and Legislative officers and functions attended solely by AID Personnel.

The Table of Contents was updated to reflect the change.

SUPERSEDES:

Pages TC-9 thru TC-10, TC12-1 of the Table of contents; pages 12-3 thru 12-6 and Attchment 12A of Chapter 12. (TMs 19:4, 19:115 and 19:117)

FILING INSTRUCTIONS:

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* * * * * * *

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* * * * * * *

Address questions about this Handbook to FM/FPS (202) 663-2245.

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FINANCIAL MANAGEMENT

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7-27-77	Pages 11-5 thru 11-24 of Ch. 11	19:27
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12-1-86	Att. 7C-1 thru 7C-6 of Chapter 7	19:112
Various	Att. 1A-9 and 1A-10 of Ch. 1; Att. 5I-1 of Ch. 5, pages 10-19 & 10-38, Att. 10A, 10B & 10C-1 of Ch. 10; App. 11A of Ch. 11; pages 15-7 thru 15-10 of Ch. 15	19:113
Aug.'86	New Handbook Index	19:114

DATE	MATERIAL TRANSMITTED	TM NO
3-26-87	Table of Contents; Individual Chapter TOC, (Ch. 1, 2, 4, 5, 6, 8 thru 15); Chapter 2 & Att. 8A & 8B of Chapter 8	19:115
12-23-87	Pages TC7-1 & TC7-2, 7-21, 7-21a & 7-22 of Ch. 7	19:116
11-22-88	Page TC1-3 of the TOC, App. 1G	19:118
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AGENCY FOR INTERNATIONAL DEVELOPMENT

HANDBOOK TRANSMITTAL MEMORANDUM	DATE July 15, 1991	TRANS. MEMO NO. 19:129

MATERIAL TRANSMITTED:

Handbook 19 - Financial Management

Pages 15D-1 thru 15D-2 of chapter 15 have been issued to reflect an update.

SUPERSEDES:

Pages 15D-1 and 15D-2 of Chapter 15 (TM 19:46).

FILING INSTRUCTIONS:

1. Remove superseded material as indicated under SUPERSEDES.
2. File the attached in their appropriate places.
3. Initial the Transmittal Memorandum Checksheet (in the back of the Handbook binder) beside TM 19:129.

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KEEP THIS TRANSMITTAL MEMORANDUM, which has an up-to-date Checklist for this Handbook on the back. File this TM 19:129 in the front of the handbook binder; discard TM sheet 19:128.

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Address questions about this Handbook to FM/FPS (663-2245).

For additional copies of this Transmittal contact MS/AS/ISS.

CHECKLIST FOR HANDBOOK 19
FINANCIAL MANAGEMENT

AUTHOR OFFICE: FM/FPS

DATE	MATERIAL TRANSMITTED	TM NO.
9-3-75	Title Sheet	19:3
9-30-75	Pages 12-1, 12-2, Att. 12A, Att. 12B-1 & 12B-2	19:4
1-22-76	NOTE regarding sex-biased language in handbooks	19:11
2-1-77	Pages 6-1, 6-2, 6-7 thru 6-16 of Chapter 6	19:15
2-24-77	Pages Att. 8C-1 thru Att. 8G-46 of Chapter 8	19:19
4-18-77	Pages 5-1 thru 5-4, 5-7, 5-8, 5-13 thru 5-18, 5-21 thru 5-24, 5-27 thru 5-32, 5-35, 5-36, 5-39 thru 5-44,5-47 thru 5-50, 5-53 thru 5-58, 5-61 thru 5-86, 5-89 thru 5-94, 5-109 thru 5-128, 5-131 thru 5-139, Exh. 5A-1 thru Exh. 5E-1, Att. 5A-1 thru Att. 5C-1, Att. 5D-3 thru Att. 5H(2), Att. 5J-1 thru Att. 5R-2, App. 5A-1 thru 5D-6, App. 5F-1 thru App. 5H-6	19:22
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11-14-77	Pages 14-1 thru 14-18, Att. 14A thru 14E of Ch. 14 and Tab for Chapter 14	19:33
3-27-78	Pages 5-9 - 5-12, 5-59, and 5-60 of Chapter 5; and pages 1 and 2 of Attachment 5D	19:36
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10-31-79	Pages 10-69 thru 10-84 of Chapter 10; new Attachments 10K through 10P	19:49
1-23-80	Attachment 7A	19:51
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3-4-81	Pages 7D-1 and 7D-2 of Attachment 7D to Chapter 7	19:58
4-22-81	Pages 10-91 & 10-92 of Chapter 10 and pages 5 through 8 of Index	19:59
7-16-81	Exhibits 3-1 thru 3-6 of Chapter 3	19:61
3-4-82	Pages Att. A5, A-6, Tab for Chapter 4	19:65
6-24-82	Circular to Chapter 10	19:67
5-2-82	Pages 14-23 thru 14-27 of Chapter 14 and Att. 14I	19:68
8-30-82	Tab for Chapter 3	19:69
10-5-82	Circular to Chapter 14	19:70
10-1-82	Attachment 7F to Chapter 7	19:71
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4-5-83	Supplement A and page 2 of the Transmittal Memorandum Checksheet	19:79
7-21-83	Pages 9-3 - 9-6 of Chapter 9	19:84
7-22-83	Pages 10-85 - 10-90 of Chapter 10	19:85

DATE	MATERIAL TRANSMITTED	TM NO.
9-6-83	Pages 10-95 thru 10-98 of Chapter 10; and page TC-12a of the Table of Contents	19:87
11-1-83	Pages TC7-3 thru TC7-5, 7-1 thru 7-20 and 7-23 thru 7-34, 7-37 thru 7-46 of Chapter 7	19:88
11-3-83	Pages 4A-1 through 4A-5 of Chapter 4 and TC-4a and TC-4b of the Table of Contents; Pages 14-19 thru 14-22 of Chapter 14	19:90
2-6-84	Page 10-99 & 10-100 of Chapter 10	19:92
2-21-84	App. 4B of Ch. 4; and pages 7-11 through 7-14a, 7-35, 7-36, 7-47 of Chapter 7	19:93
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6-21-85	Attachment 7D and page 7E-1 of attachment 7E	19:101
7-1-85	Pages 1E-3 thru 1E-6 of Appendix 1E to Chapter 1	19:102
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5-29-86	Pages 1E-7 thru 1E-9 of Appendix 1E	19:109
9-9-86	Pages 1E-1 and 1E-2 of Appendix 1E and Attachment 7B	19:110
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Aug.'86	New Handbook Index	19:114
3-26-87	Table of Contents; Individual chapter Table of Contents; Chapter 2 and pages 8A-1 and 8B-1 of Chapter 8	19:115
12-23-87	Pages TC7-1, TC7-2, 7-21, 7-21a and 7-22 of Chapter 7	19:116
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4-21-89	Pages TC 14-2, 14-27, 14-28	19:120
5-31-89	Attachment 7B of Chapter 7 in its entirety	19:121
Various	App. 1D of Ch. 1 and pages 8-1 thru 8-27 of Ch. 8	19:122
Various	Pages 3-1 thru 3-26, App. 3A-1 thru 3A-7, Exh. i, Exh. 3-7, Exh. 3-8, Exh. 3-11, Exh. 3-12	19:123
Various	Pages TC3-1, TC3-2 of the Table of Contents; pages 3-1 thru 3-26 of Ch. 3	19:125
3-22-90	Chapter 16	19:127
4-19-91	Pages 4-1 thru 4-14 of Ch. 4	19:128
7-15-91	Pages 15D-1 thru 15D-2 of Ch. 15	19:129

AGENCY FOR INTERNATIONAL DEVELOPMENT

HANDBOOK TRANSMITTAL MEMORANDUM	DATE April 19, 1991	TRANS. MEMO NO. 19:128

MATERIAL TRANSMITTED:

Handbook 19 - Financial Management

Pages 4-1 through 4-16 of chapter 4 have been issued to reflect an update in the Revolving Fund accounts and subsequent repagination.

SUPERSEDES:

Pages 4-1 through 4-12 of Chapter 4 (TM 19:96).

FILING INSTRUCTIONS:

1. Remove superseded material as indicated under SUPERSEDES.
2. File the attached in their appropriate places.
3. Initial the Transmittal Memorandum Checksheet (in the back of the Handbook binder) beside TM 19:128.

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CHECKLIST FOR HANDBOOK 19
FINANCIAL MANAGEMENT

AUTHOR OFFICE: FM/FPS

DATE	MATERIAL TRANSMITTED	TM NO.
9-3-75	Title Sheet	19:3
9-30-75	Chapter 12	19:4
1-22-76	NOTE regarding sex-biased language in handbooks	19:11
2-1-77	Chapter 6	19:15
2-24-77	Chapter 8	19:19
3-4-77	Chapter 9	19:21
4-18-77	Chapter 5	19:22
4-20-77	Pages 6-5 & 6-6 of Chapter 6	19:23
4-28-77	Chapter 10	19:24
5-31-77	Tabs for Chapters 1 - 13	19:25
8-3-77	Foreword	19:26
7-27-77	Chapter 11	19:27
8-4-77	Pages 12-7 - 12-13 of Chapter 12	19:29
11-14-77	Chapter 14 and Tab for Chapter 14	19:33
3-27-78	Pages 5-9 - 5-12, 5-59, and 5-60 of Chapter 5; and pages 1 and 2 of Attachment 5D	19:36
3-29-78	Pages 6-3 and 6-4 of Chapter 6	19:38
5-8-78	Appendix 11B	19:39
10-11-78	Attachment 14F; Attachment 14G and Attachment 14H of Chapter 14 and the Index	19:41
5-11-79	Chapter 1; and Tab for Chapter 1	19:43
5-11-79	Tab for Chapter 2	19:44
6-14-79	Chapter 15; and the Tab for Chapter 15	19:46
6-19-79	Pages 11-1 through 11-4 of	19:47
6-28-79	Pages 1-39 through 1-45 of Chapter 1	19:48
10-31-79	Pages 10-69 thru 10-84 of Chapter 10; new Attachments 10K through 10P	19:49
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7-15-80	Pages 1-1 - 1-5 and 1-13 - 1-22 of Chapter 1	19:55
3-4-81	Pages 7D-1 and 7D-2 of Attachment 7D to Chapter 7	19:58
4-22-81	Pages 10-91 & 10-92 of Chapter 10 and pages 5 through 8 of Index	19:59
7-16-81	Exhibits 3-1 thru 3-6 of Chapter 3	19:61
2-10-82	Appendix 1B to Chapter 1	19:64
3-4-82	New Chapter 4; Tab for Chapter 4	19:65
6-24-82	Circular to Chapter 10	19:67
5-2-82	Pages 14-23 - 14-26 of text of Chapter 14 and Attachment 14I	19:68
8-30-82	Tab for Chapter 3	19:69
10-5-82	Circular to Chapter 14	19:70
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11-15-82	Pages 10-93 through 10-95 of Chapter 10	19:72
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1-31-83	Pages 1-15, 1-16, 1C-1 thru 1C-4 of Appendix 1C, Chapter 1; and page TC-2a of the Table of Contents	19:75
1-14-83	Pages 10-9 through 10-20 of Chapter 10	19:76

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FINANCIAL MANAGEMENT

AUTHOR OFFICE: M/FM/ASD

DATE	MATERIAL TRANSMITTED	TM NO.
2-16-83	Chapter 9	19:77
2-16-83	Page 7D-2 of Attachment 7D to Chapter 7; and Chapter 13	19:78
4-5-83	Supplement A and page 2 of the Transmittal Memorandum Checksheet	19:79
7-21-83	Pages 9-3 - 9-6 of Chapter 9	19:84
7-22-83	Pages 10-85 - 10-90 of Chapter 10	19:85
9-6-83	Pages 10-95 - 10-99 of Chapter 10; and page TC-12a of the Table of Contents	19:87
11-1-83	Pages TC7-3 thru TC7-5, 7-1 thru 7-20 and 7-23 thru 7-46 of Chapter 7	19:88
11-3-83	Pages 4A-1 through 4A-5 of Chapter 4 and TC-4a and TC-4b of the Table of Contents; Pages 14-19 thru 14-22 of Chapter 14	19:90
2-6-84	Page 10-100 of Chapter 10	19:92
2-21-84	App. 4B of Ch. 4; and pages 7-11 through 7-14a, 7-35, 7-36, 7-47 and Attachment 7B of Chapter 7	19:93
5-22-84	Pages 10-67, 10-67A, and 10-68; Attachment 10Q	19:94
6-26-84	Pages 15-11 thru 15-14a and 15E-1 of Ch. 5	19:95
8-17-84	Attachment A-1 thru A-4 of Ch. 4	19:96
11-2-84	Pages 1B-i and 1B-1 thru 1B-16 of Appendix 1B to Ch. 1	19:98
11-29-84	Pages 1C-5 thru 1C-8, and 1C-10a of Appendix 1C to Chap. 1	19:99
12-26-84	Pages 7E-2 thru 7E-10 of Attachment 7E	19:100
6-21-85	Attachment 7D and page 7E-1 of attachment 7E	19:101
7-1-85	Pages 1E-3 thru 1E-6 of Appendix 1E to Chapter 1	19:102
7-31-85	Pages 5-5, 5-6, 5-11, 5-12, 5-19, 5-20, 5-25, 5-26, 5-33, 5-34, 5-37, 5-38, 5-45, 5-46, 5-51, 5-52, 5-87, 5-88, 5-95 thru 5-108, 5-129, 5-130 and page 5E-1 of App. 5E and App. 5-I	19:103
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3-25-86	Appendix 1A	19:108
5-29-86	Pages 1E-7 thru 1E-9 of Appendix 1E	19:109
9-9-86	Pages 1E-1 and 1E-2 of Appendix 1E and Attachment 7B	19:110
12-1-86	Pages 7C-1 thru 7C-6 of Att. 7C	19:112
Various	Pages 1A-9 and 1A-10 of Ch. 1; page 5I-1 of Att. 5I, Ch. 5; pages 10-19 and 10-37, pages 10A-1, 10B-1 and 10C-1 of Ch. 10; App. 11A of Ch. 11; pages 15-7 thru 15-10 of Ch. 15	19:113
Aug.'86	New Handbook Index	19:114
3-26-87	Table of Contents; Individual chapter Table of Contents; Chapter 2 and pages 8A-1 and 8B-1 of Chapter 8	19:115
12-23-87	Pages TC7-1, TC7-2, 7-21, 7-21a and 7-22 of Chapter 7	19:116
6-3-88	Pages 12-3 thru 12-6 of Ch. 12	19:117

CHECKLIST FOR HANDBOOK 19 (CONTINUED)
FINANCIAL MANAGEMENT

AUTHOR OFFICE: M/FM/ASD

DATE	MATERIAL TRANSMITTED	TM NO
11-22-88	Page TC1-3 of the Table of Contents, and App. 1G	19:118
4-21-89	The Table of Contents for Chapter 14 and pages 14-27, 14-28	19:120
5-31-89	Attachment 7B of Chapter 7 in its entirety	19:121
Various	App. 1D of Ch. 1 and pages 8-1 thru 8-27 of Ch. 8	19:122
Various	Appendix 3A, page Exh-i, Exhibits 3-7, 3-8, 3-11 and 3-12	19:123
Various	Pages TC3-1, TC3-2 of the Table of Contents; pages 3-1 thru 3-26 of Ch. 3	19:125
3-22-90	Chapter 16	19:127
4-19-91	Pages 4-1 thru 4-14 of Ch. 4	19:128

AGENCY FOR INTERNATIONAL DEVELOPMENT

HANDBOOK TRANSMITTAL MEMORANDUM	DATE March 22, 1990	TRANS. MEMO NO. 19:127

MATERIAL TRANSMITTED:

Handbook 19 - Financial Management

Chapter 16 - Policy and Procedures for Audit Follow-Up and Resolution is being revised in its entirety.

SUPERSEDES:

Chapter 16 in its entirety (TMs 19:124, 19:126).

FILING INSTRUCTIONS:

1. Remove superseded material as indicated under SUPERSEDES.
2. File the attached in their appropriate places.
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CHECKLIST FOR HANDBOOK 19
FINANCIAL MANAGEMENT

AUTHOR OFFICE: PFM/FM/AS

DATE	MATERIAL TRANSMITTED	TM NO.
9-3-75	Title Sheet	19:3
9-30-75	Chapter 12	19:4
1-22-76	NOTE regarding sex-biased language in handbooks	19:11
2-1-77	Chapter 6	19:15
2-24-77	Chapter 8	19:19
3-4-77	Chapter 9	19:21
4-18-77	Chapter 5	19:22
4-20-77	Pages 6-5 & 6-6 of Chapter 6	19:23
4-28-77	Chapter 10	19:24
5-31-77	Tabs for Chapters 1 - 13	19:25
8-3-77	Foreword	19:26
7-27-77	Chapter 11	19:27
8-4-77	Pages 12-7 - 12-13 of Chapter 12	19:29
11-14-77	Chapter 14 and Tab for Chapter 14	19:33
3-27-78	Pages 5-9 - 5-12, 5-59, and 5-60 of Chapter 5; and pages 1 and 2 of Attachment 5D	19:36
3-29-78	Pages 6-3 and 6-4 of Chapter 6	19:38
5-8-78	Appendix 11B	19:39
10-11-78	Attachment 14F; Attachment 14G and Attachment 14H of Chapter 14 and the Index	19:41
5-11-79	Chapter 1; and Tab for Chapter 1	19:43
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6-14-79	Chapter 15; and the Tab for Chapter 15	19:46
6-19-79	Pages 11-1 through 11-4 of	19:47
6-28-79	Pages 1-39 through 1-45 of Chapter 1	19:48
10-31-79	Pages 10-69 thru 10-84 of Chapter 10; new Attachments 10K through 10P	19:49
1-23-80	Attachment 7A	19:51
4-24-80	Chapter 13	19:52
7-15-80	Pages 1-1 - 1-5 and 1-13 - 1-22 of Chapter 1	19:55
3-4-81	Pages 7D-1 and 7D-2 of Attachment 7D to Chapter 7	19:58
4-22-81	Pages 10-91 & 10-92 of Chapter 10 and pages 5 through 8 of Index	19:59
7-16-81	Exhibits 3-1 thru 3-6 of Chapter 3	19:61
2-10-82	Appendix 1B to Chapter 1	19:64
3-4-82	New Chapter 4; Tab for Chapter 4	19:65
6-24-82	Circular to Chapter 10	19:67
5-2-82	Pages 14-23 - 14-26 of text of Chapter 14 and Attachment 14I	19:68
8-30-82	Tab for Chapter 3	19:69
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1-31-83	Chapter 3	19:74
1-31-83	Pages 1-15, 1-16, 1C-1 thru 1C-4 of Appendix 1C, Chapter 1; and page TC-2a of the Table of Contents	19:75
1-14-83	Pages 10-9 through 10-20 of Chapter 10	19:76

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FINANCIAL MANAGEMENT

AUTHOR OFFICE: M/FM/ASD

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2-16-83	Chapter 9	19:77
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4-5-83	Supplement A and page 2 of the Transmittal Memorandum Checksheet	19:79
7-21-83	Pages 9-3 - 9-6 of Chapter 9	19:84
-22-83	Pages 10-85 - 10-90 of Chapter 10	19:85
9-6-83	Pages 10-95 - 10-99 of Chapter 10; and page TC-12a of the Table of Contents	19:87
11-1-83	Pages TC7-3 thru TC7-5, 7-1 thru 7-20 and 7-23 thru 7-46 of Chapter 7	19:88
11-3-83	Pages 4A-1 through 4A-5 of Chapter 4 and TC-4a and TC-4b of the Table of Contents; Pages 14-19 thru 14-22 of Chapter 14	19:90
2-6-84	Page 10-100 of Chapter 10	19:92
2-21-84	App. 4B of Ch. 4; and pages 7-11 through 7-14a, 7-35, 7-36, 7-47 and Attachment 7B of Chapter 7	19:93
5-22-84	Pages 10-67, 10-67A, and 10-68; Attachment 10Q	19:94
6-26-84	Pages 15-11 thru 15-14a and 15E-1 of Ch. 5	19:95
8-17-84	Pages 4-1 thru 4-12; Attachment A-1 thru A-4 of Ch. 4	19:96
11-2-84	Pages 1B-i and 1B-1 thru 1B-16 of Appendix 1B to Ch. 1	19:98
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6-21-85	Attachment 7D and page 7E-1 of attachment 7E	19:101
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12-4-85	Pages 1C-9 and 1C-10 of App. 1C	19:105
1-16-86	Appendix 1F	19:106
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9-9-86	Pages 1E-1 and 1E-2 of Appendix 1E and Attachment 7B	19:110
12-1-86	Pages 7C-1 thru 7C-6 of Att. 7C	19:112
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Aug.'86	New Handbook Index	19:114
3-26-87	Table of Contents; Individual chapter Table of Contents; Chapter 2 and pages 8A-1 and 8B-1 of Chapter 8	19:115
12-23-87	Pages TC7-1, TC7-2, 7-21, 7-21a and 7-22 of Chapter 7	19:116
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CHECKLIST FOR HANDBOOK 19 (CONTINUED)
FINANCIAL MANAGEMENT

AUTHOR OFFICE: M/FM/ASD

DATE	MATERIAL TRANSMITTED	TM NO
11-22-88	Page TC1-3 of the Table of Contents, and App. 1G	19:118
4-21-89	The Table of Contents for Chapter 14 and pages 14-27, 14-28	19:120
5-31-89	Attachment 7B of Chapter 7 in its entirety	19:121
Various	App. 1D of Ch. 1 and pages 8-1 thru 8-27 of Ch. 8	19:122
Various	Appendix 3A, page Exh-i, Exhibits 3-7, 3-8, 3-11 and 3-12	19:123
Various	Pages TC3-1, TC3-2 of the Table of Contents; pages 3-1 thru 3-26 of Ch. 3	19:125
3-22-90	Chapter 16	19:127

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(2) For Grants and Cooperative Agreements

Nonprofit recipients are required to submit SF 270 Request for Advance and Reimbursement (Exhibit 3-2) in an original and two copies for this purpose. Recipients are authorized to submit requests for advances and reimbursements at least monthly. A quarterly request may be made if the recipient can reasonably forecast on SF 270 Section 11J prescheduled advances for the ensuing 3-month period.

e. PO Administrative Approval and ACO Certification

SF 1034's and/or SF 270's are scheduled on SF 1166 which will be certified by ACO for payment. A copy of SF 1034 (together with backup detail) or SF 270 is forwarded to the responsible Project Officer for administrative approval. If discrepancies are noted by the PO in the approval statement (see Section 8 of Appendix 3A), the amount will be adjusted in the next payment (reimbursement) voucher/report.

f. Nonprofit recipients are required to submit SF 272 Federal Cash Transactions Report (Exhibit 3-3) in an original and two copies to M/FM/PAD 15 working days following the end of each quarter. AID may require a monthly report from those recipients receiving advances totalling $1 million or more per year.

g. Recipients are required to submit SF 269 Financial Status Report (Exhibit 3-4) in an original and two copies to M/FM/PAD no later than 30 days after the end of each quarter. Extensions to reporting due dates may be granted upon request of the recipient.

h. For procedures concerning settlement for funds advanced to a contractor that remain outstanding at time of contract expiration, see Chapter 7, Attachment 7E, Section D3c.

6. Advances by Treasury Financial Communication System Letter of Credit (TFCS-LOC)

a. Basis for Issuance

(1) The TFCS-LOC method is used (a) when AID expects to have a continuing relationship with a recipient for at least one year, (b) the amount required for advance financing equals or exceeds $120,000 per year, (c) the recipient has the ability to maintain procedures that will minimize the time elapsing between the transfer of funds and their

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disbursements, and (d) the recipient's financial management system meets Federal standards for fund control and accountability. This method enables the recipient to withdraw cash from the Treasury, through commercial banking channels, concurrently with disbursements made in payment of program liabilities, thereby minimizing the maintenance of Federal cash balances.

(2) The TFCS-LOC is an irrevocable instrument which assures the financing of liabilities incurred by the recipient under certain conditions. Financing under the letter of credit is available to the extent the recipient has obligated funds in good faith thereunder in executing the authorized AID program in accordance with the contract, grant, or cooperative agreement.

(3) When a mixed dollar and local currency advance is involved under an individual contract/grant/cooperative agreement to a nonprofit organization, the following shall apply:

(a) Only one instrument (either a TFCS-LOC or an advance by Treasury check) will be used and only one payment office will provide the advance, and

(b) If the foreign currency portion of the total advance under the contract/grant/cooperative agreement is less than 50%, a TFCS-LOC shall be used, or

(c) If the foreign currency portion of the total advance under the contract/grant/cooperative agreement is more than 50%, but more than one foreign currency country is involved, a TFCS-LOC shall be used, or

(d) If the foreign currency portion of the total advance under the contract/grant/cooperative agreement is more than 50%, but only one foreign currency country is involved, an advance by Treasury check shall be used.

(4) Drawdowns under the TFCS-LOC are made not more frequently than daily, or in amounts less than $5,000 or more than $5,000,000 in accordance with normal activity prescribed by applicable regulations. Unless stated on the TFCS-LOC, drawdowns in amounts more than $5,000,000 may not be made.

(5) The AID financing agreement (contract, grant, or cooperative agreement) requires that the recipient (a) use the TFCS-LOC for drawdowns only when actually needed for its immediate disbursing needs, (b) report timely cash disbursements and balances, and (c) assure that secondary recipients adhere to the same standards.

b. Consolidated (Single) TFCS-LOC

Pursuant to regulatory standards and practices, AID is using consolidated TFCS-LOC to cover anticipated cash needs for all contracts, grants, or cooperative agreements awarded by AID in lieu of individual LOC's for each contract, grant or cooperative agreement held by the recipient. If the contractor or grantee is to be financed by the TFCS-LOC method, all of the recipient's AID contracts, grants and cooperative agreements must use that method, except as provided in Section 3K6a(3) above. The consolidated TFCS-LOC provides for a single flow of funds from the Treasury to the recipient.

c. Establishment of an TFCS-LOC

(1) Selection of Funding Mechanism

(a) For contracts/grants/cooperative agreements financed under AID/W budget allowances, the AID/W contracting/grant officer in the Office of Procurement, M/SER/OP, has responsibility for recommending the proposed method of advance financing. M/SER/OP advises the Office of Financial Management (PFM/FM) in writing of the proposed method and requests advice and concurrence within 5 working days after receipt. Action on M/SER/OP's request is the responsibility of the Cash Management and Payment Division (PFM/FM/W/CMP). When the TFCS-LOC method is recommended, the contracting/grant officer furnishes PFM/FM/W/CMP information on the proposal and the intended recipient together with the material and documentation as prescribed in Handbook 13 and Handbook 14.

(b) For contracts/grants/cooperative agreements financed under USAID budget allowance and executed by the USAID under authority delegated for this purpose, the USAID contracting/grant officer recommends an appropriate or preferred financing method when the USAID is responsible for project implementation. The final decision takes into account the advice and concurrence of the USAID Controller. TFCS-LOC's requested by the USAID are administered by AID/W, including payments thereunder chargeable to USAID funds, 3Ila(2) above. PFM/FM/W/CMPD is notified by cable of all USAID proposals for use of LOC financing.

(2) Action with Recipient

(a) M/SER/OP advises the recipient that a TFCS-LOC is to be established for use under the AID contract/grant/cooperative agreement; forwards signature cards (SF 1194) for completion and return; requests information on the selection of the commercial bank at which drawdowns under the TFCS-LOC will be made; and advises of the documentation to be used for drawdowns and availability from AID. The recipient is required to use a commercial bank located in the same Federal Reserve District as its office responsible for contract/grant/cooperative agreement financial administration.

(b) Subsequently, PFM/FM/W/CMP issues the TFCS-LOC and provides the recipient with instructions on the use and management of the TFCS-LOC financing method; the prepartion of documentation for LOC activity, including drawdowns at the commercial bank and expenditure reporting to AID; and conditions for revocation/suspension of TFCS-LOC funding.

(3) AID-Authorized Certifying Officer (ACO)

(a) The ACO in PFM/FM/W/CMP, has responsibility for signing the TFCS-LOC and forwarding to the Treasury.

(b) After approval of the TFCS-LOC method and return from the recipient of signature cards and other required information as prescribed in Section 3K6c(2) above, the ACO signs the following:

(1) SF 1193, Letter of Credit, Exhibit 3-5 - prepared by PFM/FM/W/CMP. The original and first copy are sent to the Treasury; one copy to the recipient; one copy to the contracting/grant officer; and one copy is retained.

(2) SF 1194, Authorized Signature Card for Payment Voucher on Letter of Credit, Exhibit 3-6 - completed by the recipient as instructed by AID to show the name and signature of the individual(s) authorized to sign payment vouchers on the TFCS-LOC, and the official of the recipient who has the authority to approve such designated signer(s). One original is sent to the Treasury; and one original is retained.

(3) SF 210, Signature Card for Certifying Officer - prepared for letter of credit certification purpose as required by the Treasury and forwarded to the Treasury.

(c) The ACO performs the functions currently prescribed for normal certification of AID schedules for payment by the Treasury as provided in Section 3H3.

(4) Action on USAID-Requested TFCS-LOC's

For USAID requested TFCS-LOC's, the USAID contracting/grant officer forwards a copy of the contract/grant/cooperative agreement and documentation supporting the approval to finance the recipient's disbursement requirements by the TFCS-LOC, to AID/W, attention: PFM/FM/W/CMP. PFM/FM/W/CMP takes the actions prescribed in Sections 3K6c(2) and (3) with the recipient and the Treasury.

d. Utilization of the TFCS-LOC

(1) Drawdowns

(a) Form SF 5805, Request for Funds, Exhibit 3-7, is prescribed for mandatory use by recipients for making withdrawals against LOC's. A supply is furnished by PFM/FM/W/CMP to the recipient. Requests should not be presented to the commercial bank until the recipient has actual need for the cash to cover its immediate disbursements. The recipient presents an original and two copies of the request to the bank.

(b) The recipient may not present Request for Funds to his/her commercial bank prior to the effective date shown on the executed Letter of Credit. The effective date is normally two weeks after the date that AID forwards the executed TFCS-LOC to the Treasury.

(c) At the end of each month, AID reports to the Treasury by paid month, based upon the Treasury Daily Reports, the total of expenditures relating to LOC transactions. The Treasury compares its summary paid month totals with the paid month totals as reported by AID. If these totals do not agree, the Treasury sends a TFS Form 6652 "Statement of Differences" (Exhibit 3-8(1)) showing the Treasury paid month summary total, the AID paid month summary total and the difference between the two summary totals. PFM/FM/W/CMP is responsible for reconciliation of differences shown on the TFS Form 6652. If all or a portion of the difference shown on the TFS Form 6652 was not reported or incorrectly reported by PFM/FM/W/CMP through PFM/FM/CARD, the adjustment by paid month will be included in the next report (SF 224) prepared by PFM/FM/CARD. If PFM/FM/W/CMP finds that the Treasury has incorrectly charged AID with a drawdown that is not AID's, or has not charged AID with a drawdown that is AID's, PFM/FM/W/CMP notifies the Treasury of such errors via PFM/FM/CARD. The Treasury corrects the errors in the next reporting month following the notification. See I TFRM 6-2040.20b.

(2) Expenditure Reporting

The recipient must report expenditures to AID on SF 1034 (for contracts) or SF 269 and SF 272 (for grants and cooperative agreements) which will be used to liquidate advances.

(a) Under AID-Direct Contracts and Host Country Contracts

SF 1034, Exhibit 3-1, showing the contractor's detailed disbursements is prepared within 30 calendar days from the close of the accounting month during which a request for funds was submitted to the commercial bank for payment. SF 1034 is a summary transmittal and is supported by backup detail which entails line item budget categories from the contract, comparing budget and actual expenditures, current period and from inception to reporting period. The backup detail provides AID with information for use in verifying that the expenses are within the budget limitation. The SF 1034's are processed as "NO PAY" vouchers since drawdowns were made on SF 5805, Section 3K6d(1) above.

(b) Under Grants and Cooperative Agreements

SF 272 Federal Cash Transactions Report (Exhibit 3-3), supplemented by SF 269 Financial Status Report (Exhibit 3-4), is to be used by recipients for reporting to AID on the status of funds advanced through letters of credit. It is submitted in an original and two copies 30 days following the end of each quarter. AID may require a monthly report of SF 272 from those recipients receiving advances at the rate of $1 million or more per year. AID uses the report to monitor cash advanced to recipients and to obtain disbursement information for each grant or cooperative agreement from the recipient.

(3) Suspension and Revocation of TFCS-LOC

(a) Suspension

(1) PFM/FM/W/CMP, the servicing accounting office, analyzes the frequency of the submission of Request for Funds, and reviews the balance of "Federal Funds on Hand" and expenditures reported on SF 1034's paid with backup detail (for contracts) or SF 269 and SF 272 (for grants or cooperative agreements) to determine if the recipient has been drawing down advances in excess of their immediate disbursing needs. PFM/FM/W/CMP also verifies if the recipient has complied with the reporting frequency as provided in Section 3K6d(2) and assures the timeliness of the recipient's submissions to AID. PFM/FM/W/CMP pursues

timely reporting with the recipient by telephone and letter communication as necessary. If reports are consistently not received by the prescribed reporting period in which they are required to be submitted PFM/FM/W/CMP rejects subsequent Requests or if the recipient continues to drawdown excessive funds, PFM/FM/W/CMP recommends suspension or revocation of TFCS-LOC to the contracting/grant officer.

(2) In addition to timely reporting, other factors involved in recommending TFCS-LOC suspension are the amount of cash balances held by the recipient in excess or in advance of its immediate disbursing needs (which should be net of disallowed expenditures), the period that excess balances were held as determined by analysis of the backup detail of SF 1034 or SF 269 and SF 272, and frequent reporting inaccuracies. PFM/FM/W/CMP and the contracting/grant officer establish requirements for corrective action, including refund of cash and interest earnings and/or additional reporting, to be taken by the recipient to avoid suspension of the TFCS-LOC.

(3) Action to suspend the TFCS-LOC is supported by full and adequate documentation, based on the official accounts and records maintained by PFM/FM/W/CMP, supporting deficiencies in the recipient's management and utilization of the TFCS-LOC.

(4) Action to suspend a TFCS-LOC or lift a suspension is coordinated by PFM/FM/W/CMP with the contracting/grant officer. Advice to the recipient on either action is sent by PFM/FM after clearance with the contracting/grant officer.

(b) Revocation

Action on revocation of the recipient's TFCS-LOC is predicated on such factors and circumstances as:

(1) Submission of Requests for Funds in excess of immediate disbursing needs.

(2) Delay by the recipient in reporting expenditures after expiration of an earlier suspension period.

(3) Repetitive suspensions (the maximum number triggering final revocation to be established as determined jointly by PFM/FM and the contracting/grant officer).

Revocation action is the culmination of documented abuses and deficiencies established by AID against the recipient. Notifications of deficiencies are sent to the recipient by AID before a final decision on revoking the TFCS-LOC is made. The notifications are originated by PFM/FM/W/CMP and cleared with the contracting/grant officer. Request to the Treasury to revoke the unexpended balance of the TFCS-LOC is shown in Exhibit 3-9. Copies are furnished to the recipient, the AID contracting/grant officer and IG.

When a TFCS-LOC is revoked, the recipient organization is required to finance its operations with its own working capital, and payments to the recipient organization will be made by the Reimbursement method, or the Working Capital Advance method as provided in I TFRM 6-2075.

e. Accounting Control Procedures

Accounting control over TFCS-LOC activity is provided in Section II of Chapter 12, AID/W Internal Procedures Manual.

f. Reports to Treasury

Upon request, AID will furnish Daily Status of Federal Funds Reports to the Treasury. These reports are requested on a selected basis by the Treasury periodically. The format is illustrated in Exhibit 3-10(1) and explained in Exhibit 3-10(2). The Treasury will determine which recipient organization will be required to prepare these reports and for which month(s). Submission of these reports will be coordinated by PFM/FM/W/CMP. A copy of each requested report shall be forwarded to the Treasury within 30 days after the date of the Treasury's request. (Ref. I TFRM 6-2080.40).

APPENDIX 3A

CRITERIA OF PROJECT OFFICER'S ADMINISTRATIVE APPROVAL

1. Project Officer The Project Officer, as the title is used in this Appendix, is the member of the USAID or AID/W Office staff who is charged with the monitoring of a project. Monitoring of projects including different elements (e.g. advisory services, training and construction of physical facilities) may be divided among several officers having different technical backgrounds. Only one of them, however, is charged with the overall monitoring of project implementation and is designated as Project Officer. For the purpose of approving vouchers the Project Officer may rely on other officers having partial responsibilities for project monitoring for information and advice. (Note: USAIDs which use the term Project Manager to designate the USAID officer responsible for project implementation should substitute that term for Project Officer in this Appendix.)

2. Project Monitoring In monitoring projects, Project Officers use periodical reports prepared by contractors/grantees, host country reports, site visits and conferences with the host country's implementing agency or agencies and contractors as sources of information on the status of projects and on implementation problems and as a basis for their efforts to assist in the resolution of such problems. In carrying out those monitoring tasks, they become familiar with at least the key members of the staff or, where small contractor/grantee teams are involved, with all team members, and with the work being performed by the contractor/grantee. The work may include only advisory services, or in addition, the provision of commodities needed for the project, on-the-job training or other services; it may also consist of studies, construction supervision or management, of other engineering services, of construction services (usually including the provision of construction materials), of installation services or a combination of two or more of such services. The work may also consist of the supply of equipment or materials needed for a project, either exclusively or combined with incidental services, such as erection supervision. Depending on the type of work to be performed under a contract/ grant/cooperative agreement and on the size of the project, a Project Officer may have a fairly detailed knowledge of the services being rendered or the goods supplied or progress of the program. In other cases, particularly where numerous contracts/grants/ cooperative agreements are needed to implement a project, the Project Officer may devote his/her monitoring time primarily to problem areas and pay less attention to contracts/grants/cooperative agreements that are being carried out routinely and without causing noticeable problems.

3. Principles Governing Administrative Approval of Vouchers The establishment of a requirement for the administrative approval of vouchers is predicated on the fact that a Project Officer is the one more familiar with the projects assigned to him/her, and with the work being performed by contractors/grantees/Participating Agencies in the implementation of such projects. It is intended to use their general familiarity with the projects to prevent significant errors in making payments to contractors/grantees without, at the same time, imposing on Project Officers a substantial additional workload or creating a new component of a Project Officer's scope of work. These concepts are reflected in the reference to "My personal knowledge of the project" in the Project Officer's approval statement. An elaboration of these principles is contained in the following paragraphs.

4. Vouchers Exempted from Requirement of Administrative Approval. In addition to vouchers submitted for payment under bank letters of commitment, which are exempted from the the requirement of administrative approval, certain vouchers submitted under direct letters of commitment are also exempted, viz. vouchers relating to the supply of goods, i.e. project commodities supplied by service contractors, if the contracts under which such goods are supplied provide for payment against invoices and shipping documents, and equipment and materials purchased by host country agencies for the implementation of projects. The exemption is made because the field Project Officer has no independent knowledge of the contractor's performance in shipping the invoiced commodities and therefore could not base his/her administrative approval of the voucher on "personal knowledge of the project"; however, the shipping documents, together with the contractor's certification, document the fact that the contractor has performed in accordance with the contract. (Shortages, breakage, non-compliance with specifications and any other shortcomings in carrying out the terms of the contract are handled in the usual manner by claims against the contractor or insurer; such shortcomings could not be discovered by a Project Officer at the time payment is due but only after arrival of the goods at the site and inspection).

5. Basis for Project Officer's Administrative Approval

The principles underlying the requirement for administrative approval are set forth in paragraph 3 above; for the purpose of clarifying those principles, a number of specific types of contracts and other implementation instruments are discussed below.

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* Revised

(a) Services Under Cost Reimbursement Contracts

(1) Costs of Field Services The major costs under this heading are salaries and other compensation paid to the contractor's employees in the field. The Project Officer is expected to review only the number and classification of the employees for whom salaries are billed and to confirm that the billing is consistent with the facts as he knows them from personal observation or from reports. No special effort need be made to verify the accuracy of the billing by inspecting the contractor's time records or making other inquiries. Nor is it expected that the Project Officer check the billing for consistency with the contract or for arithmetical accuracy. A review of other items of field costs billed, such as travel, communications, office expenses and similar miscellaneous costs, do not require a detailed review by the Project Officer since, in most instances, he/she will not have any personal knowledge of the justification of such charges. Any obvious discrepancies between the billing and facts known to the Project Officer should, however, be noted. (See paragraph 8 below on Disallowances.)

(2) Home Office Costs The Project Officer will, in most cases, be unable to judge the justification of charges for home office costs since his/her monitoring covers principally field activities. The PO is therefore not expected to attempt a detailed verification of such charges. The PO is expected to note only such discrepancies as he/she is able to discover based on knowledge acquired in the course of normal project monitoring, e.g. costs of printing a report which he/she knows has not yet been completed or a field trip by a home office executive which he/she knows has not taken place.

(b) Goods Supplied Under Cost Reimbursement Contracts Goods for which payment is due upon shipment from a point defined in the contract (FOB Factory, FOB Port of Export or C & F, with payment upon shipment), are not subject to the Project Officer's administrative approval as explained under paragraph 4 above. When charges for such goods are billed on the same invoice as services, which are subject to such approval, the Project Officer's certification shall be deemed to cover only the service items received by him/her pursuant to subparagraph (a) above. In the rare cases where payment for goods is due only after receipt at the site, the Project Officer is not expected to verify the quantities of the items shipped, or their conformance to specifications. He/she is to note, however, if he knows that the goods had not been received during the period covered by the billing, either from personal observations or from reports. (See paragraph 8 below.)

(c) Goods and Services Supplied Under Fixed Price Contracts

(1) Lump Sum Contracts A major category of contracts of this type are contracts covering the supply of materials and equipment for which payment is to be made upon shipment. Vouchers submitted under such contracts are not subject to the administrative approval of the Project Officer because, as explained under paragraph 4 above, the Project Officer has no independent knowledge of the shipment and payment must be made by AID on the basis of the contractor's certification and shipping documents. Payment for services provided under a fixed lump sum contract are normally made upon completion of the contract. Contracts of short duration and of relatively small value, such as contracts for studies of limited scope or short-term, well-defined services (e.g. review of a report), are examples of such contracts. In such cases, the Project Officer's approval of a voucher is based on his/her knowledge that the services have been rendered or a required report has been submitted.

In the exceptional cases where lump-sum fixed-price contracts provide for progress payments, such payments are contractually stipulated either at certain fixed times or upon the occurrence of specified events. When payment is to be made at fixed times, the Project Officer's approval of progress payment may be routinely provided unless the Project Officer has personal knowledge that the contractor has failed to comply with performance provisions of the contract on which the scheduled payments are predicated. When approving the voucher for the scheduled payment, the Project Officer is expected to know whether the work has been completed. If progress payments are due upon the occurrence of a specified event (e.g. the completion of the foundation of a building or the submission by the contractor of an interim report), the Project Officer may approve a voucher unless he/she has personal knowledge, from reports or other sources that the specified event has not occurred.

(2) Unit Price Contracts Unit price contracts are normally used only for major construction projects. Such contracts normally provide for progress payments, usually monthly, based on actual work performed. Billings show the quantities of various categories of work performed and the contractually fixed unit prices, together with the amount calculated by multiplying the quantities by the unit prices. The quantities billed are, in the first instance, ascertained by the contractor, they are then certified by the contracting agency of his/her consulting engineers before being submitted to the Project Officer for review. The Project Officer is not expected to verify by an independent investigation, such as the examination of construction records, whether the quantities billed are correct; he/she may rely on the certification of the contracting agency or the consulting engineer acting on its behalf. Neither is he/she expected to compare unit prices used in the billing with contract prices or to check the billing for arithmetic accuracy.

The PO's approval of the voucher shall mean only that he/she has no knowledge of any facts which would have an inquiry into the accuracy of the billing advisable either before or after AID pays to the contractor the amount claimed.

(d) Other Forms of Contract In the rare instances where other forms of contract are used (e.g. time-rate contracts) the foregoing guidance should be used, consistent with the principles outlined in paragraph 3 and the detailed discussion in the foregoing subparagraphs, as applicable.

(e) Grants and Cooperative Agreements The Project Officer is expected to review the periodic fiscal reports submitted by the grantees. The PO's administrative approval signifies that, to the PO's best knowledge, the fiscal report reflects the approximate progress made under the grant/cooperative agreement.

* (f) PASA's and RSSA's Payments under PASA's and RSSA's are interagency transfers of funds under Treasury Department regulations and are processed differently from payments to non-Federal entities, depending upon the billing procedure being used by the Participating Agency.

If the billing is submitted on SF 1080 or SF 1081, the bill will be sent to the PO for administrative approval prior to payment. The Participating Agency will be requested to submit a revised SF 1080 or 1081 for amounts determined to be unallowable.

If either of the On-line Payment and Collection (OPAC) or the Simplified Intra-governmental Billing and Collection (SIBAC) systems are used for billing, payment will have been made prior to voucher review. The billing, including the Financial Status Report which will be subsequently submitted to the paying office, will be forwarded to the PO for a post-payment review and administrative approval. If amounts that have been paid are subsequently determined to be unallowable under the PASA or RSSA, the paying office will request the PA to furnish an OPAC or SIBAC "charge-back" number, and these amounts will be charged back to the Participating Agency.

Billing Dispute - If the project officer questions the billing, he/she can exercise one of the following options:

-- It can be returned through the Controller to the billing PA unprocessed, or

-- The Project Officer may indicate in a memorandum the costs questioned and return the bill to the Controller. *

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* Revised

* For RSSA and PASA bills paid on the basis of an SF 1081, the AID Controller is obligated to process the bill as presented, but in turn can bill the PA for the amount in dispute. At no time can a project officer or AID Controller make deductions from a bill received from another Federal agency on an SF 1081, since funds are accounted for by direct interagency transfers.

For PASA's paid on the basis of an SF 1080 by a Mission Controller, the Controller can deduct costs questioned by the Project Officer, since the Mission Controller issues checks directly to the PA's. *

6. Unusual Circumstances

(a) If contrary to normal practice, the project for which a voucher is submitted has not been assigned to a Project Officer and no other member of the AID staff has personal knowledge of the project, or if the project has been assigned to a Project Officer only just before the voucher is submitted, the Project Officer or another AID Officer should approve the voucher with the following statement: "I have reviewed the voucher, the related invoice(s) and supporting documentation attached thereto. I do not have and am unable to obtain promptly personal knowledge of the project, (e.g. "I arrived at post six days ago and have not yet visited the project site located 500 miles from the capital. Also, a USAID technician who recently visited the project has been medically evacuated"). I have no reason to believe that payment of the amounts claimed in this voucher should be withheld. Therefore, the voucher is administratively approved for payment subject to the financial review and certification by the paying office."

(b) Qualified Approvals as set forth above should obviously be used only on rare occasions since the circumstances necessitating these should not continue for any extended period. Should the ACO note repeated instances of qualified approvals of vouchers relating to the same project, he/she should inform the USAID Director and the Regional Bureau in Washington.

7. Certification by Authorized Certifying Officer (ACO) The ACO is responsible for checking vouchers for consistency with the contract, grant, or cooperative agreement including the budget, and arithmetic accuracy, as the ACO considers necessary, before making payment. Included in such review will be all billing items not encompassed in the review of the Project Officer, such as home office costs, travel and transportation charges, communication costs and miscellaneous personnel costs, such as housing and education allowances.

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* Revised

8. Disallowances

(a) Deficiencies in Form If the Project Officer discovers during the review of a voucher formal deficiencies (e.g. lack of signature, lack of or inconsistency between supporting documents), the PO should note such deficiencies in his/her approval statement. It is the responsibility of the ACO to decide what action to take.

(b) Substantive Discrepancies If the Project Officer discovers during the review of a host country contract voucher that charges for one or more items included in the voucher are inconsistent with the facts as the PO knows them and in his/her opinion, should not have been billed, he/she should inform the USAID Director or AID/W Office Head of the facts in the case. A decision on the action to be taken shall be made only by the USAID Director or AID/W Office Head, or a person designated by him/her for this purpose. The following courses of action should be considered:

(1) If the discrepancy is on a host country contract voucher, to inform the appropriate host government agency that AID cannot make any, or only partial, payment to the contractor, stating the basis for that finding; or

(2) To include in, or attach to, the approval statement, a report on the facts which prevent the Project Officer from signing an unqualified approval statement; a decision on the action to take will then be made by the ACO. The first course should be taken if the discrepancies discovered by the Project Officer are of such magnitude that it appears that the only proper remedy is to request by the host government agency require the contractor submit a corrected voucher. The second course should be chosen when the ACO could make payment subject to action by the contractor (e.g. an adjustment on a subsequent billing), suspend payment until the discrepancy is explained satisfactorily or take any other action short of refusing to pay the amounts claimed.

If the ACO decides to disallow any part of the amount claimed on a host country voucher he/she should promptly inform the USAID Director so that he/she can apprise the host government of the dispute. In no event should the USAID Director or any other USAID officer advise a contractor that AID has disallowed, or will disallow, any part of the amount billed before the host government agency concerned has been informed of the facts as determined by the Project Officer and has been asked to request the contractor to take whatever remedial action is required. If the host government agency does not agree with AID's findings and believes no remedial action by the contractor is required, and if the USAID Director is unable to reach agreement with such agency, the matter should be referred to the Assistant Administrator of the Regional Bureau to whom the USAID reports.

List of Exhibits

Exhibit No.	Title
3-1	SF-1034 Public Voucher for Purchases and Services Other Than Personal
3-2	SF-270 Request for Advance and Reimbursement
3-3	SF-272 Federal Cash Transaction Report
3-4	SF-269 Financial Status Report
3-5	SF-1193 Letter of Credit
3-6	SF-1194 Authorized Signature Card for Payment Voucher on Letter of Credit
* 3-7	SF-5805 Request for Funds
3-8	TFS 6652 Statement of Difference
3-9	Request for Revocation of Letter of Credit
3-10	Daily Status of Federal Funds Report
3-11	SF-1080 Voucher for Transfer Between Appropriations and/or Funds
3-12	SF-1081 Voucher and Schedule of Withdrawals and Credits *

* Revised

Standard Form 1034
September 1973
4 Treasury FRM 2000
1034-115

PUBLIC VOUCHER FOR PURCHASES AND SERVICES OTHER THAN PERSONAL

VOUCHER NO. (5)

U.S. DEPARTMENT, BUREAU, OR ESTABLISHMENT AND LOCATION (1)

DATE VOUCHER PREPARED (2)

SCHEDULE NO. (6)

CONTRACT NUMBER AND DATE (3)

PAID BY (7)

REQUISITION NUMBER AND DATE (4)

PAYEE'S NAME AND ADDRESS (8)

DATE INVOICE RECEIVED (9)

DISCOUNT TERMS (10)

PAYEE'S ACCOUNT NUMBER (11)

SHIPPED FROM TO (12) WEIGHT

GOVERNMENT B/L NUMBER (13)

NUMBER AND DATE OF ORDER	DATE OF DELIVERY OR SERVICE	ARTICLES OR SERVICES (Enter description, item number of contract or Federal supply schedule, and other information deemed necessary)	QUANTITY	UNIT PRICE COST	UNIT PRICE PER	AMOUNT (1)
(14)	(15)	(16)	(17)	(18)	(19)	(20)

(Use continuation sheet(s) if necessary) (22) (Payee must NOT use the space below) TOTAL (21)

PAYMENT:
- ☐ COMPLETE
- ☐ PARTIAL
- ☐ FINAL
- ☐ PROGRESS
- ☐ ADVANCE

APPROVED FOR =$

EXCHANGE RATE = $1.00

BY [2]

TITLE

DIFFERENCES

Amount verified; correct for

(Signature or initials)

Pursuant to authority vested in me, I certify that this voucher is correct and proper for payment.

(Date) (Authorized Certifying Officer) [2] (Title)

ACCOUNTING CLASSIFICATION

PAID BY

CHECK NUMBER ON TREASURER OF THE UNITED STATES

CHECK NUMBER ON (Name of bank)

CASH $ DATE

PAYEE [3]

[1] When stated in foreign currency, insert name of currency.
[2] If the ability to certify and authority to approve are combined in one person, one signature only is necessary; otherwise the approving officer will sign in the space provided, over his official title.
[3] When a voucher is receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, per John Smith, Secretary", or "Treasurer", as the case may be.

PER

TITLE

GPO : 1975 O - 591-341

Exhibit 3-1 (2)

SF 1034 PREPARATION

The following narrative corresponds to the item number shown on the sample SF 1034. All information unless otherwise specified is supplied by the recipient.

1. U.S. Department, Bureau, or Establishment and Location: Completed in the following manner:

   Agency for International Development
   Office of Financial Management
   Program Accounting Division
   Washington, D. C. 20523
   Mail Stop 100

2. Date Voucher Prepared: Contains the actual date of the voucher prepared. It should be within 30 calendar days from the end of the accounting month in which a drawdown TFS Form 5401 was processed.

3. Contract Number and Date: Contains the contract number assigned by AID to this effort.

4. Requisition Number and Date: N/A

5. Voucher Number: N/A (assigned by AID)

6. Schedule Number: N/A (assigned by AID)

7. Paid by: N/A

8. Payee's Name and Address: Contains the recipient's name, mailing address and Internal Revenue Service (IRS) number.

9. Date Invoice Received: N/A

10. Discount Terms: N/A

11. Payee's Account Number: Contains recipient's FRLC number.

12. Shipped From: N/A

13. Government B/L Number: N/A

14. Number and Date of Order: Contains the sequential number (starting with #1) of the Voucher being submitted per contract.

Exhibit 3-1 (3)

15. Date of Delivery or Service: Contains the dates of the period covered by the voucher.

16. Articles or Services: Contains the statement: "Expenses per attached detailed schedules", and the categories of expenses as appropriate.

17. Quantity: N/A

18. Unit Price Cost: N/A

19. Unit Price Per: N/A

20. Amount: Contains the amount of expenses as supported by details on the attached shcedule. Also included in this space are the words "NO PAY".

21. Total: Contains the sum total of the expense items listed in block 20 "Amount".

22. Payee Must NOT Use the Space Below: The space below is to be utilized by AID for their accounting purposes and will not be used by the recipient.

REQUEST FOR ADVANCE OR REIMBURSEMENT

(See instructions on back)

Approved by Office of Management and Budget, No. 80-R0183

PAGE OF PAGES

1. TYPE OF PAYMENT REQUESTED
   a. "X" one, or both boxes: ☐ ADVANCE ☐ REIMBURSEMENT
   b. "X" the applicable box: ☐ FINAL ☐ PARTIAL
2. BASIS OF REQUEST: ☐ CASH ☐ ACCRUAL

3. FEDERAL SPONSORING AGENCY AND ORGANIZATIONAL ELEMENT TO WHICH THIS REPORT IS SUBMITTED

4. FEDERAL GRANT OR OTHER IDENTIFYING NUMBER ASSIGNED BY FEDERAL AGENCY

5. PARTIAL PAYMENT REQUEST NUMBER FOR THIS REQUEST

6. EMPLOYER IDENTIFICATION NUMBER

7. RECIPIENT'S ACCOUNT NUMBER OR IDENTIFYING NUMBER

8. PERIOD COVERED BY THIS REQUEST
   FROM (month, day, year)
   TO (month, day, year)

9. RECIPIENT ORGANIZATION
   Name :
   Number and Street :
   City, State and ZIP Code :

10. PAYEE (*Where check is to be sent is different than item 9*)
   Name :
   Number and Street :
   City, State and ZIP Code :

11. COMPUTATION OF AMOUNT OF REIMBURSEMENTS/ADVANCES REQUESTED

PROGRAMS/FUNCTIONS/ACTIVITIES ►	(a)	(b)	(c)	TOTAL
a. Total program outlays to date (*As of date*)	$	$	$	$
b. *Less:* Cumulative program income				
c. Nat program outlays (*Line a minus line b*)				
d. Estimated net cash outlays for advance period				
e. Total (*Sum of lines c & d*)				
f. Non-Federal share of amount on line e				
g. Federal share of amount on line e				
h. Federal payments previously requested				
i. Federal share now requested (*Line g minus line h*)				
j. Advances required by month, when requested by Federal grantor agency for use in making pre-scheduled advances — 1st month				
2nd month				
3rd month				

12. ALTERNATE COMPUTATION FOR ADVANCES ONLY

a. Estimated Federal cash outlays that will be made during period covered by the advance	$
b. *Less:* Estimated balance of Federal cash on hand as of beginning of advance period	
c. Amount requested (*Line a minus line b*)	$

13. CERTIFICATION

I certify that to the best of my knowledge and belief the data above are correct and that all outlays were made in accordance with the grant conditions or other agreement and that payment is due and has not been previously requested.

SIGNATURE OF AUTHORIZED CERTIFYING OFFICIAL

DATE REQUEST SUBMITTED

TYPED OR PRINTED NAME AND TITLE

TELEPHONE — *Area Code* — *Number* — *Extension*

This space for agency use

INSTRUCTIONS

Please type or print legibly. Items 1, 3, 5, 9, 10, 11c, 11e, 11f, 11g, 11i, 12 and 13 are self-explanatory; specific instructions for other items are as follows:

Item	*Entry*
2	Indicate whether request is prepared on cash or accrued expenditure basis. All requests for advances shall be prepared on a cash basis.
4	Enter the Federal grant number, or other identifying number assigned by the Federal sponsoring agency. If the advance or reimbursement is for more than one grant or other agreement, insert N/A; then, show the aggregate amounts. On a separate sheet, list each grant or agreement number and the Federal share of outlays made against the grant or agreement.
6	Enter the employer identification number assigned by the U.S. Internal Revenue Service, or the FICE (institution) code if requested by the Federal agency.
7	This space is reserved for an account number or other identifying number that may be assigned by the recipient.
8	Enter the month, day, and year for the beginning and ending of the period covered in this request. If the request is for an advance or for both an advance and reimbursement, show the period that the advance will cover. If the request is for reimbursement, show the period for which the reimbursement is requested.
Note:	The Federal sponsoring agencies have the option of requiring recipients to complete items 11 or 12, but not both. Item 12 should be used when only a minimum amount of information is needed to make an advance and outlay information contained in item 11 can be obtained in a timely manner from other reports.
11	The purpose of the vertical columns (a), (b), and (c), is to provide space for separate cost breakdowns when a project has been planned and budgeted by program, function, or activity. If additional columns are needed, use as many additional forms as needed and indicate page number in space provided in upper right; however, the summary totals of all programs, functions, or activities should be shown in the "total" column on the first page.
11a	Enter in "as of date", the month, day, and year of the ending of the accounting period to which this amount applies. Enter program outlays to date (net of refunds, rebates, and discounts), in the appropriate columns. For requests prepared on a cash basis, outlays are the sum of actual cash disbursements for goods and services, the amount of indirect expenses charged, the value of in-kind contributions applied, and the amount of cash advances and payments made to subcontractors and subrecipients. For requests prepared on an accrued expenditure basis, outlays are the sum of the actual cash disbursements, the amount of indirect expenses incurred, and the net increase (or decrease) in the amounts owed by the recipient for goods and other property received and for services performed by employees, contracts, subgrantees and other payees.
11b	Enter the cumulative cash income received to date, if requests are prepared on a cash basis. For requests prepared on an accrued expenditure basis, enter the cumulative income earned to date. Under either basis, enter only the amount applicable to program income that was required to be used for the project or program by the terms of the grant or other agreement.
11d	Only when making requests for advance payments, enter the total estimated amount of cash outlays that will be made during the period covered by the advance.
13	Complete the certification before submitting this request.

FEDERAL CASH TRANSACTIONS REPORT

(See instructions on the back. If report is for more than one grant or assistance agreement, attach completed Standard Form 272-A.)

Approved by Office of Management and Budget, No. 80-R0182

1. Federal sponsoring agency and organizational element to which this report is submitted

2. RECIPIENT ORGANIZATION

Name :

Number and Street :

City, State and ZIP Code:

3. FEDERAL EMPLOYER IDENTIFICATION NO.

4. Federal grant or other identification number

5. Recipient's account number or identifying number

6. Letter of credit number

7. Last payment voucher number

Give total number for this period

8. Payment Vouchers credited to your account

9. Treasury checks received (*whether or not deposited*)

10. PERIOD COVERED BY THIS REPORT

FROM (*month, day, year*) TO (*month, day year*)

11. STATUS OF FEDERAL CASH (*See specific instructions on the back*)	
a. Cash on hand beginning of reporting period	$
b. Letter of credit withdrawals	
c. Treasury check payments	
d. Total receipts (*Sum of lines b and c*)	
e. Total cash available (*Sum of lines a and d*)	
f. Gross disbursements	
g. Federal share of program income	
h. Net disbursements (*Line f minus line g*)	
i. Adjustments of prior periods	
j. Cash on hand end of period	$

12. THE AMOUNT SHOWN ON LINE 11J, ABOVE, REPRESENTS CASH REQUIREMENTS FOR THE ENSUING *Days*

13. OTHER INFORMATION	
a. Interest income	$
b. Advances to subgrantees or subcontractors	$

14. REMARKS (*Attach additional sheets of plain paper, if more space is required*)

15. CERTIFICATION

I certify to the best of my knowledge and belief that this report is true in all respects and that all disbursements have been made for the purpose and conditions of the grant or agreement

AUTHORIZED CERTIFYING OFFICIAL

SIGNATURE

DATE REPORT SUBMITTED

TYPED OR PRINTED NAME AND TITLE

TELEPHONE (*Area Code*) (*Number*) (*Extension*)

THIS SPACE FOR AGENCY USE

INSTRUCTIONS

Please type or print legibly. Items 1, 2, 8, 9, 10, 11d, 11e, 11h, and 15 are self explanatory, specific instructions for other items are as follows:

Item	*Entry*
3	Enter employer identification number assigned by the U.S. Internal Revenue Service or the FICE (institution) code. If this report covers more than one grant or other agreement, leave items 4 and 5 blank and provide the information on Standard Form 272–A, Report of Federal Cash Transactions—Continued; otherwise;
4	Enter Federal grant number, agreement number, or other identifying numbers if requested by sponsoring agency.
5	This space reserved for an account number or other identifying number that may be assigned by the recipient.
6	Enter the letter of credit number that applies to this report. If all advances were made by Treasury check, enter "NA" for not applicable and leave items 7 and 8 blank.
7	Enter the voucher number of the last letter-of-credit payment voucher (Form TUS 5401) that was credited to your account.
11a	Enter the total amount of Federal cash on hand at the beginning of the reporting period including all of the Federal funds on deposit, imprest funds, and undeposited Treasury checks.
11b	Enter total amount of Federal funds received through payment vouchers (Form TUS 5401) that were credited to your account during the reporting period.
11c	Enter the total amount of all Federal funds received during the reporting period through Treasury checks, whether or not deposited.
11f	Enter the total Federal cash disbursements, made during the reporting period, including cash received as program income. Disbursements as used here also include the amount of advances and payments less refunds to subgrantees or contractors, the gross amount of direct salaries and wages, including the employee's share of benefits if treated as a direct cost, interdepartmental charges for supplies and services, and the amount to which the recipient is entitled for indirect costs.
11g	Enter the Federal share of program income that was required to be used on the project or program by the terms of the grant or agreement.
11i	Enter the amount of all adjustments pertaining to prior periods affecting the ending balance that have not been included in any lines above. Identify each grant or agreement for which adjustment was made, and enter an explanation for each adjustment under "Remarks." Use plain sheets of paper if additional space is required.
11j	Enter the total amount of Federal cash on hand at the end of the reporting period. This amount should include all funds on deposit, imprest funds, and undeposited funds (line e, less line h, plus or minus line i).
12	Enter the estimated number of days until the cash on hand, shown on line 11j, will be expended. If more than three days cash reqirements are on hand, provide an explanation under "Remarks" as to why the drawdown was made prematurely, or other reasons for the excess cash. The requirement for the explanation does not apply to prescheduled or automatic advances.
13a	Enter the amount of interest earned on advances of Federal funds but not remitted to the Federal agency. If this includes any amount earned and not remitted to the Federal sponsoring agency for over 60 days, explain under "Remarks." Do not report interest earned on advances to States.
13b	Enter amount of advance to secondary recipients included in item 11h.
14	In addition to providing explanations as required above, give additional explanation deemed necessary by the recipient and for information required by the Federal sponsoring agency in compliance with governing legislation. Use plain sheets of paper if additional space is required.

GPO : 1976 O - 219-376

FEDERAL CASH TRANSACTIONS REPORT
CONTINUATION

(This form is completed and attached to Standard Form 272 only when reporting more than one grant or assistance agreement.)

Approved by Office of Management and Budget No. 80-R0182

1. FEDERAL SPONSORING AGENCY AND ORGANIZATIONAL ELEMENT TO WHICH THIS REPORT IS SUBMITTED

2. RECIPIENT ORGANIZATION *(Give name only as shown in item 2, SF 272)*

3. PERIOD COVERED BY THIS REPORT *(As shown on SF 272)*

FROM *(month, day, year)* TO *(Month, day, year)*

4. List information below for each grant or other agreement covered by this report. Use additional forms if more space is required.

FEDERAL GRANT OR OTHER IDENTIFICATION NUMBER *(Show a subdivision by other identifying numbers if required by the Federal Sponsoring Agency)* (a)	RECIPIENT ACCOUNT NUMBER OR OTHER IDENTIFYING NUMBER (b)	FEDERAL SHARE OF NET DISBURSEMENTS: NET DISBURSEMENTS *(Gross disbursements less program income received)* FOR REPORTING PERIOD (c)	FEDERAL SHARE OF NET DISBURSEMENTS: CUMULATIVE NET DISBURSEMENTS (d)
		$	$
5. TOTALS *(Should correspond with amounts shown on SF 272 as follows: column (c) the same as line 11h; column (d) the sum of lines 11h and 11i of this SF 272 and cumulative disbursements shown on last report. Attach explanation of any differences.)*		$	$

☆ GPO : 1976 O - 580-464(262-1)

STANDARD FORM 272-A (9-76)
Prescribed by Office of Management and Budget
CIR. NO. A-110

FINANCIAL STATUS REPORT

(Follow instructions on the back)

1. FEDERAL AGENCY AND ORGANIZATIONAL ELEMENT TO WHICH REPORT IS SUBMITTED

2. FEDERAL GRANT OR OTHER IDENTIFYING NUMBER

OMB Approved No. 80-R0180

PAGE OF PAGES

3. RECIPIENT ORGANIZATION *(Name and complete address, including ZIP code)*

4. EMPLOYER IDENTIFICATION NUMBER

5. RECIPIENT ACCOUNT NUMBER OR IDENTIFYING NUMBER

6. FINAL REPORT ☐ YES ☐ NO

7. BASIS ☐ CASH ☐ ACCRUAL

8. PROJECT/GRANT PERIOD *(See instructions)*

FROM *(Month, day, year)* TO *(Month, day, year)*

9. PERIOD COVERED BY THIS REPORT

FROM *(Month, day, year)* TO *(Month, day, year)*

10. STATUS OF FUNDS

PROGRAMS/FUNCTIONS/ACTIVITIES ►	*(a)*	*(b)*	*(c)*	*(d)*	*(e)*	*(f)*	TOTAL *(g)*
a. Net outlays previously reported	$	$	$	$	$	$	$
b. Total outlays this report period							
c. *Less:* Program income credits							
d. Net outlays this report period *(Line b minus line c)*							
e. Net outlays to date *(Line a plus line d)*							
f. *Less:* Non-Federal share of outlays							
g. Total Federal share of outlays *(Line e minus line f)*							
h. Total unliquidated obligations							
i. *Less:* Non-Federal share of unliquidated obligations shown on line h							
j. Federal share of unliquidated obligations							
k. Total Federal share of outlays and unliquidated obligations							
l. Total cumulative amount of Federal funds authorized							
m. Unobligated balance of Federal funds							

11. INDIRECT EXPENSE

a. TYPE OF RATE *(Place "X" in appropriate box)* ☐ PROVISIONAL ☐ PREDETERMINED ☐ FINAL ☐ FIXED

b. RATE	c. BASE	d. TOTAL AMOUNT	e. FEDERAL SHARE

12. REMARKS: *Attach any explanations deemed necessary or information required by Federal sponsoring agency in compliance with governing legislation.*

13. CERTIFICATION

I certify to the best of my knowledge and belief that this report is correct and complete and that all outlays and unliquidated obligations are for the purposes set forth in the award documents.

SIGNATURE OF AUTHORIZED CERTIFYING OFFICIAL

DATE REPORT SUBMITTED

TYPED OR PRINTED NAME AND TITLE

TELEPHONE *(Area code, number and extension)*

269-101

STANDARD FORM 269 (7-76)
Prescribed by Office of Management and Budget
Cir. No. A-110

INSTRUCTIONS

Please type or print legibly. Items 1, 2, 3, 6, 7, 9, 10d, 10e, 10g, 10i, 10l, 11a, and 12 are self-explanatory, specific instructions for other items are as follows:

Item	*Entry*
4	Enter the employer identification number assigned by the U.S. Internal Revenue Service or FICE (institution) code, if required by the Federal sponsoring agency.
5	This space is reserved for an account number or other identifying numbers that may be assigned by the recipient.
8	Enter the month, day, and year of the beginning and ending of this project period. For formula grants that are not awarded on a project basis, show the grant period.
10	The purpose of vertical columns (a) through (f) is to provide financial data for each program, function, and activity in the budget as approved by the Federal sponsoring agency. If additional columns are needed, use as many additional forms as needed and indicate page number in space provided in upper right; however, the totals of all programs, functions or activities should be shown in column (g) of the first page. For agreements pertaining to several Catalog of Federal Domestic Assistance programs that do not require a further functional or activity classification breakdown, enter under columns (a) through (f) the title of the program. For grants or other assistance agreements containing multiple programs where one or more programs require a further breakdown by function or activity, use a separate form for each program showing the applicable functions or activities in the separate columns. For grants or other assistance agreements containing several functions or activities which are funded from several programs, prepare a separate form for each activity or function when requested by the Federal sponsoring agency.
10a	Enter the net outlay. This amount should be the same as the amount reported in Line 10e of the last report. If there has been an adjustment to the amount shown previously, please attach explanation. Show zero if this is the initial report.
10b	Enter the total gross program outlays (less rebates, refunds, and other discounts) for this report period, including disbursements of cash realized as program income. For reports that are prepared on a cash basis, outlays are the sum of actual cash disbursements for goods and services, the amount of indirect expense charged, the value of in-kind contributions applied, and the amount of cash advances and payments made to contractors and subgrantees. For reports prepared on an accrued expenditure basis, outlays are the sum of actual cash disbursements, the amount of indirect expense incurred, the value of in-kind contributions applied, and the net increase (or decrease) in the amounts owed by the recipient for goods and other property received and for services performed by employees, contractors, subgrantees, and other payees.
10c	Enter the amount of all program income realized in this period that is required by the terms and conditions of the Federal award to be deducted from total project costs. For reports prepared on a cash basis, enter the amount of cash income received during the reporting period. For reports prepared on an accrual basis, enter the amount of income earned since the beginning of the reporting period. When the terms or conditions allow program income to be added to the total award, explain in remarks, the source, amount and disposition of the income.
10f	Enter amount pertaining to the non-Federal share of program outlays included in the amount on line e.
10h	Enter total amount of unliquidated obligations for this project or program, including unliquidated obligations to subgrantees and contractors. Unliquidated obligations are: Cash basis—obligations incurred but not paid; Accrued expenditure basis—obligations incurred but for which an outlay has not been recorded. Do not include any amounts that have been included on lines a through g. On the final report, line h should have a zero balance.
10j	Enter the Federal share of unliquidated obligations shown on line h. The amount shown on this line should be the difference between the amounts on lines h and i.
10k	Enter the sum of the amounts shown on lines g and j. If the report is final the report should not contain any unliquidated obligations.
10m	Enter the unobligated balance of Federal funds. This amount should be the difference between lines k and l.
11b	Enter rate in effect during the reporting period.
11c	Enter amount of the base to which the rate was applied.
11d	Enter total amount of indirect cost charged during the report period.
11e	Enter amount of the Federal share charged during the report period. If more than one rate was applied during the project period, include a separate schedule showing bases against which the indirect cost rates were applied, the respective indirect rates the month, day, and year the indirect rates were in effect, amounts of indirect expense charged to the project, and the Federal share of indirect expense charged to the project to date.

STANDARD FORM 1193
MAY 1973
6 TREASURY FRM 2000

ISSUING AGENCY	LETTER OF CREDIT Auth: TREASURY DEPARTMENT CIRCULAR No. 1075, Revised	LETTER OF CREDIT NUMBER _____ AMENDMENT NUMBER _____
AGENCY STATION SYMBOL	(FOR AGENCY USE)	EFFECTIVE DATE
TO: The Federal Reserve Bank,		BRANCH BANK AT

In accordance with the authorization of the Fiscal Assistant Secretary, Treasury Department, there is hereby authorized for the account and responsibility of the issuing agency a letter of credit:

IN FAVOR OF		FOR DEPOSIT ONLY TO ACCOUNT	
AMOUNT AUTHORIZED $	☐ EACH MONTH ☐ EACH QUARTER ☐ WITHOUT TIME LIMIT ☐ _____	PRIOR AUTHORIZATION $	THIS CHANGE Increase $ Decrease $

☐ The unpaid balance of this letter of credit will remain available until you are advised in writing by the Treasury Department that this letter has been revoked.*

OR

☐ The unpaid balance of this letter of credit is revoked at the end of each period indicated and the full amount reestablished at the beginning of the following period until you are advised in writing by the Treasury Department that this letter has been revoked.*

The amount of this letter of credit is hereby certified to be drawn against, upon presentation to you of Form TUS 5401, Payment Voucher on Letter of Credit, by the official(s) of the recipient organization whose signature(s) appear(s) on the Standard Form 1194, Authorized Signature Card for Payment Vouchers on Letter of Credit, attached hereto or previously or subsequently furnished you through the Treasury Department.

The amount of each payment voucher paid by a Federal Reserve Bank or branch to a designated commercial bank for credit to the account of the recipient organization shall constitute payment to the recipient organization by the United States.

I certify to the Treasury Department that the payments authorized herein are correct and proper for payment from the appropriations or funds legally committed and available for the purpose, when paid in accordance with the terms and conditions cited above.

*This letter of credit is irrevocable to the extent the recipient organization has obligated funds in good faith thereunder in executing the authorized Federal program in accordance with the grant, contract, or other agreement.

DATE CERTIFIED _____

_____
AUTHORIZED CERTIFYING OFFICER

_____
TYPED NAME AND TITLE

Notes for Preparation of SF-1193

1. Letter of Credit Number: The following guidelines are prescribed in order to ensure uniformity in numbering the forms:

   a. Alphabetical designations will not be used as part of the basic letter of credit number or amendment number.

   b. FRLC number will consist of eight (8) numercial digits broken down in three (3) segments as follows:

      First segment - 2 digits (72-xx-xxxx) identifies AID;

      Second segment - 2 digits (xx-00-xxxx) identifies the bureau or office (if none, use ciphers "0").

      Third segment - 4 digits (xx-xx-1234) identifies the letter of credit. There can be no duplication of numbers.

2. Effective Date: The date that the letter of credit, or amendment thereto, is to be effective cannot precede the date of certification. A minimum of two weeks between the date of certification and the effective date should be allowed so that the Department of Treasury can process the SF 1193 and forward it to the appropriate Federal Reserve bank or branch.

3. Signature Requirements: SF 1193 will be signed by an authorized certifying officer of AID. The AID official certifying that payments authorized by a letter of credit are correct and proper has the same responsibility for propriety of the payment as for an expenditure by a check drawn on the U. S. Treasury.

4. Amending Letters of Credit:

   a. An amended letter of credit signed by an authroized certifying officer is requied:

      . If there is a change in the name of the recipient organization;

      . If there is a change in the information relative to the commercial bank;

      . If there is an increase or decrease in the amount authorized, or its related period of availability; and

      . If the authorization for the recipient organization to draw amounts in excess of $5,000,000 is established or rescinded.

b. Under ordinary circumstances, amendments should not be submitted to increase or decrease the amount authorized by less than $5,000.

c. A statement will be included on the amending SF 1193 to explain any change other than a change in the amount authorized.

d. Each amendment to a letter of credit will be clearly identifiable. The SF 1193 contains a space for the amendment number. Amendment numbers should start with "1" for each letter of credit and be numbered consecutively for the duration of the letter of credit. The amendment number is not required on the related payment voucher.

Standard Form 1194
6 Treasury FRM 1000
Fiscal Service
Bureau of Accounts

AUTHORIZED SIGNATURE CARD FOR PAYMENT VOUCHERS ON LETTER OF CREDIT

Letter of Credit Number (1)

Federal Reserve Bank (2)

Letter of Credit Issued in Favor of *(Recipient)* (3) IRS Employer Identification Number	Issued by *(Federal Agency)* (4)
(5) SIGNATURES OF INDIVIDUALS AUTHORIZED TO DRAW ON THE CITED LETTER OF CREDIT	☐ ONLY ONE SIGNATURE REQUIRED ON PAYMENT VOUCHERS or ☐ ANY TWO SIGNATURES REQUIRED TO SIGN OR COUNTERSIGN
Typed Name and Signature (6)	Typed Name and Signature (6)
Typed Name and Signature (6)	Typed Name and Signature (6)
I CERTIFY THAT THE SIGNATURES ABOVE ARE OF THE INDIVIDUALS AUTHORIZED TO DRAW PAYMENT VOUCHERS FOR THE CITED LETTER OF CREDIT. (7) DATE AND SIGNATURE OF AUTHORIZING OFFICIAL *(Recipient)*	APPROVED: (8) DATE AND SIGNATURE OF AGENCY CERTIFYING OFFICER

1194-101

U.S. GOVERNMENT PRINTING OFFICE : 1967 OF—255-144 (75-G)

SF-1194 PREPARATION

The following instructions numbered to correspond with the sample form, enable the recipient to correctly encode the appropriate block of the SF-1194, "Authorized Signature Card for Payment Vouchers on Letters of Credit". The form is printed or typed except in places where a signature is required.

1. Letter of Credit Number: Contains the Federal Reserve Letter of Credit number assigned by AID. This number is assigned after the cards are returned to AID.

2. Federal Reserve Bank: To be completed by the recipient after the recipient selects a commercial bank and is advised as to the corresponding Federal Reserve Bank or Branch.

3. Letter of Credit Issued in Favor of (Recipient): Includes the name and mailing address of the recipient and is completed by the recipient. Additional information contained in this block; i.e., IRS Employer Identification (EI) Number, should be confirmed or entered at this time by the recipient. This number, along with the FRLC number, is essential to AID processing control.

4. Issued by (Federal Agency): To be completed by AID and requires no information from the recipient.

5. Signatures of Individuals Authorized to Draw on the Cited Letter of Credit: Checked by the recipient as appropriate.

6. Typed Name and Signature: Contains the specimen of authorized signatures and the typed equivalent as supplied by the recipient. One or more are required as governed by the block checked in #5. Cross out any blocks reserved for signatures of individuals authorized to draw on letters of credit which are not used. Do not submit signatures which have been pasted over, erased, or painted over with correction fluid. Advise AID immediately and in writing, by submitting a new signature card when any of the designated officials are no longer authorized to sign payment voucher.

7. Date and Signature of Authorizing Official (Recipient): Self-explanatory.

8. Date and Signature of Agency Certifying Officer: Completed by AID.

FOR PAPERWORK REDUCTION ACT NOTICE, SEE RECIPIENT'S INSTRUCTIONS

EXHIBIT 3-7 (TM 19:123)

OMB NO. 1510-0055
EXPIRATION DATE 4-30-89

REQUEST FOR FUNDS

FOR FINANCIAL INSTITUTION USE ONLY

☐ PAID

DATE _____

☐ REJECTED DUE TO:

SECTION I—MESSAGE FORMAT

PC				
TO 021030004	TYPE 1031			
FROM	CL	REF	AMOUNT $	SPECIAL HANDLING INSTRUCTIONS REQUEST FOR FUNDS
SENDER				RO FINANCIAL INSTITUTION /
RECEIVER TREAS NYC	TDO /	FPA /	LCN /	ACN / RQN / BOH /$ DLR /
RON				THIRD PARTY INFORMATION /

SECTION II—CERTIFICATION (Must Be Completed By Drawer)

I certify that this Request for Funds has been drawn in accordance with the terms and conditions of the Letter of Credit cited and that the amount for which drawn is proper for payment to the account of the drawer at the drawer's financial institution. I also certify that the data reported is correct and that the amount of the Request for Funds is not in excess of immediate disbursement needs.

DATE	SIGNATURE	TITLE
DATE	COUNTERSIGNATURE	TITLE

ORIGINAL—SUBMIT TO FINANCIAL INSTITUTION

(Formerly TFS Form 5805)
NSN 7540-01-240-2132
5805-101

STANDARD FORM 5805 (6-86)
Prescribed by Dept. of the Treasury
I TFM 6-2500

QUADRUPLICATE - Drawer will retain this copy.

TRIPLICATE - Drawer will forward this copy to bank for transmission to Federal Reserve Bank.

DUPLICATE - Drawer will forward this copy to bank for transmission to Federal Reserve Bank.

ORIGINAL - Drawer will forward this form to bank for transmission to Federal Reserve Bank.

I-TFRM 6-2000

PAYMENT VOUCHER ON LETTER OF CREDIT
(TO BE COLLECTED AS A NON-CASH ITEM)

The drawer's bank shall be the agent of the drawer for the collection of this instrument and each subsequent collecting commercial bank shall be the subagent of the drawer.

3368600
SERIAL NO.
SYMBOL 17-865

VOUCHER NO.	LETTER OF CREDIT NO.	AGENCY LOCATION CODE	DATE VOUCHER DRAWN	AMOUNT
1	2	3	4	$ 5

NAME AND ADDRESS OF DRAWER: 6

NAME AND ADDRESS OF DRAWER'S BANK: 7

FEDERAL RESERVE BANK OR BRANCH: 8

FEDERAL FUNDS ON HAND: $ 9

NAME AND ADDRESS OF U.S. AGENCY: 10

I certify that this payment voucher has been drawn in accordance with the terms and conditions of the letter of credit cited and that the amount for which drawn is properly for credit to the account of the drawer at the drawer's bank.

11 _____ (Signature) _____ (Title)

_____ (Countersignature) _____ (Title)

Per authorization of Fiscal Assistant Secretary, Department of the Treasury, debit the general account of the U.S. Treasury and pay to the presenting bank the amount shown above.

12 FOR FEDERAL RESERVE BANK USE ONLY

_____ (Date Debited) _____ (Authorized Signature)

TFS FORM 6-78 5401 EDITION OF 5-75, IS OBSOLETE

DEPARTMENT OF THE TREASURY - FISCAL SERVICE
BUREAU OF GOVERNMENT FINANCIAL OPERATIONS

TFS FORM 6-78 5401-A EDITION OF 5-75, IS OBSOLETE

DEPARTMENT OF THE TREASURY - FISCAL SERVICE
BUREAU OF GOVERNMENT FINANCIAL OPERATIONS

TFS FORM 6-78 5401-B EDITION OF 5-75, IS OBSOLETE

DEPARTMENT OF THE TREASURY - FISCAL SERVICE
BUREAU OF GOVERNMENT FINANCIAL OPERATIONS

TFS FORM 6-78 5401-C EDITION OF 5-75, IS OBSOLETE

DEPARTMENT OF THE TREASURY - FISCAL SERVICE
BUREAU OF GOVERNMENT FINANCIAL OPERATIONS

ORIGINAL - Drawer will forward this form to bank for transmission to Federal Reserve bank.

DUPLICATE - Drawer will forward this copy to bank for transmission to Federal Reserve bank for its file.

TRIPLICATE - Drawer will forward this copy to bank for transmission (in turn) to (1) Federal Reserve bank, (2) Bureau of Government Financial Operations, and (3) Program Agency.

QUADRUPLICATE - Drawer will retain this copy.

TFS Form 5401 Preparation

The manner in which the recipient completes the TFS Form 5401 is prescribed below. The blocks on the attached sample form are correspondingly numbered. The information required to encode each block is listed below:

1. Voucher No.: Contains the number of the payment voucher, commencing with "1", and progressing in sequential order. Alphabetical designations are not used as part of a voucher number. Amendments to the letter of credit beginning of a new fiscal year, or rejected payment vouchers will not interrupt the sequence. If at any time the sequence number is duplicated or submitted out of sequence to Treasury, it will be returned marked "VOID". A new corrected TFS Form 5401 must be prepared and resubmitted for processing as though the voided copy never existed.

   This number is also encoded in block 7 of Standard Form 272 "Federal Cash Transactions Report", and on the detailed schedule of expenses/other back-up to Standard Form 1034 "Public Voucher for Purchase and Services Other Than Personal".

2. Letter of Credit No.: Encoded by the recipient with the consolidated Federal Reserve Letter of Credit number assigned to it by AID. This eight-digit number is referred on all correspondence to AID regarding the FRLC as an identification and control mechanism.

3. Agency Station Symbol (Agency Location Code): Contains the Department of Treasury symbol (code) assigned to the Agency for International Development: 72-00-9701. This block has ordinarily been encoded by AID.

4. Date Voucher Drawn: The actual date the recipient submits a TFS Form 5401 to its commercial bank for payment. By 30 days following the close of the accounting month in which one or more TFS Form 5401's are drawn, the recipient reports the use of Federal funds on an SF 1034 (one for each applicable contract/grant funded under the consolidated FRLC) and an SF 272 summarizing the monthly activity. SF 272 is submitted no less frequently than quarterly. See also text, 3K6d(2).

5. Amount: Recorded in the amount of Federal funds requested by the recipient organization. Ordinarily payment vouchers should not be drawn more frequently than daily, nor for amounts less than $5,000 or more than $1,000,000; in no case more than $5,000,000 unless otherwise authorized in the contract/grant and the FRLC.

6. Name and Address of Drawer: Completed by the recipient with his/her correct title and mailing address.

   In addition, the recipient's Internal Revenue Service (IRS) number is encoded in this block. The use of this standard number permits more accuracy and facilitates processing of the recipient's reports.

7. Name and Address of Drawer's Bank: Contents are self-explanatory. Information is provided prior to issuance of an FRLC, and is on file at AID.

8. Federal Reserve Bank or Branch: Contents are self-explanatory. Information is provided prior to issuance of FRLC, and is on file at AID.

9. Federal Funds on Hand: Recorded in the amount of cash balance of Federal funds on hand at the time of this drawdown.

10. Name and Address of U. S. Agency: Encoded by AID listing the address and the appropriate office for handling the recipient's FRLC.

11. Signatures: Contains the signature(s) of the officer(s) certified to sign TFS Form 5401's. Specimens of the signatures were recorded on the SF 1194 "Authorized Signature Card for Payment Vouchers on Letter of Credit" prior to issuance of the FRLC.

12. For Federal Reserve Bank Use Only: Will be filled out by the Federal Reserve Bank when the TFS Form 5401 is submitted to it by the recipient's commercial bank.

EXHIBIT 3-8 (TM 19:123)

STATEMENT OF DIFFERENCES

DISBURSING OFFICE OR LETTER OF CREDIT TRANSACTIONS

TO: CHIEF WASHINGTON ACCOUNTS BRANCH
AGENCY FOR INTERNATIONAL DEVELOPMENT
C/ACC/WAB/DRS ROOM 635,SA-12
WASHINGTON D C 20523

ACCOUNTING PERIOD ENDED FEBRUARY 29, 1980

PAGE 1

AGENCY LOCATION CODE (ALC) 72-00-9701 ACCOMPLISHED (PAYMENT) MONTH OF: FEBRUARY 1980

REFERENCE	REPORTING DATE MO	REPORTING DATE Y.	REPORTING D.O. SYMBOL	AGENCY CONTROL ACCOUNTS MAINTAINED BY TREASURY OFFICES	STATEMENTS OF TRANSACTIONS SUBMITTED BY ADMINISTRATIVE AGENCIES	AMOUNT OF DIFFERENCE
	20				15,968,322.73	
	29			17,981,263.61		
TOTALS				17,981,263.61	15,968,322.73	2,012,940.88

REMARKS

F. D. B. LETTERS OF CREDIT TRANSACTIONS
ANNOUNCEMENT OF CHANGE IN PROCEDURES FOR RECONCILING
PAYMENT VOUCHERS ON FRB LETTER OF CREDIT DATED
DECEMBER 20, 1979 ADDRESS SHOULD BE READ ATTENTION:
GAO BUILDING, ROOM 3108.
THIS CORRECTS THE ROOM NUMBER GIVEN PREVIOUSLY

Please advise Bureau of Government Financial Operations if the address shown above is not correct.

TFS FORM 6652
11-78
I TFRM 2-3300

DEPARTMENT OF THE TREASURY — FISCAL SERVICE
BUREAU OF GOVERNMENT FINANCIAL OPERATIONS

Exhibit 3-8(2)

LETTERS OF CREDIT PAYMENT VOUCHERS FOR THE MONTH OF FEBRUARY 1980

CLEARED	FRB	DRAWN	L C NO	VOU NO	SERIAL	PAID	LOCATION	AMOUNT	TOTAL BY ALC
2-13-0	34	1-17-0	72000345	15	2903063	1-23-80	72-00-9701	82,000.00	
2-08-0	33	1-29-0	72001061	19	2902007	1-31-80	72-00-9701	100,360.91	
2-14-0	14	1-22-0	72001075	77	2907061	1-25-80	72-00-9701	42,355.00	
2-04-0	33	1-31-0	72001197	1	2906226	1-31-80	72-00-9701	130,000.00	
								354,715.91	
2-26-0	2	2-20-0	72000001	7	2904257	2-20-80	72-00-9701	1,255,000.00	?
2-35-0	5	2-28-0	72000234	309	2907491	2-29-80	72-00-9701	378,513.91	
2-25-0	2	12-27-9	72000242	64	2905742	2-15-80	72-00-9701	200,000.00	
2-22-0	5	2-12-0	72000270	93	2903413	2-13-80	72-00-9701	125,000.00	
2-22-0	5	2-13-0	72000270	94	2903414	2-14-80	72-00-9701	130,000.00	
2-27-0	5	2-19-0	72000270	95	2903415	2-20-80	72-00-9701	125,000.00	270 #96 130,000
2-22-0	12	2-13-0	72000286	74	2902732	2-13-80	72-00-9701	200,000.00	
2-32-0	12	2-25-0	72000286	75	2902733	2-25-80	72-00-9701	200,000.00	?
2-29-0	1	2-22-0	72000290	45	2903472	2-22-80	72-00-9701	34,409.00	
2-21-0	2	2-13-0	72000297	121	2943334	2-14-80	72-00-9701	117,651.00	
2-35-0	2	2-28-0	72000297	122	2943244	2-29-80	72-00-9701	87,299.00	?
2-14-0	18	2-04-0	72000316	60	2904950	2-06-80	72-00-9701	500,000.00	
2-12-0	3	2-04-0	72000320	100	2907540	2-04-80	72-00-9701	136,043.30	
2-26-0	2	2-13-0	72000322	133	2907511	2-15-80	72-00-9701	172,000.00	
2-25-0	2	2-13-0	72000322	134	2907512	2-15-80	72-00-9701	22,000.00	
2-34-0	2	2-22-0	72000323	42	2902522	2-27-80	72-00-9701	250,000.00	
2-34-0	2	2-11-0	72000324	45	2905731	2-27-80	72-00-9701	20,011.00	
2-34-0	2	2-12-0	72000324	46	2905732	2-27-80	72-00-9701	130,000.00	
2-13-0	2	2-05-0	72000327	67	2549066	2-07-80	72-00-9701	550,000.00	
2-29-0	2	2-21-0	72000327	68	2549021	2-22-80	72-00-9701	303,000.00	
2-29-0	7	2-22-0	72000330	49	2903211	2-22-80	72-00-9701	181,000.00	
2-14-0	2	1-10-0	72000331	7	2907122	2-06-80	72-00-9701	300,000.00	
2-14-0	2	2-05-0	72000331	8	2907124	2-06-80	72-00-9701	500,000.00	
2-25-0	2	2-08-0	72000331	9	2907125	2-15-80	72-00-9701	300,000.00	?
2-35-0	2	2-22-0	72000331	10	2907129	2-29-80	72-00-9701	532,000.00	
2-11-0	2	2-04-0	72000333	57	2905543	2-04-80	72-00-9701	1,000,000.00	
2-13-0	1	2-01-0	72000341	109	2903627	2-04-80	72-00-9701	735,000.00	
2-34-0	34	2-19-0	72000345	14	2903065	2-25-80	72-00-9701	113,000.00	
2-29-0	1	2-22-0	72000346	36	2902993	2-22-80	72-00-9701	10,010.00	
2-34-0	2	2-19-0	72000350	16	2904075	2-27-80	72-00-9701	57,000.00	
2-27-0	7	2-14-0	72000356	57	2905618	2-20-80	72-00-9701	30,000.00	
2-08-0	5	2-01-0	72000364	67	2906358	2-01-80	72-00-9701	100,000.00	

UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523

Special Financial Staff
Bureau of Government Financial Operations
Department of the Treasury
Treasury Annex No. 1, Room 526
Washington, D. C. 20226

Subject: Federal Reserve Letter of Credit No._____

Gentlemen:

It is requested that necessary action be taken to revoke the unexpensed balance of $_____ remaining available under the subject Federal Reserve Letter of Credit.

Please advise the Federal Reserve Bank of _____ of this revocation, and request that they close their records on this FRLC as there will be no further drawings.

Sincerely yours,

Program Accounting Division
Office of Financial Management

cc: SER/CM
AAG/W
Files
Contractor: _____
_____
_____

Grant/Contract No. AID/_____

DAILY STATUS OF FEDERAL FUNDS REPORT

For the Month Ended April (1), 19 80

Federal Program Agency: Agency for International Development (2)

Recipient Organization: Any Contractor (3)

Agency Location Code: 72-00-0002 (4)

Date	Federal Funds Received (5)	Federal Funds Disbursed	Actual Cash Amount of Federal Funds on Hand
	Ending Balance of Previous Month		$13,014.67 (6)
1	$15,000.00	$17,000.00	11,014.67
2		9,500.00	1,514.67
3			1,514.67
4			1,514.67
5			1,514.67
6	17,500.00	18,900.00	114.67
7			114.67
8			114.67
9			114.67
10			114.67
11			114.67
12	14,900.60	14,900.00	115.27
13			115.27
14			115.27
15	12,165.00	6,000.00	6,280.27
16		5,300.00	980.27
17			980.27
18			980.27
19	2,156.00	2,900.00	236.27
20			236.27
21	10,000.00	9,100.00	1,136.27
22			1,136.27
23		951.88	184.39
24			184.39
25			184.39
26			184.39
27			184.39
28	12,099.00		12,283.39
29		11,990.00	293.39
30			293.39
31			293.39
(7) Total	$83,820.60	$96,541.88	$ 293.39

(8) Estimated number of days until cash on hand at end of month is expended: 2

Prepared by:	Typed Name and Title	Date
Thomas S. Schmidt (9)	Thomas S. Schmidt Vice President	6/5/80
Authorized Official	**Typed Name and Title**	**Date**
W. O. Wilson (10)	W. O. Wilson President	6/5/80

EXPLANATION OF ITEMS TO BE REPORTED ON DAILY STATUS OF FEDERAL FUNDS REPORT

NUMBER	
(1)	Enter month of request for daily status of Federal funds.
(2)	Enter name of Federal program agency (Grantor).
(3)	Enter name of recipient organization (Grantee).
(4)	Enter agency location code assigned to Federal program agency.
(5)	Federal funds received includes payments by letter of credit, direct Treasury check, and/or refunds and receipts, whether or not deposited.
(6)	Enter actual ending cash balance of previous month.
(7)	Enter totals for Federal funds received and Federal funds disbursed during month, and cash on hand at end of month.
(8)	Enter estimated number of days until the cash on hand at end of month will be expended by the recipient organization.
(9)	Enter signature of individual preparing report for recipient organization with typed name and title and date prepared.
(10)	Enter signature of authorized official of recipient organization with typed name and title and date signed.

Note: All balances should reflect the actual cash (not accrued) balance of Federal funds in the hands of the recipient organization at time periods indicated.

EXHIBIT 3-11

(TM 19:123)

SF-1080 Voucher for Transfer Between Appropriations and/or Funds

Standard Form 1080
Revised JUNE 1979
Department of the Treasury
I TFRM 2-2500

VOUCHER FOR TRANSFERS BETWEEN APPROPRIATIONS AND/OR FUNDS

VOUCHER NO.

SCHEDULE NO.

BILL NO.

PAID BY

Department, establishment, bureau, or other receiving funds

Department, establishment, bureau, or other charged

ORDER NO.	DATE OF DELIVERY	ARTICLES OR SERVICES	QUANTITY	UNIT PRICE		AMOUNT
				COST	FEE	DOLLARS AND CENTS
				TOTAL		

Remittance in payment hereof should be sent to—

ACCOUNTING CLASSIFICATION— *Office Receiving Funds*

CERTIFICATE OF OFFICE CHARGED

I certify that the above articles were received and accepted or the services performed as stated and should be charged to the appropriation(s) and/or fund(s) as indicated below; or that the advance payment requested is approved and should be paid as indicated.

(Authorized administrative or certifying officer)

(Date)

(Title)

ACCOUNTING CLASSIFICATION— *Office Charged*

Paid by Check No.

EXHIBIT 3-12

(TM 19;123)

STANDARD FORM 1081
2 TREASURY FRM 2500
FISCAL SERVICE
BUREAU OF ACCOUNTS
1081-107

VOUCHER AND SCHEDULE OF WITHDRAWALS AND CREDITS

Vou. No. _____ (Office billed)

Vou. No. _____ (Billing Office)

To Disbursing Officer -Office Billed _____ (D.O. symbol)

You are authorized to effect the withdrawals and credits indicated below.

Disbursing Officer—Billing Office _____ (D.O. symbol)

_____ (Address)

PAID BY

WITHDRAW FROM—	PAY TO—
DEPARTMENT	DEPARTMENT
BUREAU	BUREAU
AGENCY STATION SYMBOL	AGENCY STATION SYMBOL
ADDRESS	ADDRESS

BUREAU REFERENCE	SUMMARY		BUREAU REFERENCE	SUMMARY	
	APPROPRIATION OR FUND SYMBOL	AMOUNT		APPROPRIATION OR FUND SYMBOL	AMOUNT
	TOTAL			TOTAL	

Details of charges or reference to attached supporting documents

For use of office billed:

For use of billing office:

CERTIFICATE OF OFFICE BILLED

I certify that the items listed herein are correct and proper for payment from the appropriation(s) designated.

(Date) _____ (Authorized administrative or certifying officer)

Paid by check No. _____ C/D No. _____, dated _____

CHAPTER 4

WORKING FUND, REVOLVING FUND, DEPOSIT FUND, TRUST FUND, AND GENERAL FUND RECEIPT ACCOUNT STRUCTURE

CHAPTER 4

WORKING FUND, REVOLVING FUND, DEPOSIT FUND, TRUST FUND, AND GENERAL FUND RECEIPT ACCOUNT STRUCTURE

4A. General

1. This directive sets forth account symbols and titles currently applicable to Working Funds, Revolving Funds, Deposit Funds, Trust Funds, and General Fund (Miscellaneous) Receipts Accounts, stated in terms of U.S. dollars in the accounts of the U.S. Treasury, for which AID is responsible or administratively accountable. These accounts are assigned by the Department of the Treasury consistent with the principles established in Chapter 2, Title 7 of the General Accounting Office Manual for Guidance of Federal Agencies. Responsibility is identified with accounts covering funds available to AID for obligation and/or disbursement. Administrative accountability is identified with accounts for which AID acts as the collecting agency for repayment to appropriations or credit to other funds.

2. Paragraphs 4B and 4C set forth, respectively, the expenditure and receipt account classifications under which the above accounts are identified. These are summarized by account symbol and title in Attachment A.

3. Accounts covering appropriation transfers to AID from the Executive Office of the President are included in Handbook 18, Information Services, Appendix D, Codes and Numbering Systems Used in AID.

4B. Expenditure Accounts

1. Consolidated Working Fund Accounts

a. These accounts are established to receive (and subsequently disburse) advance payments from appropriations of other Federal agencies for goods or services to be furnished by AID as the performing agency. Advances from the ordering agency are considered as "expenditure" transactions to that agency. The transactions are documented and processed by a SF 1081, Voucher and Schedule of Withdrawals and Credits, or SF 1080, Voucher for Transfers Between Appropriations and/or Funds (the latter used when advance payments are made by check).

b. Consolidated working funds may be credited with advances from more than one appropriation for the procurement of goods or services to be furnished by AID with the use of its own facilities within the same

4B1b

fiscal year. The period of availability for obligation and disbursement of consolidated working funds is determined by the basic appropriation of the agency from which the advance is made. AID uses the working fund for only special situations and it is subject to the usual allotment controls and reporting requirements.

c. The authorized and established AID consolidated Working Fund Account symbol and title is as follows:

Account Symbol	Account Title
723900	Consolidated Working Fund, Agency for International Development General (Fiscal Year or no year) (31 USC 686, 686-1)

2. Revolving Fund Accounts

a. These accounts are authorized by specific provisions of the Foreign Assistance Act of 1961, as amended, to finance a continuing cycle of operations with receipts derived from such operations available in their entirety for use of the fund. The revenues produced by the fund are available without further appropriation action by the Congress but are subject to apportionment action by the Office of Management and Budget.

b. Revolving funds for which AID is currently responsible derive their receipts from both non-Government and Government (other appropriations and funds) sources.

c. Symbols and titles of Revolving Fund accounts authorized for use by AID are as follows:

Account Symbol	Account Title
* 72X4340	Housing and Other Credit Guaranty Programs, Agency for International Development
72X4590	Acquisition of Property Revolving Fund, Agency for International Development
72X4175	Property Management Fund, Agency for International Development
72X4341	Private Sector Revolving Fund Agency for International Development *

* Revised

4B

3. Deposit Fund Accounts

a. These accounts are combined receipt and expenditure accounts established for recording collections which are treated as Government liabilities, outside of the Budget, as part of the "means of financing." A Deposit Fund classification is established for any account which meets any of the five following criteria:

(1) Unearned income for services or benefits yet to be provided by the Government - This includes all moneys held by the Government in advance of Government performance which, when earned, are (a) credited, in whole or in part, to an account within the Budget (i.e., to a receipt, appropriation, or fund account, including a trust fund account within the Budget); or (b) refunded for any unearned, inapplicable portion.

(2) Moneys withheld by the Government from payments for goods and services received - This type of transaction is treated as a Deposit Fund liability only when a budget account has been charged and the funds are being held by the Government pending payment; e.g., payroll deductions for Savings Bonds or State Income Taxes.

(3) Deposits received from outside sources for which the Government is acting solely as a banker, fiscal agent, or custodian.

(4) Moneys held by the Government awaiting distribution on the basis of a legal determination or investigation - This category includes moneys in dispute (between the Government and outside parties) where ownership is in doubt and there is no present basis for estimating ultimate distribution.

(5) Unidentified Remittances

(a) These remittances are credited as suspense items outside the Budget (Account 72X6875) unless there is a reasonable presumption that they will ultimately be credited to a receipt, appropriation, or fund account within the Budget; or experience has shown that the preponderance of unidentified remittances are eventually credited to an account within the Budget.

4B2

(b) Unidentified collections presumed to be applicable to the Budget accounts in general, as defined above, but required to be held in suspense because the specific account to be credited is not yet known, are placed in Account "72F3875 Budget Clearing Account (Suspense)." This account has been established to give immediate budget effect with respect to all items for which ultimate credit to a Budget account is a reasonable presumption.

b. These collections are reviewed not less frequently than quarterly to assure that the balance of each account is current and all proper refunds and transfers have been made.

c. Deposit Fund account symbols consist of the two-digit Agency index number ("72") assigned to AID by the Department of the Treasury; the "no year" period of availability symbol ("X"); and a four-digit account designation symbol within the Deposit Fund series (6000 through 6999). Certain Deposit Fund Accounts must also identify the country for which it is specifically authorized. In such cases, the three-digit country (geographic) code, prescribed by Handbook 18, Section III, Appendix D, is shown parenthetically after the four-digit account designation symbol. (See Section 4B3d(1).)

d. Symbols and titles of Deposit Fund (Liability) Accounts authorized for use by AID are as follows:

(1) Accounts 6000 through 6299 denoting deposit liabilities where the Government acts as fiscal agent or banker:

4B2

Account Symbol	Account Title
72X6050	Employee's Payroll Allotment Account, United States Savings Bonds, Agency for International Development
72X6117 (Country Code)	Irrevocable Letters of Credit Issued to (Country) Agency for International Development (31 USC 66b)
72X6121 (Country Code)	Irrevocable Letters of Credit (Triangular) Issued to the Government of (Country), Agency for International Development
72X6122 (Country Code)	Dollar Deposits by Barter Contractors, Government of (Country), Agency for International Development
72X6122 (899)	Dollar Deposits by Barter Contractors for Excess Property Revolving Fund, Agency for International Development
72X6130	Employee and Employer Contributions, Foreign Government Social Security and Related Programs, Agency for International Development (22 USC 889)
72X6131	Employee and Employer Contributions, Private Insurance Plan Agency for International Development (22 USC 889)
72X6275	Withheld State and Local Taxes, Agency for International Development

(2) Accounts 6800 through 6999 covering moneys held in suspense pending a determination of their disposition:

4B2

Account Symbol	Account Title
72X6809	Suspense Deposits Abroad, Agency for International Development (31 USC 66b)
72X6875	Suspense, Agency for International Development (See paragraph 4B3a(5))

e. Certain additional accounts are handled as Deposit Fund (Liability) Accounts although the account symbols do not conform with the 6000 through 6999 series applicable to this fund classification as provided in paragraph 4B3c above. The basic four-digit designation symbol, preceded by the two-digit Receipt Account which is used as a clearing account to accumulate specific collections for subsequent transfer to another Agency, as appropriate. (See paragraph 4C2 below for Budget Clearing Accounts.)

4. Trust Fund Expenditure Accounts

a. These accounts are for the purpose of recording expenditures against receipts held in trust, where AID acts in a fiduciary capacity, in carrying out specific purposes and programs in accordance with international agreements or U.S. statutory requirements. Symbols for these accounts consist of the two-digit Agency index number ("72"); the "no-year" period of availability symbol ("X"); and a four-digit account designation symbol within the trust fund series (8000 through 9999).

b. Symbols and titles of Trust Fund Expenditure Accounts authorized for use by AID are as follows:

Account Symbol	Account Title
72X8502	Technical Assistance, United States Dollars Advanced from Foreign Governments, Agency for International Development (22 USC 2761, 2762)
72X8824	Gifts and Donations Agency for International Development (22 USC 2395(d)) (See Appendix 4A)

4B2

c. Certain additional Trust Fund Expenditure Accounts, for which the Office of Personnel Management is directly responsible, are identified for memorandum purposes in expenditure vouchers recording and transferring contributions by employees and by AID to the respective Office of Personnel Management Trust Fund Expenditure Accounts. AID/FM does not credit these accounts but reflects AID transactions in the fiscal records controlled by the Central Accounting Division, FM/CAD, and the Employee Service Division, FM/ESD. The Office of Personnel Management Trust Fund Expenditure Accounts are not maintained by AID but are established by the Department of the Treasury for use of the Office of Personnel Management to cover payments received from various agencies for applicable employee benefits. The applicable Trust Fund Expenditure Account symbols consist of the two-digit agency index number ("24") assigned to the Office of Personnel Management; the "no year" period of availability symbol ("X"); a four-digit account designation symbol within the trust fund series (8000 through 9999); and the AID index number ("72") shown as a parenthetical suffix following the four-digit account designation symbol. Trust Fund Expenditure Account symbols and titles authorized for use by the Office of Personnel Management are as follows:

Account Symbol	Account Title
24X8135.1(72)	Deductions from Employees' Salaries, Civil Service Retirement and Disability Fund (5 USC 8331, 8334(a))
24X8135.2(72)	Employing Agency Contributions, Civil Service Retirement and Disability Fund (5 USC 8331, 8334(a))
24X8135.8(72)	Credits for Withholding and Contributions Civil Service Retirement and Disability Fund (5 USC 8831-8848) (OPM Form-7310)
24X8424(72)	Employees Life Insurance Fund, Office of Personnel Management (5 USC 8702, 8707)
24X8440(72)	Employees Health Benefits Fund, Office of Personnel Management (5 USC 8909)

4C. Receipt Accounts

1. Classification

AID receipt accounts currently authorized for use by the Agency fall within the major fund classifications applicable to General Fund (Miscellaneous) and Trust Fund Receipts (Handbook 18, Appendix D).

2. General Fund (Miscellaneous) Receipt Accounts

These accounts, established for the collection of general income receipts of the Government, which are not dedicated to specific purposes, are divided into two categories; namely, Governmental Receipts and Proprietary Receipts. Governmental Receipts (major classes 0100 through 1200) arise from the sovereign and regulatory powers unique to the Government. Included in this category are Clearing Accounts for Undistributed Collections of the Agency (major class 3800). See also 3800 Clearing Accounts. Proprietary Receipts (major classes 1400 through 3000) are those that are market-oriented or derived from activities which are operated as business-type enterprises. Receipts from specific sources required by law to be deposited into other designated funds or accounts are excluded. Symbols for AID receipt accounts consist of the two-digit Agency index number ("72") and a four-digit account designation in the general fund receipt series (0000 through 3899). Symbols and titles of General Fund Receipt Accounts applicable to classes of receipts, which may be collected by AID, are given herein. When required, additional General Fund Receipt Accounts will be provided by AID/W, Accounting Systems Division, FM/ASD, to cover collections not listed below:

0800 Fees for Regulatory and Judicial Services

Fees and other charges which result from the exercise of a governmental function of a regulatory or judicial nature.

Account Symbol	Account Title
720890	Miscellaneous fees for regulatory and judicial services, not otherwise classified Includes such items as hunting and fishing permits; prospecting permits; licenses under the Federal Power Act; motor vehicle permits; customs permits and licenses under the Federal Firearms Act; and licenses or permits under the Organized Crime Control Act of 1970.

1000 Fines, Penalties, and Forfeitures

Moneys received from levies imposed for violation of laws and regulations; confiscated or unclaimed funds; and proceeds from confiscated or unclaimed property.

Account Symbol	Account Title
721060	Forfeitures of unclaimed money and property Unclaimed money and proceeds from the sale of abandoned property. Includes such items as funds and proceeds of enemy property; unclaimed proceeds of estates of American citizens who die abroad; unexplained balances in cash accounts; and unclaimed amounts in employees' payroll allotment accounts for U.S. savings bonds.
721099	Fines, penalties, and forfeitures, not otherwise classified All other fines, penalties, and forfeitures, other than those arising out of contracting or similar business transactions. Includes such items as forfeitures of moneys remaining in registry of courts 5 years or longer; penalties for trespass and depredations on public lands and reservations; fines assessed under local laws administered by the United States (as in the Canal Zone); fines for library books and broken records; and bribes to U.S. officers.

1200 Gifts and Contributions

Funds or proceeds from property voluntarily transferred to the Government without compensation or valuable consideration.

Account Symbol	Account Title
721299	Gifts to the United States, not otherwise classified Gifts, bequests, and unconditional donations to the United States.

4C2

1400 Interest Foreign Loans and Deferred Payments

Interest on loans to or other indebtedness of foreign governments, or to individual and private organizations specifically for use in foreign countries.

Account Symbol	Account Title
721435	General fund proprietary interest, not otherwise classified Includes such items as interest on deferred collections or payments (other than interest relating to foreign transactions - see 721466 above), and interest received on securities owned by Government agencies.
721466	Interest on loans, Foreign Assistance Act of 1961

Interest on dollar repayable loans administered by AID under AID or predecessor agency programs.

2800 Realization Upon Loans and Investments

Proceeds from the liquidation of, or realization upon, intangible assets, including the return to the Government of moneys previously invested, loaned, or advanced; and the sale, retirement, or cancellation of Government-owned stocks, bonds, and securities.

Account Symbol	Account Title
72F2866	Repayment of Foreign Loans Clearing Account Used to record receipt and subsequent disbursement of loan repayments on AID loans which are subsequently transferred to other entities.

2900 Repayment of Loans under Federal Credit Programs

The series of accounts listed below are for AID use only for recording repayments of principal on dollar repayable loans. (Interest collections on these loans are credited to Receipt Account 721466.) Each Receipt Account is identified with the related loan number under which loan disbursement was made.

4C2

Account Symbol	Account Title
722941	Dollar repayments of loans Agency for International Development Repayments of principal on dollar repayable loans administered by AID under AID and predecessor agency programs.

3200 Recoveries and Refunds

Account Symbol	Account Title
723220	General Fund Proprietary Receipts, not otherwise classified, all other Includes such items as sale or rent of real property, equipment, and other personal property; royalties; sale of publications and reproductions; fees and other charges for accounting and auditing services; service charge for allotment of pay for savings accounts; fees or other charges for communications and transportation services, charges for testing, inspection, and grading of agricultural products; business concessions; proceeds from the sale of scrap and salvage materials; recoveries and refunds; repayments of loans and advances, Government-sponsored enterprises.

3800 Clearing Accounts

All undistributed collections of the Agency which ultimately will be credited to a receipt, appropriation, or fund account within the Budget The basic four-digit account designation symbol preceded by the Agency index number ("72") and the letter "F" identify the Budget Clearing Accounts as follows:

4C2

Account Symbol	Account Title
72F3845	Proceeds of sale personal property
	Deposit of proceeds from the sale of any AID-owned personal property which has general usage throughout the Agency. These are utilized for procurement of "like" property as required on a worldwide basis and as authorized by AID/W, FM, in coordination with SER/MO.
72F3875	Budget clearing account (suspense)
	Deposits which are to be held in suspense for a limited time period until the specific AID appropriation or Miscellaneous Receipt Account to be credited is identified.

Account Symbol	Account Title
	The purpose of the account is to give immediate effect to unidentified remittances presumed to be applicable to Budget accounts but required to be held in suspense because the specific account to be credited is not yet known. AID is required to make every effort to maintain a minimum balance in this account by transferring moneys initially classified in the account to the proper account as expeditiously as possible.
72F3878	Deposit In Transit Differences (Suspense)
	To record and adjust aged, deposits differences for clearance by ALC. Treasury charges back aged, unreconciled D.I.T. differences to this account six months after the differences has been reported to the AID.
72F3885	Undistributed Intragovernmental Payments
	To record loan collections for P.L. 480 only.

4C2

3. Trust Fund Receipt Accounts

These accounts are established to cover the collection of receipts to Trust Fund Accounts identified with specific programs and purposes in accordance with Section B4. AID collections held in trust for uses set forth by agreement or statute are immediately available for expenditure without further action by the Congress. (See Treasury Department - General Accounting Office Joint Regulation No 3, dated June 12, 1951, as amended, which designates these receipts as "available".) Accordingly, amounts collected by AID are concurrently accounted for in the related Trust Fund Expenditure Accounts identified under paragraph 4B4. Trust Fund Receipt Accounts symbols and titles covering AID collections thereto, where the Agency acts in a fiduciary capacity, are as follows:

Account Symbol	Account Title
72F8186.1	Deductions from employees salaries, Foreign Service Retirement and Disability Fund (22 USC 1071)
72F8186.3	Voluntary contributions, donations, service credit payments, etc., Foreign Service Retirement and Disability Fund (22 USC 1116)
72F8186.4	Employing agency contributions, Foreign Service Retirement and Disability Fund (22 USC 1101)
72F8186.5	Receipts from Civil Service Retirement and Disability Fund, Foreign Service Retirement and Disability Fund (22 USC 1092)
72X8502	Technical Assistance, United States Dollars Advanced from Foreign Governments for Technical Assistance, Agency for International Development (22 USC 2761, 2762)

4C2

Account Symbol	Account Title
72X8502(AR)	Available Receipts. "AR" at the end of the fund symbol indicates the receipt of trust funds which pursuant to law or trust fund agreement are immediately available in their entirety as an appropriation to the Agency for expenditures without further action by Congress. Deposits received from a host government must show the (AR) designation behind the fund symbol, 72X8502(AR), in order for the Treasury and FM/CAD to properly account for the deposit and establish the fund availability.
72X8824	Gifts and Donations, Agency for International Development (22 USC 2395(d))
72X8824AR	Available Receipts

4D. Repayments Under Lapsed or Expended Appropriations

1. Collections Under Expended Accounts

Collections, applicable to expended accounts which have been merged with other accounts, will be deposited into the merged accounts. If collections arise for accounts that have lapsed or expended and not merged with other accounts, the collections will be deposited to an account for the same general purpose with which the lapsed or expended account would have been merged had there been balances.

2. Deposit Documentation

Canceled checks pertaining to lapsed appropriations are deposited by using Standard Form 215, Deposit Ticket, for credit to an account for the same general purpose as indicated in Section 4D1.

3. Clearing Accounts Receivable

The applicable accounts receivable for which amounts are collected in Sections 4D1 and 4D2 must be cleared from the fund account under which the filling was established.

Summary Listing

AID Working Fund, Revolving Fund, Deposit Fund, Trust Fund, and General Fund Receipt Account Structure

A. EXPENDITURE ACCOUNTS

Fund Group	Major Class Symbol	Major Class Title	Account Symbol	Account Title
1. Consolidated Working Fund Account	3900	Consolidated Working Fund	723900	Consolidated Working Fund, AID (Fiscal Year) (X for no year)
2. Revolving Fund Accounts	4000-4499	Public Enterprise	72X4340	Housing and Other Credit Guaranty Programs, AID
			72X4341	Private Sector Revolving Fund, AID
	4500-4999	Intragovernmental	72X4590	Acquisition of Property Revolving Fund, AID
3. Deposit Fund Accounts	6000-6299	Deposit Fund (fiscal agent)	72X6050	Employees' Payroll Allotment Account United States Savings Bonds, AID
			72X6117 (Cty Code)	Irrevocable Letters of Credit Issued to (Country), AID
			72X6121 (Cty Code)	Irrevocable Letters of Credit (Triangular) Issued to the Government of(Country), AID
			72X6122 (Cty Code)	Dollar Deposits by Barter Contractors, Government of (Country), AID
			72X6122(899)	Dollar Deposits by Barter Contractors for Excess Property Revolving Fund, AID
			72X6130	Employee and Employer Contributions, Foreign Government Social Security and Related Programs, AID
			72X6275	Withheld State and Local Taxes, AID Related Programs, AID

(Continued)

Summary Listing

A. EXPENDITURE ACCOUNTS (Cont.)

Fund Group	Major Class Symbol	Major Class Title	Account Symbol	Account Title
3. Deposit Fund Accounts (Cont.)	6100-6999	Deposit Fund (for distribution to other accounts)	72X6131	Employee and Employer Contributions, Private Insurance Plans, AID
			72X6809	Suspense Deposits Abroad, AID
			72X6875	Suspense, AID
4. Trust Fund Expenditure Accounts	8000-8399 8500-8999	Trust Fund (departments and agencies)	72X8502	Technical Assistance, United States Accounts Dollars Advanced from Foreign Governments, AID
			72X8824	Gifts and Donations, AID
		/Office of Personnel Management Trust Fund Expenditure Accounts Identified on AID Expenditure Vouchers/		
			24X8135.1(72)	Deductions from Employees' Salaries, Civil Service Retirement and Disability Fund
			24X8135.2(72)	Employing Agency Contributions, Civil Service Retirement and Disability Fund
			24X8424(72)	Employees Life Insurance Fund, Office of Personnel Management
			24X8440(72)	Employees Health Benefits Fund, Office of Personnel Management

(Continued)

Summary Listing

B. RECEIPT ACCOUNTS

Fund Group	Major Class Symbol	Major Class Title	Account Symbol	Account Title
1. General Fund (Miscellaneous) Receipt Accounts	0800	Fees for Regulatory and Judicial Services	720890	Miscellaneous fees for regulatory and judicial services, not otherwise classified
	1000	Fines, Penalties, and Forfeitures	721060	Forfeitures of unclaimed money and property
			721099	Fines, penalties, and forfeitures, not otherwise classified
	1200	Gifts and Contributions	721299	Gifts to the United States, not otherwise classified.
	1400	Interest on Foreign Loans and Deferred Payments	721435	General Fund Proprietary Interest, Not Otherwise Classified
			721466	Interest on loans, Foreign Assistance Act of 1961
	2800	Realization Upon Loans and Invvestments	72F2886	Repayment of Foreign Loans Clearing Account
	2900	Repayment of Loans under Federal Credit Programs	722941	Dollar repayments of loans, Foreign Assistance Act of 1961, AID
	3200	Recoveries and Refunds	723220	General Fund Proprietary Receipts, Not Otherwise Classified, All other

(Continued)

Summary Listing

B. RECEIPT ACCOUNTS

Fund Group	Major Class Symbol	Major Class Title	Account Symbol	Account Title
1. General Fund (Miscellaneous) Receipt Accounts (Cont.)	3800	Clearing Accounts	72F3845	Proceeds from sale of personal property AID
			72F3875	Budget clearing account (suspense)
			72F3878	Deposit In Transit Differences(suspense)
			72F3885	Undistributed Intragovernmental Payments
2. Trust Fund Receipt Accounts	8000-8399 8500-8999	Trust Fund (departments and agencies)	72F8186.1	Deductions from employees salaries, Foreign Service Retirement and Disability Fund
			72F8186.3	Voluntary contributions, donations, service credit payments, etc., Foreign Service Retirement and Disability Fund
			72F8186.4	Employing agency contributions,Foreign Service Retirement and Disability Fund
			72F8186.5	Receipts from Civil Service Retirement and Disability Fund, Foreign Service Retirement and Disability Fund
			72X8502(AR)	Available Receipts T.A. Dollars Advanced from Foreign Government.
			72X8502	Technical Assistance, United States Dollars Advanced from Foreign Governments for Technical Assistance, AID (Expenditures and refunds only)
			72X8824	Gifts and Donations, AID

APPENDIX 4B

PRIVATE SECTOR REVOLVING FUND

1. Purpose and Scope

This appendix covers the financial accounting and internal controls for the Private Sector Revolving Fund authorized under the Foreign Assistance Act of 1961 (FAA), as amended. The accounting for the Private Sector Revolving Fund will be under the general direction of the Loan Management Division in the Office of Financial Management (M/FM/LMD). Guidelines and restrictions on the use of the Fund are briefly explained as well as responsibilities within the Agency.

2. Fund Authority and Description

a. Authority

The establishment of the Private Sector Revolving Fund is authorized under Section 108 of Chapter 1 of part I of the Foreign Assistance Act of 1961, as amended (the Act). Funds were first made available under this chapter in fiscal year 1984. The authorization for the Fund is that contained in H.R. 2992 as reported by the House Foreign Affairs Committee.

b. Description

The Private Sector Revolving Fund has been established by Congress to support private sector activities which:

(1) are consistent with the U.S. development assistance policies set forth in section 102 of the Act and with the development priorities of the host country,

(2) are the types of activities for which assistance may be provided under sections 103 through 106 of the Act (i.e., 103 - Agriculture, Rural Development, and Nutrition, 104 - Population and Health, 105 - Education and Human Resources, and 106 - Selected Development Activities),

(3) will have a demonstration effect,

(4) will be innovative,

(5) are financially viable,

(6) will maximize the development impact appropriate to the host country, particularly in employment and the use of appropriate technology, and

(7) are primarily directed to making available to small business enterprises and cooperatives necessary support and services which are not otherwise generally available.

3. Fund Resources

a. Of the funds made available under Chapter 1 of part I of the Act in fiscal year 1984, up to $20 million may be deposited in account 72-4/54341 in the U.S. Treasury. Any reflows and income arising from activities carried out pursuant to this section, including loan reflows and fee income, shall be deposited in account 72X4341 and shall remain available to carry out the purposes of this section of the Act. Income from investments in U.S. obligations, AID fees and other collections related to the Fund are deposited in the Private Sector Revolving Fund Account in the Treasury by the AID/Washington Cashier in M/FM/CAD. All funds in such accounts may be invested in obligations of the U.S. Government.

b. At the end of each fiscal year, a review will be conducted by PRE with the assistance of M/FM/LMD to determine if the amounts in the Revolving Fund are sufficient to permit the remittance to the U.S. Treasury of an amount equal to a portion or the total amount of any appropriated funds deposited in the Revolving Fund. The review and determination as to the return of funds to the U.S. Treasury will be completed no later than the close of business on the twenty-fifth calendar day following the close of the fiscal year. Funds to be returned to the U.S. Treasury will be reflected on the TFS 2108 Year End Closing Statement for the Revolving Fund, prepared and certified by M/FM/LMD, then submitted to M/FM/CAD. Any such remittance shall be deemed to be a decrease in the appropriated funds in the Revolving Fund. After remittance has been made equal to the total amount of appropriated funds, the Revolving Fund shall consist and be deemed to consist entirely of nonappropriated funds.

c. If at any time the assets of the Revolving Fund exceed $100 million, the amount in excess shall be remitted to the U.S. Treasury. This action shall be initiated by M/FM/LMD after receiving clearance from the Bureau for Private Enterprise (PRE). The remittance shall be reflected on the 9/30 TFS 2108 Year End Closing Statement.

d. M/FM/LMD will be responsible for maintaining a record to distinguish among the Fund's resources; i.e., multi-year versus no-year funds. All appropriated funds should be returned to the U.S. Treasury before the assets of the Revolving Fund exceed $100 million.

e. In the event the Revolving Fund is terminated, all unobligated money in the Fund at the time of such termination shall be transferred to and become part of the Miscellaneous Receipts account of the Treasury.

4. Definitions

a. Small Business Enterprise

In determining whether an enterprise is a small business enterprise AID shall take into consideration the enterprise's total net fixed assets and number of employees, together with the relevant definition utilized by the host country government and the International Bank for Reconstruction and Development and other international organizations.

b. Assets

As used in this section, assets includes amounts in the Revolving Fund accounts plus the value of investments made with amounts from the Fund plus the current value of outstanding obligations under loans under this section.

c. Revolving Fund

As used in this appendix, Revolving Fund includes both accounts 72-4/54341 and 72X4341 at the U.S. Treasury as well as the other assets in the Fund.

5. Guidelines

a. The Private Sector Revolving Fund is subject to the Budget Execution Procedures for Federal Credit Programs as outlined in OMB Bulletin No. 80-12 of July 30, 1980. The procedures are contained in AID Handbook 19, Appendix 1A, pages 1A-15 and 1A-16 entitled Credit Controls. The current contact at OMB is Rick Nygard at 395-3670.

b. The funds in the initial deposit to account 72-4/54341 are available for obligation until September 31, 1985.

c. Amounts in the Revolving Fund accounts shall be available for obligation for assistance under this section only to such extent as may be provided in advance by appropriation acts. See Chapter 2 of this handbook for more information on obligation procedures.

d. Assistance may be provided under this section without regard to section 604(a) and 620(r) of the Act. (Section 604(a) concerns source origin restrictions and section 620(r) concerns the prohibition on forgiveness of debt.)

e. Not more than $3,000,000 may be made available under this section to support any one project.

f. Not more than 50% of the financial support for any project may be provided under this section, and a substantial portion of the financial support for a project assisted under this section must be provided by sources within the host country.

g. Not more than 20% of the assets of the Revolving Fund under this section may be used to support projects in any one country.

h. In order to maximize the impact on institution building, loans under this section shall be made primarily to intermediary entities which provide necessary support and services for private sector activities.

i. Loans under this section shall be at or near the interest rate otherwise available to the recipient.

j. A fee may be charged, where appropriate, in carrying out activities with funds from the Revolving Fund authorized in this section. The amount of any such fee shall be determined by PRE in coordination with M/FM/LMD.

6. Investments in U.S. Obligations

a. All funds in the Revolving Fund accounts may be invested in obligations of the U.S. The person(s) designated in M/FM/LMD will have the authority to advise the U.S. Treasury Department (Appropriation and Investment Branch, GAO Building, Room 3855, 441 G Street N.W., Washington, D.C. 20226) of AID's investment decisions. The persons currently designated in M/FM/LMD are T. McLarney and T. Panagos. The present contacts at the Treasury Department are Odale Wightman and Harriet Bryant, at 566-2346.

b. Investment transactions are made by a phone call before 11:00 a.m. to one of the contacts mentioned above, the day the purchase or sale is taking place or the day before. M/FM/LMD will place the call and will follow-up with written confirmation.

c. The Treasury Department, BGFO's Appropriation and Investment Branch (AIB), will prepare and distribute TFS Form 1081-1, Investment Authorization and Schedule of Withdrawals and Credits, for purchases or TFS Form 1081-2, Redemption Authorization and Schedule of Withdrawals and Credits, for sales or maturities. AID will report both sides of the transaction document via the SF 224, Statement of Transactions.

d. Investment accounts include the following:

(1) 11 Investments in U.S. Obligations - Par Value (also known as Federal Security Holdings - at par),

(2) 21 Unamortized Discount, and

(3) 31 Investment Income.

e. Transaction codes are required by the Treasury Department to appear with the appropriation or fund symbol on the TFS Form 1081-1 or 1081-2 when processing security transactions. The Cash Journal transaction codes used by M/FM/CAD for this purpose (i.e., SF 224 reporting purposes) are as follows:

(1) Code "88" for purchases, and

(2) Code "98" for sales and maturities.

f. Journal Voucher entries will follow the format shown below.

(1) For purchases of securities:

DR.	Investment Account (par value)	XXXX	
	CR. Unamortized Discount		XXXX
	CR. Cash		XXXX

(2) For sales or maturities of securities:

DR.	Cash	XXXX	
	CR. Investment Acct.(par value)		XXXX
DR.	Unamortized Discount	XXXX	
	CR. Investment Income		XXXX

7. Responsibilities and Relationships

a. AID/Washington

(1) The Private Sector Revolving Fund is the responsibility of the Bureau for Private Enterprise (PRE). PRE provides centralized direction and coordinates Fund activities with the Loan Management Division (M/FM/LMD) and the overseas posts. This includes PRE preparing the Advices of Budget Allowance and obtaining clearance from M/FM/LMD before submitting the advices to M/FM/CAD for approval.

(2) The Loan Management Division in the Office of Financial Management (M/FM/LMD) maintains the official AID accounts and the accounting controls over the assets, liabilities and the net investment of the Private Sector Revolving Fund. This includes assuring that funds apportioned by the Office of Management and Budget are not overobligated or overexpended and preparing periodic fiscal and financial reports prescibed by the central fiscal agencies. M/FM/LMD assures that the fund is used in accordance with the annual funding plan developed by PRE and within the apportionment controls established by OMB. Before the incurrence of an obligation, M/FM/LMD prevalidates fund availability in the appropriation account and annotates thereon "Fund Available" together with the date and the signature of the responsible officer of M/FM/LMD. The certification also establishes compliance with Section 3679 prohibiting overexpenditures of appropriations and apportionments. M/FM/LMD is responsible for providing M/FM/CAD with the necessary data for the CFR (Country Financial Reporting System) and well as reconciling the TFS 6653 every month (i.e., reconciling AID's cash position with that reflected by Treasury). M/FM/LMD also handles the investment of funds in U.S. obligations in coordination with PRE. See Chapter 6 of this handbook for more information on loan management.

b. Overseas Posts

Missions assist, as requested by PRE, in identifying and evaluating prospective and approved projects. Responsibilities may also include supervising project implementation, deciding whether the small business meets the definition shown above, and collecting and providing fiscal data to M/FM/LMD and PRE.

8. Reporting

a. As part of the annual congressional presentation documents submitted to the Congress a description of projects proposed to be funded from the Revolving Fund for that fiscal year must be included. To the extent that projects are proposed for funding which are not contained in the annual congressional presentation documents, at least fifteen days advance notification shall be provided to the Congress in accordance with section 634A of the Act (i.e., section 634A - notification of program changes). PRE is charged with this reporting requirement.

b. Not later than December 31 of each year, AID, on behalf of the President, shall submit to the Congress a comprehensive report which details all projects funded under this section during the previous fiscal year, all reflows to the Revolving Fund account, and a status report on all projects currently contained in the Fund's portfolio. Such reports shall include, but not be limited to, information regarding numbers and kinds of beneficiaries reached, amounts and kinds of benefits provided by the funded projects to targeted populations, and a justification for projects within the context of the goals and objectives of the U.S. development assistance program. PRE is charged with this reporting requirement.

c. In response to regulatory requirements, fiscal and financial reports are submitted as required to the Treasury Department, Office of Management and Budget and other interested agencies. M/FM/LMD is charged with preparing fiscal and financial reports.

CHAPTER 5

AID FOREIGN CURRENCY PROGRAMS

5A. Foreign Currency Programs

1. General

a. This chapter prescribes a comprehensive accounting and reporting system for AID programs which are financed by either U.S.-owned or cooperating country-owned foreign currencies pursuant to authority in the prior Mutual Security Act administered by predecessor agencies; Foreign Assistance Act (FAA) of 1961, as amended; and Agricultural Trade Development and Assistance Act of 1954, as amended (P.L. 480). The system implements the objectives of financial management legislation contained in Section 112(b) of the Budget and Accounting Procedures Act of 1950, P.L. 81-784.

b. The system provides for accountability by responsible AID elements for foreign currencies in AID-designated foreign currency accounts (72FT) and administrative responsibility for cooperating country-owned foreign currencies for use in the foreign aid program. The system is in compliance with the requirements of the U.S. Treasury and the Office of Management and Budget (OMB) for the administration of all foreign currency assets, including accounting and reporting thereon.

c. The accounting controls over the foreign currency programs administered by AID are based on discrete program entities identified to the respective methods under which foreign currencies are generated, viz., (1) without payment of U.S. dollars, (2) pursuant to a foreign currency appropriation, (3) under a trust agreement with the cooperating country and (4) from grant or loan assistance under the FAA or certain sales proceeds under P.L. 480, Titles I and II. Separate controls are maintained over each foreign currency account within each integrated program entity. Separate controls are maintained over each foreign currency account within each integrated program entity. Separate reports on the status of each account are prepared for internal and external uses. The controls over each program entity as a whole are susceptible to summarization in commercial-type financial statements. The system gives effect to the accrual accounting concept.

d. *AID foreign currency accounting and reporting establishes controls over fund accountability and other resources provided by foreign currency programs, based on the purpose of the funds involved, and provides fiscal and financial information on utilization and status of funds for the needs of internal and external users. The system design and concept is adaptable to changes in program scope and authority as the result of legislation, policy, and other trends*

that affect the conduct of foreign currency programs. The basic framework of accounting control is adaptable to the degree of AID involvement as the result of such changes. AID financial administration of foreign currencies generated by the methods listed in 5A1c is governed by the changes from time to time in Agency program authority identified with the sources from which the foreign currencies arise.

e. AID foreign currency program accounting and reporting are primarily the functions of AID Missions where the programs are implemented. Mission fiscal and financial reports on the programs are submitted to the Office of Financial Management (SER/FM), AID/Washington, as the basis for preparation of the official Agency financial statements and reports for financial management purposes.

f. Authorities underlying AID foreign currency programs are set forth in Appendix 5A.

2. Availability of Foreign Currencies

a. U.S.-Owned or Controlled

(1) Foreign currencies available for AID programs are generated mainly under the statutes cited in 1*a*, which prescribe the various purposes for which the several types of currencies can be used and the limitations which must be observed. These foreign currencies are owned or controlled, or controlled in part, by the United States and are held in AID designated foreign currency (FT) accounts which are assigned by the U.S. Treasury for accounting and reporting purposes. An exception exists in the case of counterpart funds, excluding the portion set aside for U.S. uses, which are not held in an AID FT account. (See 3*f* below.)

(2) The AID program system governs the use of foreign currencies in accordance with the laws, rules, and regulations applicable to the category of assistance concerned; i.e., *project or nonproject*, or other requirements governing specified foreign currency activities.

(3) AID development policy and assistance strategy, as well as laws and regulations, affect the continued availability of U.S.-owned or -controlled foreign currencies arising from inception of various enabling legislation. To the extent that previously authorized foreign currency programs have been liquidated, the controls prescribed herein apply only to those programs which continue in effect or which are in process of liquidation.

b. Availability for Country Uses

Foreign currencies for use in AID programs, whether deposited in U.S. or cooperating country accounts, are restricted to specific purpose in accordance with authorizing legislation and the terms of international agreements. Foreign currencies available to AID for country program uses

are called "country use" currencies. *Country-use currencies accrued under P.L. 480, Title I commodity sales, paid by the importing country in local currency which was lent or granted to the recipient country for specified country purposes in accordance with prior legislation. Under the 1968 amendments to P.L. 480, sales are on a dollar credit or convertible local currency credit basis except where the U.S. Government may require early payment in local currency to be used for (1) payment of USG obligations, (2) carrying out programs of the USG, (3) loans to private enterprise (Cooley loans), and (4) financing programs related to health and population. These payments are referred to as "Currency Use Payments" (CUP). Transition to a dollar credit sales basis was required to be completed by December 31, 1971.*

c. Other Statutory and Regulatory Controls

(1) In addition to legislative provisions authorizing the use of foreign currencies for AID programs, the custody and management of these funds are subject in many instances to Section 1415 of the Supplemental Appropriation Act of 1953 (P.L. 547); Section 1311 of the Supplemental Appropriation Act of 1955 (P.L. 663), as amended by P.L. 86-79; and Section 3679, Revised Statutes, as amended (31 USC 665). The succeeding parts of this chapter identify the application of these statutes to specific foreign currency programs.

(2) AID foreign currency programs are subject to the requirements of U.S. regulatory agencies having responsibility for the generation, handling and utilization of the foreign currencies concerned. Thus, the AID programs are subject to Treasury regulations governing foreign exchange operations, accounting and reporting; and to the OMB requirements on apportionments, budget status information and use of foreign currencies received by the U.S. without payment for dollars. The application of these requirements is set forth in succeeding parts of this chapter. *Regulations promulgated by these central agencies are:*

(a) Treasury Department Circular No. 930, Revised, and Amendment No. 1 - "Regulations Governing Foreign Exchange Operations" - Appendix 5G(1).

(b) Treasury Department Circular No. 930, Revised, Procedures Memorandum No. 1 - "Regulations Governing Foreign Currency Reporting and Accounting" - Appendix 5G(2).

(c) Treasury Department "Procedures for distributing foreign currency collections and reporting foreign currency transactions and balances under Title I, Public Law 480 agreement" - Appendix 5G(3).

(d) Office of Management and Budget (formerly Bureau of the Budget) Circular No. A-20, Revised - "System of control over the use of foreign currencies" - Appendix 5H.

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d. Local Cost Financing

Local cost financing applies to AID dollar-funded projects when the needs of the project in the country in which the work is being carried out require the use of local currency. If agreed to by AID, the goods and services required for the project may have their source and origin in another foreign country. Disbursement for local project costs may be made by local currency purchased with U.S. dollars or by local currency made available by the recipient country under AID Special Letter of Credit (SLC) procedures. Both methods result in the charge to the project of the equivalent dollar amount of local costs paid in local currency.

(1) Acquisition of local currency with U.S. dollars is made from the country central bank or other authorized country source, or from U.S.-owned foreign currencies held in the sales account of the Treasury. Actual utilization is effected by the AID disbursement voucher which is certified for payment in local currency as a charge to the dollar appropriation or fund to which the project is charged. AID does not have accountability for the local currency disbursed since the local currency is held and controlled in a Treasury designated account against which the AID payment voucher is processed by the U.S. Disbursing Officer. Accordingly, this system excludes the administration and control of local currency used for local project costs. See also 5M5a(2) of this chapter for purchases of local currencies from or through the U.S. Treasury or host country banking channels.

(2) Under the SLC procedure local currency is provided by the cooperating country in exchange for dollars provided by AID from the project grant or loan. The local currency, earmarked for project costs under the grant or loan, is not transferred to an AID designated or controlled account but deposited with the U.S. Disbursing Officer for credit to his/her Foreign Service Account ("FSA") from which funds are generally disbursed for U.S. local procurement. The FSA serves as a general operating checking account of the USDO and has no Treasury designated symbol. When drawdown against the grant or loan for local project costs is needed, the Mission certifies payment against the AID dollar appropriation or fund to which the project is charged for disbursement in local currency (from the FSA account of the USDO). The dollars advanced by AID in exchange for the host government's deposit of local currency are disbursed under a separately designated AID account for commodity imports. As in 5A2d(1) above, SLC-generated local currency, which does not involve AID accountability, is excluded from this system.

(3) Local cost financing procedures for AID projects are provided in Handbook 3 - Project Assistance, Chapter 10.

(4) Local project costs charged to dollar funds are reported in the Project Financial Activity Report prescribed by the Project Accounting Information System (PAIS), a management information reporting segment established under the concept of Planning, Budgeting, Accounting, and Reporting (PBAR).

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3. Categories of Foreign (or Local) Currency

Fiscal and financial administration of "country use" currencies are predicated under this system on the manner in which foreign currencies are generated as provided in 1c "Country use" currencies for loans or grants are made available for expenditure without charge to an appropriation in accordance with the terms of the international agreements under which they were received by the United States or a determination by the Director of the OMB. Foreign currencies received by AID under a trust agreement with a cooperating country, pursuant to Sections 625(h) and 636(h) of the FAA, may be expended without charge to appropriations as provided by the terms of the trust agreement. Counterpart funds deposited in a "Special Account" in the name of the cooperating country are expended for country purposes as provided by AID. As a result of AID policy changes in 1971, local currency generated under program loans and P.L. 480 Title I sales by the recipient country is not required to be deposited to a "Special Account". *PD-5 (Appendix 5-I) suggests, however, that "Special Accounts" improve project implementation. Under the International Development and Food Assistance Act (P.L. 95-88, 1977), Title III, Section 305(a) requires that funds generated from commodity sales, which will be used for loan forgiveness, are deposited into a country-held "Special Account", where practicable.* Certain other country uses are authorized pursuant to a special foreign currency appropriation for the purpose. The relationship of applicable legislation or other authority to the program categories thus identified is as follows:

a. Mutual Security Act (MSA)

This legislation was administered by predecessor agencies. The statutes under which foreign currencies for programs administered by AID were generated are the Mutual Security Acts (MSA) of 1951 and 1954, both as amended. Foreign currencies were generated from the sale of surplus agricultural and other commodities, purchased with appropriated dollars, and were available without further dollar reimbursement for use for the purposes of the MSA. Programs financed from this source have been or are being liquidated. AID has responsibility for foreign currencies in various FT accounts which identify the several programs authorized by the MSA as shown below:

Section 402 (MSA 1954)

Use. For any purposes of the MSA of 1954, as amended, with emphasis on those purposes of P.L. 480, Title I, which are in harmony with the MSA.

Account. 72FT720 (liquidating).

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b. Agricultural Trade Development and Assistance Act of 1954 as Amended (P.L. 480)

Prior to the 1968 amendments of P.L. 480, the bulk of U.S.-owned foreign currencies financing AID programs *was* generated under P.L. 480, Title I, providing for sale of agricultural commodities to cooperating countries and prescribing the purposes for which these currencies may be used. *To the extent that P.L. 480, Title I, credit sales agreements require that local currencies be made available for U.S. Government use on demand by the Treasury, any amounts allocated for AID programs as provided in Section 103(b) of P.L. 480 (e.g., Cooley loans) continue to be governed by the same controls and procedures applicable to foreign currency program allocations from prior agreements. See also HB 4, Nonproject Assistance, Chapter 7, on "Currency Use Payments." Under outstanding allocations, funds* for loans and grants are available for use by AID without dollar reimbursement as provided specifically in Section 104 or by waiver of the applicability of Section 1415 as contained in the second proviso thereto. Delegation of waiver authority with respect to foreign currencies derived from Title I sales for AID programs is contained in Executive Order 10900, January 5, 1961, as amended. Authority for waiver of Section 1415 for the AID programs concerned is exercised as shown in the Section 104 analysis below:

(1) *Section 104(f)* - Loans and Grants

(a) Uses

1. Under Section 104(f), grants for economic development, for which waiver of Section 1415 is exercised by the Coordinator, Office of Food for Peace (FFP), for each sales agreement pursuant to delegation of authority under EO 10900 to the Secretary of State, redelegation to the AID Administrator, and further redelegation to the authorized AID official.

2. Under Section 104(f), loans to promote multilateral trade and economic development. Funds are available without dollar reimbursement.

(b) Accounts. 72FT740 (loans) and 72FT745 (grants).

(2) Section 104(f) Reflow of Loan Repayments *(Special Account)*

(a) Use

Utilization of loan repayments, authorized under Title I, P.L. 480, for special purpose pursuant to allocation from the OMB. Section 104 provides for the use of foreign currency principal and interest from repayment of loans authorized thereunder for country uses. Upon request of AID, allocations of these amounts may be made by the OMB for grants or loans, subject to waiver of Section 1415 for Section 104(f) grants allocated from loan repayments. The foreign currencies which are allocated for reuse in the AID special purpose program are transferred

to the AID designated FT account below. (Allocations of loan repayment by the OMB for other AID programs are reflected in foreign currency transfers to other AID FT accounts as shown in *5A3b(1) above or 5A3b(3), 5A3b(4), 5A3b(5), and 5A3b(6) below.*

(b) Account. 72FT750

(3) Section 104(e) for Loans *(Cooley Loans)*

(a) Use

For loans to domestic and foreign firms for trade expansion and increase in consumption of U.S. agricultural products. Funds available without dollar reimbursement. *Except for "Currency Use Payments" (CUP) allocated under the exception to dollar credit or convertible local currency credit sales provided in P.L. 480, Title I, as amended, and for allocations of foreign currency principal repayments and interest for further lending under this program, the account below is not used. Funds under prior allocations have been liquidated. Funds from CUP deposits or allocation of foreign currency loan repayments and interest continue to be controlled in AID FT accounts.*

(b) Account. 72FT760

(4) Section 104(g) - Loans and Grants

(a) Use

For financing purchases of commodities for other countries. Waiver of Section 1415 for Section 104(g) grants is effected each year by the Director, OMB, pursuant to delegated authority under EO 10900, at the time funds are allocated to AID. Loan funds *are* available without dollar reimbursement.

(b) Account. 72FT520

(5) Section 104(d) for Grants

(a) Use

For emergency relief assistance. Funds are available without dollar reimbursement.

(b) Account. 72FT540

(6) Section 104(h) - Loans and Grants

(a) Use

For population assistance programs. Funds are available without dollar reimbursement.

(b) Accounts. 72FT740 (loans) and 72FT745 (grants).

c. Foreign Currency Appropriations

(1) *Various* Foreign Assistance and Related Agencies Appropriation Acts *have* provided appropriations of foreign currency for assistance for American schools and hospitals abroad, authorized by Section 214(d) of the FAA of 1961, as amended. *(See, for example, the appropriation Act for fiscal year 1976, P.L. 94-330.)* The foreign currencies for the program were obtained from U.S.-owned foreign currencies for U.S. uses which the Treasury determined to be excess to the normal requirements of the United States. These currencies are available for use in the specified AID program through normal AID apportionment and allotment processes. Account is 72FT550.

(2) In addition to the above, foreign currencies have been appropriated in the Foreign Assistance Appropriation Act of 1976 (P.L. 94-330) for the authorized purposes of Part I of the FAA when such amounts are in excess of the needs of the U.S. Government for obligations outside the United States and certain prescribed reservations as provided in Section 612(a) of the FAA. Account is 72FT535.

d. *Allocations Pursuant to Presidential Determination*

Section 614(a) of the FAA provides special authorities pursuant to a Presidential Determination for use of foreign currencies accruing under the FAA or any other law for purposes important to the security of the United States. Allocations under this authority are administered for AID programs or suballocated by AID for other agency administration as appropriate. Account is 72FT535.

e. Foreign Currency Trust Funds

Sections 625(h) *and 636(h)* of the FAA of 1961, as amended, authorizes the entering into of arrangements between AID and cooperating countries for the sharing of the costs of authorized activities and functions. The costs, which relate to the conduct of technical assistance, are those for which the actual expenditures can most conveniently be made by AID. The cooperating country makes local currency available for deposit in a U.S. trust account in an amount and for the purposes agreed to pursuant to negotiations and a definitive agreement with AID. Title to foreign currency trust funds resides with the cooperating country with the Mission acting as trustee for the country and reporting thereon to the country and to AID/W. *Balances remaining upon the termination of the AID program and inactivation of the Mission, or earlier event as agreed to by the U.S. Government and the host country, are returned to the country.* Account is 72FT800.

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f. Other Foreign Currencies Available for AID Programs

(1) Expiration of Funds for Loans Under Section 104, P.L. 480

Sections 104(e) and 104(f) foreign currency loan funds, when expired for use pursuant to the limitation on the period of availability in sales agreements, may be reallocated by the OMB upon AID's request. Currencies are reallocated to AID for use in Section 104 programs for which AID has responsibility. If expired funds are required for the same loan program, the foreign currencies continue to be held in the applicable AID FT account but are not available for use until reallocated by the OMB. If reallocation is requested by AID for another Section 104 program, the foreign currencies are transferred to the AID FT account established for the purpose. In view of the transition to dollar credit or convertible local currency credit sales, which was required to be completed by December 31, 1971, outstanding amounts from sales for foreign currencies under prior authority which have expired for use are minimal or nonexistent. In the case of Cooley loan funds, Section 104(e), disbursements against all allocations from sales agreements have been completed. If additional Cooley loan availability arises from CUP deposits provided as an exception to dollar credit or convertible local currency credit sales, the limitation on the period of availability is determined by the provisions of new agreements.

(2) Foreign Currencies Subject to Appropriation Action or Presidential Determination

Other U.S.-owned foreign currencies generated from economic assistance authorized by the FAA or prior legislative authority, but not identified with any of the AID programs described above, are available if purchased for dollars otherwise appropriated to the Agency: Foreign currencies so restricted originate chiefly from loan repayments under the MSA of 1954, as amended, and the FAA. Repayment under the MSA include loans under the corporate Development Loan Fund. (See Section 612(a) of the FAA.) Also, allocations pursuant to Presidential Determination are also available. (See Section 614(a) of the FAA.)

g. Counterpart

Counterpart identifies local currencies which are deposited in a bank in a "Special Account" in the name of the cooperating country pursuant to legislative requirements or provisions in bilateral agreements. Counterpart funds are owned by the government of the cooperating country which generated the counterpart. Except for a portion of counterpart currencies made available for U.S. uses and controlled by the Treasury under Section 609 of the FAA of 1961, as amended, these funds remain in the custody of the cooperating country for uses

as provided in a negotiated agreement. The AID Mission approves releases of counterpart currencies for the agreed purposes. The various types of counterpart, based on the AID programs under which the currencies are generated, are identified below. These classifications reflect in part counterpart accuring from AID dollar or commodity development assistance under P.L. 480, Title I, for which deposits in "Special Accounts" B and D were terminated after adoption in 1971 of the policy to disengage AID from involvement in countries in which counterpart financing is an element. An exception to the 1971 policy change provides for deposits by recipient governments to the foregoing "Special Accounts" when necessary to effectuate the purposes of the aid or in exceptional circumstances where otherwise justified. (See Handbook 4, Chapter 7.) The policy was further articulated in AIDTO Circular A-333, 6-23-76, prescribing more active AID participation in the programming of these local currencies and encouraging its use as another aid tool in those countries where it promises to be effective without harm to host government relations or causing excessive accounting and auditing problems. In effect, the policy refinement continues the release from deposit of the local currencies to the "Special Accounts" in accordance with the basic policy change in 1971. (See also Handbook 1 - Policy.) Liquidating balances in "Special Accounts" B and D continue to be administered by AID. AID control over other counterpart is limited to currencies deposited by the cooperating country under Supporting Assistance grant agreements (Section 609(a) of the FAA), Development Assistance grants (as urged by the Congress but not required by the FAA) and sales proceeds from P.L. 480, Title II commodities (AID Regulation 11, Title 22, CFR, Chapter II, Part 211) in "Special Accounts" A and C, respectively.

(1) Commodities or Services Furnished on a Grant Basis - Type "A"

Under the FAA of 1961, as amended, and prior legislative authority, counterpart is required to be deposited by the cooperating country for commodities and services which are furnished as Supporting Assistance to the country on a grant basis under arrangements which result in the accrual of proceeds to the country. (Section 609(a) of the FAA of 1961, as amended, and Section 142(b) of the MSA, as amended.) In addition, pursuant to Congressional urging, Agency policy has been to require deposit of counterpart into Special Account "A" by the country for all assistance on a grant basis, including Technical Cooperation and Development Grants, under which proceeds are generated.

(2) Foreign Currencies Deposited Under Loan or Grant Commodity Program Assistance - Type "B"

Prior to the AID policy change in 1971 (see 5A3g above), deposit of counterpart into Special Account "B" by the aid-receiving country was required where the foreign currencies were generated under any *AID*

commodity program assistance which resulted in the accrual of proceeds to the cooperating government. The foreign currencies, generated from either grant or loan assistance, were held in the name of the recipient country (or its designated agency) and available as needed for activities mutually agreed upon between the United States and the country. The financing of the commodity assistance which generated the currencies was provided *by* Special Letter of Credit, Letter of Commitment, Direct Reimbursement, or other approved method. New agreements for program loans since the 1971 policy change no longer require the deposit of counterpart. Other type "B" counterpart funds from project loans and grants, which were previously generated under bilateral agreements, are generally excluded by the policy change, except for cases specifically authorized by AID. Liquidating balances of the local currencies continue to be owned by the cooperating country. (See 5G for procedures on country reports, other requirements, and AID interest.)

(3) Foreign Currencies Deposited Under Title II of P.L. 480 - Type "C"

Special Account "C" (Agricultural Commodity Account) in the counterpart series is established for deposit of proceeds of sale of commodities furnished to the cooperating country under Title II of P.L. 480, when permitted under the terms of the specific agreement, for use in accordance with the provisions thereof. The local currencies are owned by the cooperating country. Custody of the currencies is generally with the cooperating, although AID may in some cases participate directly by assisting with, or carrying out, the mutually agreed Title local currency activities.

(4) Foreign Currencies Deposited Under Dollar Credit Sales Title I of P.L. 480 - Title "D"

Prior to the AID policy change in 1971 (see 5A3g above), Special Account "D" was established for receipt of proceeds of sales of commodities furnished to the cooperating country on a loan basis under Title I of P.L. 480 requiring repayment in dollars. Provision for use of the local currencies generated was contained in the sales agreement with the cooperating country. The purposes were for economic development in consonance with the objectives of the foreign aid program. In some cases, proceeds were realized from agreements between the United States and foreign private trade as established in each sales agreement. Any liquidating balances of the local currencies continue to be owned by the cooperating country or other entity, which generally has custody of the funds. (See 5G for procedures on country or other entity reports and other procedures and AID interest.)

h. Currency Use Offset ("Loan Forgiveness"), P.L. 480, Title I *and III*

(1) The FAA Authorization Act of 1975 (International Development and Food Assistance Act of 1975) amended Section 106(b) of P.L. 480, Title I, to permit local currency proceeds from Title I sales that are used for specified activities to be considered an advance payment of the equivalent dollar amount owed to the United States under the Title I agreement. Currency use offset ("loan forgiveness") authority under the amendment is available for implementation under Title I agreements executed on or after December 20, 1975. *This provision was later incorporated as Title III of P.L. 480, Section 305, effective starting in fiscal year 1978.* The consideration for which currency use offset may be provided is based on country development uses of the commodity sales proceeds as identified in the Title I agreement.

(2) Sales proceeds available for currency use offset as provided in the Title *III* agreement are deposited to a country-owned account designated as Special Account "R" ("Reserved") and administered by AID in the same manner as counterpart subject to AID control (Special Accounts "A" and "C"). However, these deposits are not classified as AID counterpart. AID accounting controls, input from host countries and reports to AID/W are set forth in 5G7 as a special adaptation of counterpart procedures.

(3) Program implementation requirements are contained in *Handbook 9, Chapter 5.*

4. Summary of Active AID Foreign Currency Programs

Appendix 5B summarizes active foreign currency programs for which AID is responsible in terms of authorizing legislation or other authority; fund or account in which the currencies are held; and U.S. or cooperating-country ownership.

5. Financial Administration of Foreign Currency Programs

The basic accounting plan for implementing the foreign currency accounting and reporting system is described in 5B. Succeeding provisions describe the detailed accounting controls and processes with primary emphasis on Missions, where the programs are implemented. The consolidation and summarization of Mission activity for overall Agency control and preparation of Agency reports is also provided. These activities are consonant with underlying Mission organizational and functional structure and responsibilities set forth in HB 17, AID Organization, Chapter 30. Certain provisions in this handbook for maintenance of loan records at the Mission are not to be considered as a duplication of the official loan accounts of the Agency. The latter remain the responsibility of AID/W, Office of Financial Management, Loan *Management* Division *(M/FM/LMD)* in accordance with Chapter 6.

5B. Basic Accounting Plan

1. General

a. The following describes the concept of control and related accounting principles and standards underlying the system prescribed herein for establishing accountability over funds and other assets of foreign currency programs administered by AID and for reporting thereon in both internal and external reports of the Agency.

b. *Detailed Mission accounting procedures are contained in separate instructions in the Mission Controller Guidebook issued for use as a field operating reference for carrying out Mission responsibilities for financial management of AID programs and activities as part of day-to-day operations.*

2. *Planning*, Programming, and Budgeting

a. Planning, programming, and budgeting for AID foreign country programs are prescribed in Handbook 2 - Program Planning and Budgeting, *as further adapted to the two major categories of AID assistance set forth in Handbook 3 - Project Assistance, and Handbook 4 - Nonproject Assistance, including underlying new concepts of PBAR (Planning, Budgeting, Accounting, and Reporting) for projects financed in whole or in part by foreign currencies and other resources for which AID has responsibility.* The system described in this chapter is compatible with the processes. Program proposals originate either at AID Missions or AID/W offices and are subject to approval within the authorities held by officials at AID headquarters or in the field. These actions include both approval of program levels, and implementation.

b. SER/FM provides fiscal and financial information of foreign currency programs in support of the planning, programming, and budgeting functions of responsible AID components.

c. The system is responsive to regulatory requirements for submission of budget estimates and apportionment request (OMB Circular A-11 and A-34) as part of the Agency's overall program of economic assistance and provides reliable and timely accounting results for use in the various stages of budget preparation and execution.

3. Use and Control of Funds

a. The system prescribes procedures for assuring that foreign currencies for AID programs are used for the purposes for which the currencies are made available and implements Section 1311, Supplemental Appropriation Act of 1955 (P.L. 663, 83rd Congress) as set forth elsewhere in HB 19.

b. Administrative control of foreign currencies in AID designated accounts or in country-owned accounts over which AID exercises responsibility collaterally with the cooperating country is in accordance with

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the Anti-Deficiency Act, Section 3679, Revised Statutes (31 USC 665) and OMB Circular A-34. The prescribed procedures and controls assure prompt disclosure of any overobligation or overexpenditure of funds in the accounts as described in the succeeding parts of this chapter.

c. The system reflects the adaptation of accrual accounting to the specialized nature of AID foreign currency programs and activities *as an element of financial implementation or the Project Accounting Information System (PAIS) under PBAR.*

d. Foreign currencies which are apportioned by the OMB to AID are administratively subdivided for fund control, accounting and reporting purposes as summarized in Appendix 5C. Each succeeding part of this chapter relating to a specific program discusses in detail the implementation of administrative control of funds.

4. Integration with Central Accounts and Reports of the Treasury

The accounts prescribed by the system provide the results needed for the integration and consolidation of the fiscal aspects of foreign currency programs with the central accounts and reports of the U.S. Treasury. The system is responsive to the requirements in Treasury Circular 930 (Statements of Transactions), 935 (Reports Under Section 1311, P.L. 663, as amended), 966 (Business-Type Financial Statements), and others. See 5K1.

5. Accounting Basis

a. The system gives effect to the accrual basis of accounting *prescribed by PAIS under the new PBAR concepts* with special adaptation to the nature of AID foreign currency programs and activities. Income and other receipts are accounted for as earned; and costs and expenses are established when goods and services are received, *constructive delivery occurs or other events take place for use, if more appropriate, as the bases for flexible accruals (including percentage-of-completion, units completed, and applied costs) as provided in PAIS.* For statistical and analytical purposes, costs of administering the several foreign currency programs are distributed from the AID administrative expense appropriation to the respective programs on the basis of reasonable criteria.

b. Interest earned on AID foreign currency loans receivable reflects amounts earned and due as shown on billings to borrowers (Notices of Payment Due) issued by AID/W. Interim period accruals between billings are not prescribed under this system as such interest earnings are not significant from the standpoint of Mission control over ongoing activity. Accrual of interest on loans is the responsibility of AID/W, which exercises final determination thereon. The central loan accounts maintained at AID/W are the only accounts which reflect the accrual of interest

whether or not due and payable pursuant to a Notice of Payment Due. (See Chapter 6C3b(2).) *Mission projectized AID foreign currency loans are accounted for and reported on a flexible accrual basis, effective October 1, 1977, as prescribed by PAIS.*

c. Nonexpendable property, as defined in standards prescribed by the Comptroller General of the U.S. and related Agency guidelines, purchased with funds in AID designated foreign currency accounts is reflected at cost of acquisition. The purchase price value remains in the accounts until disposition of property by (1) trade-in for cash allowance or credit and writeoff of the nonallowable portion of cost or (2) writeoff without replacement. The system does not provide for allowance for depreciation by periodic charges to operations. In view of the limited acquisition of nonexpendable property under AID foreign currency programs, detailed, repetitive allocation of acquisition cost over useful life of occasional long-term assets is not deemed warranted for either effective property control and management or evaluation of the financial results of operation.

6. Integrated System

a. The system provides for self-balancing ledgers for separate fiscal and financial program entities, which may include one or more of the categories set forth in 5A3. A total of five integrated program entities is provided in 5C. Transactions are recorded on a double-entry basis in the program ledger. Controls are established over both budgetary (fiscal) and proprietary (financial) transactions and reflect accountability for funds and other assets of the programs and liability for amounts due to others.

b. The accounts reflect a complete and factual record of fiscal and financial operations and support the preparation of financial reports for use by AID officials having responsibility for efficient and effective management of the programs concerned. The reports include all pertinent data for the period covered and are prepared on a consistent basis from one period to another. The system provides that the information is timely, accurate, complete and consonant with management needs as well as with the needs of outside authority. The programs are included in overall Agency financial statements prepared for internal and external use.

c. *Details of the foreign currency system prescribed herein are susceptible to modification and further refinement from time to time to reflect changes in AID program policy, strategy, and development as well as legislation and regulations that impact on the conduct of foreign currency programs. However, the basic design of the system structured on double-entry commercial-type accounting and the use of uniform general ledger classifications, by type of program, continue in use. If implemented, mechanized accounting in the field for foreign*

currency programs or ongoing improvements at AID/W toward an efficient and effective system of Agency controls over foreign currency funds and resources are carried out without loss of integrity to the accounting information by the system accounting plan and specifications.

7. Controls

a. The detailed methods, techniques and procedures prescribed in this chapter effectuate the overall pattern of fiscal and financial controls of the Agency. The requirements for the receipt, control and deposit of foreign currencies are compatible with the regulatory rules of the U.S. Treasury and joint administrative procedures of State, Treasury and Agriculture Departments in matters over which such agencies share responsibility for the generation, holding and utilization of foreign currencies. Controls over foreign currencies in AID accounts or in country-owned accounts for which AID has responsibility provide for the separation of functions relating to preparation, administrative approval and certification of vouchers in accordance with standards of internal control.

b. The system provides for the integration of controls with an extensive system of subsidiary ledgers and accounts and assures uniformity in the exercise of accountability for funds and other assets of each foreign currency program. The controls are consistent with prudent and effective management practices and procedures.

8. Anticipated Availability of Foreign Currencies for AID Programs

As a further aid to planning and programming the use of foreign currencies earmarked for AID programs, this *chapter* prescribes a special group of records and accounts on the anticipated generation of currencies, as provided in sales agreements of other bilateral arrangements, before the funds are transferred to AID accounts. *Anticipated* availabilities *may* emanate from Title I, P.L. 480 sales agreements, *providing for "Currency Use Payments" (CUP) for AID foreign currency programs or programs for which AID has responsibility for maintaining fiscal and financial controls. See 5A2b above.* Comprehensive information on such projections which is thereby available from the Mission accounting system enhances effective and meaningful planning of foreign currency programs and results in more timely implementation action after the foreign currencies are transferred to the appropriate AID account. *Detailed instructions on maintenance of availability records on CUP amounts from Title I agreements are provided in the operating reference provided by the Mission Controller Guidebook.*

9. Modifications

The system prescribed herein applies uniformly to AID worldwide foreign currency programs. Modifications of the basic design are subject to prior AID/W review and approval. In exercising latitude on refinements

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of the installation, as provided in certain succeeding parts of this Handbook, Missions furnish advice thereof to AID/W, including anticipated benefits or other improvements, to assure concurrence or other guidance on implementation. *(See 5B6 above on continuance of basic system concept and design under program, technical, or administrative changes or refinements.*

5C. System of Integrated Accounts

1. Concept of Separate Accounting Entities

a. Basis of Foreign Currency Generation

This system prescribes self-balancing ledgers containing both proprietary (financial) and budgetary (fiscal) controls for foreign currencies related to AID programs identified for accounting and reporting as separate entities based on the manner in which the currencies are made available for AID use or other control. Thus, a discrete accounting entity controls one or more program categories (see 5A3) which are funded in AID or AID-controlled accounts in accordance with the method of foreign currency generation as follows:

(1) Transfer of foreign currencies to AID designated (72FT) accounts without reimbursement or charge to appropriation.

(2) Transfer of foreign currencies to AID designated (72FT) accounts pursuant to authorization in an Appropriation Act and reimbursement therefrom for purchase from a Treasury sales account or allocation by OMB. *For accounting control purposes, this entity also includes allocations pursuant to Presidential Determination.*

(3) Deposit of cooperating-country owned foreign currencies in counterpart "Special Accounts" for country uses *in countries in which AID continues to be involved because of legal or regulatory requirements. For accounting control purposes, this entity also includes Special Account "R" for deposit of amounts for currency use offset against obligations owed to the United States under Title I agricultural commodity sales agreements.*

(4) Deposit of cooperating-country owned foreign currencies in a U.S. trust account designated by the AID symbol.

(5) Disbursing authorization authority to AID Missions for disbursement of foreign currencies against allotments held by AID/W funded by the method in 5C1(a)(1) *(limited to Cooley loan currencies if provided as CUP deposits under the Title I, P.L. 480 agreement or allocated from foreign currency loan repayments of principal and interest).*

b. Subsidiary Records by Programs Included in Each Entity

Legislative authority for the generation of foreign currencies for AID programs is set forth in 5A3. The organization of program categories as distinct entities for accounting control purposes, as listed in 5C1a above, is compatible with both statutory authority and regulatory requirements of the central fiscal agencies. The system provides for subsidiary accounts or other account for which AID has responsibility. Related programs within an integrated accounting entity are summarized in commercial-type financial statements supported by supplemental information on component programs. Fiscal reports on fund status and activity continue to be prepared and furnished for internal and external uses for each separate fund contained in an integrated accounting entity.

c. Decentralization of Controls

(1) These procedures reflect the decentralization of controls, in terms of both integrated program entities and individually funded accounts, to AID Missions in consonance with the local characteristics of the origin and generation of funds involved. *The system prescribes the maintenance of self-balancing accounts with each Mission performing normal fiscal accounting and reporting functions as direct allottees except for Cooley loan funds. In the event of CUP deposits for Cooley loans pursuant to a Title I, P.L. 480 agreement or, where allocations of foreign currency loan repayments of principal or interest are made for Cooley loans, Agency fund control procedures follow the practices in effect prior to the liquidation of old "Cooley" Loan Program balances.*

(2) If new availability is provided for the "Cooley" Loan Program (Section 104(e) of P.L. 480) as stated in 5C1c(1), funds therefor are allotted to and controlled by AID/W allottees with authority to Missions to disburse loan proceeds to borrowers or to certify the transfer of funds from the AID FT account through the U.S. Disbursing Officer (USDO) to Agent Banks for disbursement to borrowers. The system prescribes the maintenance by the Mission of memorandum, rather than accountable, self-balancing accounts since the funds are controlled by AID/W. The Mission performs normal fiscal accounting and reporting modified by advice of charge procedures of the Agency applicable to disbursements against funds controlled by another allottee (AID/W in the case of Cooley loans).

2. Uniformity of General Ledger Classifications

a. Application to Integrated Entities

A uniform classification of general ledger controls for both proprietary and budgetary accounts is prescribed for all programs within each accounting entity. To the extent appropriate, similar classifications are used for other integrated entities. The largest entity from the standpoint of the number of component programs is the one identified in 5C1a(1) above. A summary of the constituent funds in each entity and by authorizing statute follows:

5C2a

(1) Entity No. 1 - Foreign Currencies Without Reimbursement

(a) MSA - Loans and Grants

Section 402.

(b) P.L. 480 - Loans and Grants

Sections 104(d), (e), (f), (g), and (h).

(2) Entity No. 2 - Foreign Currencies with Reimbursement or *Foreign Currencies* Provided for in an Appropriation Act Pursuant to the FAA of 1961, as Amended; and Allocations Pursuant to Presidential Determination - Grants

Pursuant to Appropriation Acts (see, for example, P.L. 94-330, June 30, 1976, pursuant to Section 612(a) of the FAA) and Presidential Determination (Section 614(a) of the FAA).

(3) Entity No. 3 - Counterpart Funds for Country Uses and Funds for "Loan Forgiveness" Use Offset

(a) Special Account "A" - Commodity Grant Assistance.

(b) Special Account "B" - Loan or Grant Program Assistance - generated under Special Letters of Credit or AID disbursements pursuant to Letters of Commitment, Procurement Authorizations, or Direct Reimbursements (liquidating balances).

(c) Special Account "C" - Proceeds of Commodities Furnished under Title II of P.L. 480.

(d) Special Account "D" - Proceeds of Commodities Furnished under Title I of P.L. 480 (Dollar Credit Sales) (liquidating balances).

(e) Special Account "R" - Proceeds of Commodities Furnished under Title I of P.L. 480 (Dollar Credit Sales) *agreements with Food for Development Annexes A and B* applied to currency use offset against obligation owed to the United States pursuant to Section *305(a) (referred to as Title III) (prior to 1978, Section 106(b)*.

(4) Entity No. 4 - Foreign Currency Trust Funds

Held in U.S. trust account (AID symbol) for country uses.

(5) Entity No. 5 - Memorandum Controls for Cooley Loans

Funds allotted to AID/W and disbursed by the Mission or Agent Bank. Balances have been liquidated. New funds may be generated if provided in sales agreements for CUP deposits or from repayment of foreign currency repayment of principal and interest.

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b. Extension of General Ledger Controls to Reflows of Principal and Interest on Foreign Currency Loans

The general ledger control classifications prescribed in this system continued to apply to transactions under allocations by the OMB of reflows of principal installments and interest payments from foreign currency loans in accordance with the authority contained in Section 104 of P.L. 480. See 5A3b(2).

c. Extension of General Ledger Controls to Foreign Currencies Restricted for AID Use Under Sections 612 *and 614*, FAA

Foreign currencies which are restricted for AID use in accordance with Sections 612 *and 614* of the FAA are subject to general ledger controls prescribed in this system. The funds generated in this manner identified with current AID programs are covered in the entity listed in 5C2a(2) above. These funds are allocated by the OMB pursuant to an appropriation Act *or Presidential Determination*.

d. Relationship of Controls to Fund Accountability or Responsibility

(1) The general ledger controls in this system apply to foreign currencies which are held by the Mission Director as allottee. The allotment is made to the Mission either by (a) the Mission itself under the automatic allotment authorization procedures as described in detail in the succeeding parts of this handbook or (b) to AID/W. Administrative control over these funds is exercised in the same manner as prescribed for dollar appropriations.

(2) The general ledger controls also apply, to the extent appropriate, to Cooley loan foreign currencies (Section 104(e) of P.L.480), which Missions have authority from AID/W to disburse or which are transferred as instructed by AID/W to Agent Banks for disbursement by the banks to borrowers. Missions are responsible for the proper utilization of these currencies within the limitation authorized by AID/W. Missions are also responsible for effecting the transfer of Cooley loan funds to the Agent Banks and for maintaining records on activity thereunder as reported by the banks. Cooley loan accounts and records are identified as "memorandum" in distinction to the controls maintained over accountabl funds applicable to other Mission foreign currency programs.

(3) The Mission general ledger controls are susceptible to consolidation and summarization at AID/W in Agency-wide general ledger classifications.

(4) Appendix 5C shows the origin of allotment authorizations for foreign currencies used in AID programs.

e. Supplemental Records on Anticipated Availabilities

The general ledger controls set forth in this system do not apply to activity prior to the transfer of foreign currencies to AID 72FT accounts or other accounts for which AID has responsibility. Information on estimated availabilities of foreign currencies under P.L. 480 sales agreements, deposit of proceeds, and related actions which are antecedent to the transfer of the currencies to AID designated or other accounts controlled by AID is maintained in supplemental accounts and records as described in 5F.

3. General Ledger Accounts

These accounts are maintained on a double-entry basis in the Mission general ledger. The accounts control transactions reflected in both proprietary classifications, which are reported in fiscal reports on the status and utilization of funds. As appropriate, subsidiary ledgers are maintained in support of certain general ledger accounts. The concept of Mission general ledger control over transactions at each Agency field component organization is compatible with the principles and standards set forth in the General Accounting Office (GAO) Manual for Guidance of Federal Agencies, Title 2 - Accounting. These procedures provide for the integration of accounts for each fund and for the summarization of funds for related programs in terms of the several accounting entities identified in 5C2a above.

a. Organization

(1) Proprietary (Financial Accounts)

These accounts, which are reflected in financial statements, control funds or fund equivalents, cash and other assets, liabilities, investment in funds or fund equivalents, income,and expenses.

(2) Budgetary (Fiscal) Accounts

These accounts, which are reflected in fiscal and related reports, control the status and utilization of allotments and other limitations or availabilities through obligation and/or expenditure. The sources of the funds controlled are from allotments, disbursement limitation authority and receipts available in counterpart Special Accounts *or the currency use offset Special Account* and trust funds.

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b. Numbering System

A four-digit *number* indicates the accounting entity to which the account applies. The significance of each digit follows:

(1) First Digit

This digit indicates the accounting entity to which the account applies. These are the entities shown in 5C2a above. Local currency categories included in each accounting entity are shown below:

Number	Program	Fund Account
	Section 402 - loans and grants	72 FT720
	P.L. 480	
1xxx---	Section 104(g) - loans and grants	72FT520
	Section 104(d) - grants	72FT540
	Sections 104(c), 104(f), 104(h) - loans	72FT740
	Sections *104(f), 104(h)* - grants	72FT745
	Section 104(f) - grants (Reflows)	72FT750
	FAA	
2xxx---	Section 214(d) - grants (Foreign currency appropriations)	72FT550
	Section 612(a) - grants (Foreign currency appropriations)	*72FT535*
	Section 614(a) - grants (Presidential Determination)	*72FT535*
	Counterpart *and Currency Use Offset Funds*	
3xxx---	Special Account	"A"
	Special Account	"B"
	Special Account	"C"
	Special Account	"D"
	Special Account (Reserved)	"R"
4xxx----------	Trust Fund	72FT800
	P.L. 480	
5xxx----------	Section 104(e) - Cooley Loans	72FT760

5C3b

(2) Second Digit

The second digit indicates the general nature of the *account* as follows:

Number	Grouping
	Proprietary Accounts
x1xx	Funds, Disbursing Authority or Cash
x2xx	Receivables and Advances
x3xx	Other Assets
x4xx	Liabilities
x5xx	Investment of U.S. Government or Investment in Other Funds
x6xx	Unassigned
x7xx	Income accounts
x8xx	Expense accounts
	Budgetary Accounts
x9xx	All budgetary accounts

(3) Third and Fourth Digits

The last two digits indicate the specific account.

4. Application of General Ledger Account Numbering System

a. The application of the numbering concept described in 5C3b above to specific accounts in the Mission general ledger is shown in Exhibit 5A. Unless in special circumstances the Mission is allotted funds for Cooley loans under Section 104(e) of P.L. 480, the first digit "1" does not apply to this program at the Mission. Mission activity related to Cooley loans will almost always be identified by the first digit "5." The three-digit account number shown at the left identifies the basic account number, which in the distribution columns is prefixed by the appropriate first digit for the major entity. Activity under component programs and funds covered by a single entity, as for both the MSA and Counterpart entities, may be recorded in subsidiary accounts or established by analysis of the entries in the general ledger accounts.

b. The general ledger account numbers shown in Exhibit 5A are shown on source documents, in the account title, in the entries in the books of original entry and in the postings to the general ledger as prescribed in 5E. *Further detailed instructions on implementation of these basic requirements are provided in the Mission Controller Guidebook.*

5C

5. Account Descriptions

The general ledger account descriptions which follow are accompanied by crosses entered in the columnar format to the right of the account title for the purpose of indicating the normal debit or credit balance and the integrated entity, identified in Exhibit 5A, to which the account applies in most cases.

a. Proprietary (Financial) Accounts

(1) Funds, Disbursing Authority and Cash Accounts

	Balance		Entity				
	Dr.	Cr.	1	2	3	4	5
(a) Account 101, Funds with Treasury	x		x	x			

This account is maintained to show the amount in foreign currency allotted to the Mission, either by AID/W or by the Mission under the automatic allotment procedure, for programs implemented at the Mission level. The account is debited upon receipt of Treasury Form No. BA 6901, "Foreign Currency Transfer Authorization," collection of refunds or other recoveries, and other miscellaneous receipts which increase the undisbursed balance of the allotment. The Account is credited with disbursements for program purposes.

Debits	Credits
(1) Receipt of Treasury Form No. BA 6901. Contra: 501	(1) Return of unused foreign currencies to U.S. Treasury. Contra: 501
(2) Refund of overpayment or erroneous disbursement. Contra: 201, 202, 203, 206,or 207.	(2) Disbursement of foreign currencies in AID account for program purposes. Contra: 201, 202, 203, 205, 206, 207, 301, 302, 401, 402,and 801.
(3) Allocations from other U.S. agencies. Contra: 506	(3) Allocations to other U.S. Agencies. Contra: 506.
(4) Miscellaneous income not previously accrued. Contra: 701 or 703.	

(b) Account 102, Disbursing Authority	x						x

This is an account maintained for control of the authorization from AID/W to the Mission to disburse, within a limitation amount, Cooley loans under Section 104(e), P.L. 480, for which funds are held by AID/W allottees. This account is also maintained to establish the total amount which the Mission is authorized by AID/W to transfer from the AID foreign currency account to Agent Banks for disbursing Cooley loans to borrowers in the cooperating country. The total amount to be transferred to Agent Banks may not exceed the amount provided in the applicable loan agreement.

5C5a(1)(b)

Balance		Entity				
Dr.	Cr.	1	2	3	4	5

Debits

(1) Receipt of AID/W advice of disbursing authority for Mission disbursements to borrowers in the cooperating country. Contra: 502

(2) AID/W authorization of total amount to be transferred from AID 72FT account to Agent Banks.

Credits

(1) Mission disbursements of Cooley loan proceeds to borrowers. Contra: 205

(2) Transfer of foreign currencies from AID 72FT account to Agent Banks based on borrowers' estimates of disbursing requirements or one time transfer approved by AID/W. Contra: 109.

(c) Account 103, Counterpart Cash on Deposit/Currency Use Offset Cash on Deposit

Dr.	Cr.	1	2	3	4	5
x				x		

This account is maintained to show the amount of cooperating-country owned foreign currency deposited in a specified bank for withdrawal for mutually agreed country purposes and for transfer as the U.S. portion or to U.S. trust accounts, or P.L. 480, Title *III* currency use offset deposited against obligation owed to the U.S. pursuant to the P.L. 480, Title I sales. agreement.

Debits

(1) Deposits for billings issued to cooperation country. Contra: 206.

(2) Receipt of other income for which billings not previously issued. Contra: 503.

(3) Deposits for currency use offset. Contra: 503

(4) Transfers from trust funds. Contra: 206.

Credits

(1) Withdrawal or transfer of counterpart funds previously authorized. Contra: 403.

(2) Adjustment of receipts for excessive billings to cooperating country. Contra: 503.

(d) Account 104, Trust Fund Cash on Deposit

Dr.	Cr.	1	2	3	4	5
x					x	

This account is maintained to show the amount of foreign currency deposited in a U.S. trust account for disbursement pursuant to provisions of a trust agreement.

Debits

(1) Deposits by cooperating country in accordance with trust agreement. Contra: 504.

(2) Collections from debtors, repayment of advances and miscellaneous income receipts. Contra: 201, 202, 203, 204, 206, 701, and 703.

Credits

(1) Vouchers paid, including advances. Contra: *701*, 202, 203, 207, 401, and 801.

(2) Excess of liquidation of amount payable over recorded liability. Contra: 801.

(3) Foreign currency returned to cooperating country pursuant to trust agreement. Contra: 504.

(4) Transfers to counterpart. Contra: 504.

5C5a(1)

	Balance		Entity				
	Dr.	Cr.	1	2	3	4	5
(e) Account 109, Transfers to Agent Bank	x						x

This account is maintained to show the foreign currency funds transferred to Agent Banks for disbursement to borrowers under the Cooley Loan Program in accordance with authorization by AID/W. The account is a control over the intermediate custody of Cooley loan funds pending drawdown by borrowers from Agent Banks and establishment of loans receivable. These transfers to Agent Banks do not affect budgetary controls, which are established only upon disbursement by Agent Banks.

Debits

(1) Funds transferred to Agent Banks for disbursement to borrowers in the value of the loan agreement as authorized by AID/W. Contra: 102

(2) Funds transferred periodically to Agent Banks as required by the borrower's needs where the initial transfer authorized by AID/W is less than the value of the loan agreement. Contra: 102

(3) Interest on depositary account. Contra: 703.

Credits

(1) Adjustment of error in effecting transfer from the AID foreign currency account to Agent Banks. Contra: 102

(2) Interest on depositary account transferred to Treasury foreign currency sales account. Contra: 510

(f) Account 110, Loans Disbursed by Agent Banks		x					x

This account is maintained to show the foreign currency disbursements to borrowers under the Cooley Loan Program by Agent Banks as shown on Debit Advices furnished to the Mission. The account reflects the disposition of Cooley loan funds held by Agent Banks (account 109). The net of accounts 109, 110, and 205 is equivalent to Cooley Loan Program capital shown in the accounts comprising the U.S. Government Investment.

Credits

(1) Debit Advices furnished by Agent Banks on disbursement of Cooley loans to borrowers. Contra: 205

(2) Advances and Receivable Accounts

(a) Account 201, Travel Advances Outstanding	x		x	x		x	

This account is maintained to show the amount of travel advances outstanding. The balance in the account is supported by subsidiary records maintained on SF 1038, Application and Account for Advance of Funds.

5C5a(2)(a)

	Balance Dr.	Balance Cr.	Entity 1	Entity 2	Entity 3	Entity 4	Entity 5
(b) Account 202, Quarters Advances Outstanding	x		x	x		x	
(c) Account 203, Advances - Other	x		x	x		x	

Debits | **Credits**

(1) Travel advances paid. Contra: 101 and 104.

(1) Amounts of travel advances applied on travel claims. Contra: 801

(2) Travel advances refunded. Contra: 101 and 104.

(b) Account 202, Quarters Advances Outstanding

This account is maintained to show the amount of advances for quarters allowance outstanding. The balance in the account is supported by subsidiary records maintained on Request for and Approval of Advance Payment of Allowance and related Record of Advance and Repayment.

Debits | **Credits**

(1) Advances paid. Contra: 101 and 104.

(1) Amounts of advances liquidated or refunded. Contra: 101, 104 and 801.

(2) Bills issued for refund of advance. Contra: 206

(c) Account 203, Advances - Other

This account is maintained to show the amount of foreign currency transferred from an AID 72FT account as an advance to (1) another U.S. Government agency to facilitate performance or procurement related to a Mission implemented program; (2) a cooperating country which is itself implementing a specific foreign currency program where the foreign currency project agreement provides for initial disbursement of funds by the Mission to the cooperating country with subsequent reimbursements to the extent of expenditures made; or (3) contractors or other outside entities.

Debits | **Credits**

(1) Funds advanced to another U.S. Government agency for procurement or performance under a foreign currency program. Contra: 101

(1) Report of performance or receipt of goods or services furnished by a U.S. Government agency under a Mission implemented program. Contra: 207, 301, 303, or 801.

(2) Funds advanced to cooperating government which is implementing the AID financed foreign currency program. Contra: 101.

(2) Reimbursement to cooperating country for expenditures incurred under advance of funds and liquidation of advance. Contra: 207, 301, 303, or 801.

(3) Funds advanced to a performing entity, contractor or other nonAID entity carrying out a project or activity under a trust agreement. Contra: 104.

(3) Liquidation of advance to performing entity or contractor under a project pursuant to a trust agreement Contra: 104, 207, 301, 303, or 801.

Balance		Entity				
Dr.	Cr.	1	2	3	4	5
x		x			x	x
x		x				x
x		x	x	x	x	

(d) Account 204, Interest Receivable

This account is maintained to show the amount of interest due on MSA and P.L. 480 foreign currency loans as shown on AID/W issued Notices of Payment Due furnished for Mission information and follow-up as necessary. The account also shows the interest earned on foreign currency trust fund, MSA and P.L. 480 depositary accounts.

Debits

(1) Amounts of interest due on outstanding MSA or P.L. 480 foreign currency loans as shown on semiannual or other periodic billings issued by AID/W. Contra: 702

(2) Interest earned on trust fund account as reported by foreign depositary. Contra: 703

(3) Interest earned on MSA or P.L. 480 depositary accounts as reported by depositary bank. Contra: 703

Credits

(1) Collection of interest payment on MSA or P.L. 480 foreign currency loans. Contra: 510

(2) Interest on foreign currency trust fund which has been entered as a credit in the account of the depositary bank. Contra: 104

(3) Credit of interest on MSA or P.L. 480 depositary accounts to U.S. account as shown on U.S. Disbursing Officer's (USDO) Foreign Currency Statement of Transactions and Account Current. Contra: 510

(e) Account 205, Loans Receivable

This account is maintained to show amounts disbursed to borrowers under foreign currency loans authorized pursuant to the MSA or P.L. 480. The account balance is supported by subsidiary records.

Debits

(1) Funds disbursed to borrowers under Mission funded foreign currency programs pursuant to the MSA or P.L. 480, Sections 104(c), (f), (g), or (h). Contra: 101

(2) Funds disbursed to borrowers under Cooley Loan Program, P.L. 480, Section 104(e), for which disbursing authority received from AID/W. Contra: 102 or 110.

Credits

(1) Collection of principal repayment on Mission funded foreign currency loans as provided in Notices of Payment Due initiated by AID/W. Contra: 509 and 520.

(2) Collection of principal repayment on Cooley Loans as shown on Notices of Payment Due from AID/W. Contra: 509

(f) Account 206, Receivables - Other

This account is maintained to show (1) the amount due as refunds for overpayments or other erroneous disbursements under foreign currency projects or activities financed by MSA or P.L. 480 funds allotted to the Mission; (2) all local currency due to be deposited to counterpart Special Accounts based on billings to the cooperating country for grant aid or other assistance generating counterpart; e.g., Special Letters of Credit under commodity assistance (*liquidating counterpart "B" funds*); proceeds of sale of commodities received by the cooperating country under P.L. 480 dollar credit terms (*liquidating counterpart "D" funds*); or Title II grant program; *and*

5C5a(2)(f)

Balance		Entity				
Dr.	Cr.	1	2	3	4	5

(3) total amount due the foreign currency trust fund for material sold or services rendered and for overpayments. The account balance is supported by subsidiary accounts receivable documents, records and files.

Debits

(1) Billings issued to recover erroneous payments or refunds due under MSA, P.L. 480 or trust fund activities or projects implemented by the Mission or the cooperating country. Contra: 701, 207, or 801.

(2) Refund billings on advances. Contra: 202.

(3) Billings to cooperating country for deposits due in Special Account "A" for grant assistance. Contra: 503.

(4) Deposit Notification of payment due to Special Account "B" based on advice of issuance of Special Letter of Credit (SLC) by U.S. bank; following reimbursement by AID to U.S. bank under alternative SLC procedure; or other AID disbursement pursuant to U-214 report on Transaction Detail of Loan and Grant Activity. Contra: 503. *(liquidating activity)*

(5) Deposit Notification of payment due to Special Account "C" (Agriculture Commodity Account) based on advice of cooperating country sales of Title II, P.L. 480 commodities. Contra: 503.

(6) Deposit Notification of payment due to Special Account "D" based on advice of cooperating country sales of Title I, P.L.480 dollar credit commodities. Contra: 503 *(liquidating activity)*

(7) Sale of trust fund property. Contra: 302.

Credits

(1) Collection of amounts due under previously issued billings. Contra: 101 or 104.

(2) Deposits made pursuant to counterpart billings or other deposit notifications, to the cooperating country. (Bank statement, receipted copy of memorandum of deposit or other information furnished by the cooperating country). Contra: 103.

5C5a(2)

	Balance		Entity				
	Dr.	Cr.	1	2	3	4	5
(g) Account 207, Prepaid Expenses	x		x	x		x	

This account is maintained to show payments made in advance of the receipt or utilization of goods and services such as prepaid rent, utilities, and other services. The items reflected in this account represent values to be consumed in the implementation of an activity or project.

Debits	Credits
(1) Payments made for rents, utilities, services, and other items applicable to future accounting periods. Contra: 101 or 104.	(1) Application of prepaid expenses to activities or projects in the current accounting period. Contra: 801
(2) Amounts payable pursuant to periodic scheduling of advance payments of rents, utilities, services, etc. Contra: 401	(2) Adjustment of prepaid expenses for refund of overpayments or other erroneous disbursement. Contra: 206.

(3) Other Asset Accounts

(a) Account 301, Nonexpendable Property	x		x	x		x	

This account is maintained to show the cost of acquiring nonexpendable property by purchase as such property is defined in applicable AID guidelines and criteria. For activities and projects funded by trust funds, the account shows the cost of purchases in the current fiscal year. For other foreign currency activities, the balance in the account is cumulative for all acquisitions relating to a specific program. The account balance is supported by subsidiary property records.

Debits	Credits
(1) Property purchased during current or prior fiscal years. Contra: 101	(1) Return or trade-in of property for cash allowance or credit, or writeoff on disposition. Contra: 101, 104, 206, or 801.
(2) Value of property received during the accounting period but not paid for. Contra: 401.	(2) Transfer of cost of purchases of trust fund property in the current fiscal year. Contra: 302.
(3) Property purchased from trust funds during the current fiscal year. Contra: 104.	

(b) Account 302, Trust Property	x				x		

This account is maintained to show the cost or appraised value of nonexpendable property (exclusive of current fiscal year acquisitions) owned by the trust fund. The balance in the account plus the balance in the Account 301, Nonexpendable Property, for current fiscal year acquisitions is supported by subsidiary property records.

5C5a(3)(b)

	Balance		Entity				
	Dr.	Cr.	1	2	3	4	5
(c) Account 303, Leasehold Improvements	x		x	x		x	
(4) Liabilities							
(a) Account 401, Accounts Payable		x	x	x		x	

This account is maintained to show the cost of long-term additions, improvements or alterations made to leased real property. The cost is normally charged as an operating expense over the life of the lease or the life of the improvements, whichever is the shorter.

Debits

(1) Cost of leasehold improvements applicable to specific foreign currency activity or project. Contra: 101, 104, or 401.

Credits

(1) Periodic charge to operating expenses of the cost of leasehold improvements prorated on a fiscal year basis. Contra: 801.

(2) Reversion of leasehold improvements not amortized to lessor at termination of lease. Contra: 801.

This account is maintained to show the amounts of goods and services received for which payment has not been made at the end of an accounting period and other amounts due to miscellaneous creditors.

Debits

(1) Reversal of estimated amount for accrued expenses established at end of previous accounting period. This is a postclosing reversal at the end of the fiscal year. Contra: 801.

(2) Amounts paid to vendors, employees and others for goods and services received. Contra: 101 or 104.

Credits

(1) Amounts payable for estimated accruals of expenses (personal services, travel, transportation, utilities, communication services, etc.) not paid at the end of the accounting period. Contra: 801.

(2) Amounts due vendors, employees and others for goods and services received. Contra: 301, 303, or 801.

(3) Periodic scheduling of prepayments due for expense items applicable to future periods (utilities, rents, services, etc.). Contra: 207.

5C5a(4)

	Balance		Entity				
	Dr.	Cr.	1	2	3	4	5
(b) Account 402, Payroll Deductions Payable		x	x	x		x	

This account is maintained to show the amount of any withholdings from employee pay with respect to taxes or other assessments payable locally, other deductions from employee pay for payment of various health or other benefits programs, and similar items for which the Mission remits to appropriate authority on behalf of the employee.

Debits	Credits
(1) Transfer of amounts withheld from employee pay to appropriate authority or other recipient. Contra: 101 or 104.	(1) Withholdings from employee pay for taxes, assessments, premiums and other payments on behalf of the employee to appropriate jurisdiction or other approved authority. Contra: 801.

(c) Account 403, Authorized Withdrawals and Transfers		x			x	

This account is maintained to show the amount of counterpart funds authorized for withdrawal from the several Special Accounts but not yet withdrawn. The amount of approved release agreements is recorded in full with actual withdrawals limited to amounts as may be needed currently.

Debits	Credits
(1) Withdrawal of funds as shown on bank statement or other information furnished by cooperating country on the purposes for which funds withdrawn. Contra: 103.	(1) Approved release agreement, letter, or other document authorizing the release of funds. Contra: 503.

(5) Investment of U.S. Government and Other Investment Accounts

(a) Account 501, U.S. Government Investment-Allotted Funds		x	x	x		

This account is maintained to show the capital equivalent of the investment of the U.S. Government in U.S.-owned foreign currencies which are allotted to the Mission for the implementation of foreign currency programs authorized under the MSA, P.L. 480, and FAA.

Debits	Credits
(1) Reduction or deallotment of foreign currency allotments. Contra: 101 or 102.	(1) Foreign currencies allotted to the Mission and controlled in AID 72FT accounts. Contra: 101 or 102.

(b) Account 502, U.S. Government Investment-Disbursing Authority		x				x

This account is maintained to show the limitation by AID/W on authority issued to either the Mission or Agent Banks to disburse to borrowers under the Cooley Loan Program.

5C5a(5)(b)

	Balance Dr.	Balance Cr.	Entity 1	Entity 2	Entity 3	Entity 4	Entity 5
Debits							
(1) Downward adjustment or other decrease in disbursing authority from AID/W for disbursements to borrowers under the Cooley Loan Program. Contra: 102							
Credits							
(1) Limitation authority on disbursements to borrowers under AID/W allotments for the Cooley Loan Program. Contra: 102.		x			x		

(c) Account 503, Counterpart Funds/Capital - Currency Use Offset

This account is maintained to show the deposits due by the cooperating country into Special Account bank accounts of the counterpart foreign currency generated from commodity grant aid; other economic assistance under the FAA; P.L. 480, Title II sales proceeds and receipts, and deposits made under P.L. 480, Title I sales agreement for currency use offset *under Title III.*

	Balance Dr.	Balance Cr.	Entity 1	Entity 2	Entity 3	Entity 4	Entity 5
Debits							
(1) Approved release agreement, letter or other document authorizing the release of funds. Contra: 403	x					x	
Credits							
(1) Counterpart billings and Deposit Notifications of payments due to Special Accounts. Contra: 206							
(2) Deposits made by cooperating country without prior billing. Contra: 103							
(3) Amounts transferable from trust funds per trust agreement to Counterpart Special Account. Contra: 206.							
(4) Deposits made for Currency Use Offset. Contra: 103.							

(d) Account 504, Trust Fund Investment - Cash

This account is maintained to show the monetary value of the Trust Fund at its inception or at other specified times. The balance in this account plus the balances in Account 505, Trust Fund Investment - Property, and Account 512, Accumulated Net Income (or loss) from Operations, shows the equity of the cooperating government in the Trust Fund.

	Balance Dr.	Balance Cr.	Entity 1	Entity 2	Entity 3	Entity 4	Entity 5
Debits							
(1) Cash returned to the cooperating country. Contra: 104.							
(2) Balance of cash closed upon termination of agreement and disposition as provided in trust agreement. Contra: 104							
(3) Transfers to counterpart. Contra: 104.							
Credits							
(1) Cash deposited by cooperating country in accordance with trust agreement. Contra: 104.							

5C5a(5)

	Balance		Entity				
	Dr.	Cr.	1	2	3	4	5
(e) Account 505, Trust Fund Investment - Property		x				x	
This account is maintained to show the appraised value of property capitalized at inception of the trust fund. The account may also include subsequent additions.							
Debits							
(1) Property returned to host country. Contra: 302.							
(2) Catastrophic losses of capitalized property. Contra: 302.							
(3) Balance of property account closed upon termination of trust agreement. Contra: 302.							
Credits							
(1) Appraised value of property capitalized at inception for trust fund operations. Contra: 302.							
(2) Subsequent input of capitalized additions by the cooperating country. Contra: 302.							
(f) Account 506, Allocations To or From Other Agencies	x	x	x				
This account is maintained to show funds in AID foreign currency accounts which have been allocated to other U.S. Government agencies or received as allocations from other agencies for the purpose of carrying out certain activities under a basic foreign currency program.							
Debits							
(1) Allocation of AID foreign currency to another agency pursuant to letter of allocation by the Funds Control Division (FM/FCD), Aid/W to the implementing agency. Contra: 101.							
Credits							
(1) Allocation of foreign currency from another agency pursuant to advice from Funds Control Division (FM/FCD), AID/W. Contra: 101.							
(g) Account 509, Principal Repayments in Foreign Currency Transferred to U.S. Treasury	x		x				x
This account is maintained to show the repayment of principal on AID foreign currency loans authorized under the MSA, P.L. 480, and the FAA for deposit in Treasury foreign currency sales account.							
Debits							
(1) Deposits of principal repayments on AID foreign currency loans in Treasury 20FT accounts. Contra: 205 and 520.							
Credits							

5C5a(5)

	Balance		Entity				
	Dr.	Cr.	1	2	3	4	5
(h) Account 510, Interest Receipts in Foreign Currency Transferred to U. S. Treasury	x		x				x

This account is maintained to show the interest collections on AID foreign currency loans authorized under the MSA, P.L. 480, and the FAA which have been deposited in Treasury foreign currency sales accounts.

Debits	Credits
(1) Deposits of interest collections on AID foreign currency loans in Treasury 20FT accounts. Contra: 204.	
(2) Transfer of depositary interest to Treasury. Contra: 109 and 204.	

(i) Account 511, Expenses Funded by Administrative Expense Appropriation		x	x	x	x	x	x

This account is maintained to show the allocation on a cumulative basis of amounts from the administrative expense appropriation of the Agency, based on reasonable and realistic allocation/distribution criteria, to the several program entities established under these procedures. Dollar allocations are translated into foreign currency values at appropriate rates of exchange.

Debits	Credits
(1) Postclosing reversal at end of fiscal year. Contra: 802.	(1) Distribution of Agency administrative expenses on basis of approved allocation criteria to respective foreign currency program entities. Contra: 802.

(j) Account 512, Accumulated Net Income (or Loss) from Operations		x	x	x		x	x

This account is maintained to show the net income or loss arising from foreign currency program operations on a cumulative basis.

Debits	Credits
(1) Balance in the operating expenses account closed at the end of the fiscal year. Contra: 801	(1) Balance in the income accounts closed at the end of the fiscal year. Contra: 701, 702, or 703.

(k) Account 513, Prior Year Adjustments	x	x	x	x		x	x

This account is maintained to record the adjustment of prior fiscal year income or expense transferred to Account 512, Accumulated Net Income (or Loss) from Operations.

5C5a(5)(k)

	Balance		Entity				
	Dr.	Cr.	1	2	3	4	5
Debits							
(1) Adjustment of prior fiscal year expense. Contra: 101, 104, 206, or 401.							
(2) Balance closed at the end of the fiscal year. Contra: 512.							
Credits							
(1) Adjustment of prior fiscal year income. Contra: 101, 104, 204, 206, or 401.							
(2) Balance closed at the end of the fiscal year. Contra: 512.							
(1) Account 520, Foreign Currency Differential under MOV Loans	x	x	x				x

This account is maintained to show the difference between the number of foreign currency units disbursed as loan proceeds and the number of foreign currency units collected as principal repayments under maintenance-of-value (MOV) loans.

Debits							
(1) Deficit in number of foreign currency units collected as principal repayments as compared with the number of foreign currency units disbursed as loan proceeds to the borrower under MOV loans. Contra: 205.							
Credits							
(1) Excess of foreign currency units collected over number of foreign currency units disbursed to the borrower as loan proceeds under MOV loans. Contra: 509.							
(6) Income Accounts							
(a) Account 701, Income	x		x	x		x	

This account is maintained to show the amount of income earned, whether or not collected, from operations in connection with foreign currency programs authorized under the MSA, P.L. 480, and the FAA. The account is a nominal account which is closed at the end of the fiscal year into Account 512 Accumulated Net Income (or Loss) from Operations, a real account in the proprietary chart of accounts.

Debits							
(1) Balance closed at the end of the fiscal year. Contra: 512.							
Credits							
(1) Income earned from operations, including sale of materials or services in accordance with prescribed program objectives. Contra: 206.							
(2) Collection of miscellaneous income not previously accrued. Contra: 101 or 104.							
(b) Account 702, Interest Earned - Loans Receivable		x	x				x

This account is maintained to show interest earned and due on outstanding MSA, P.L. 480 or FAA foreign currency loans as shown on semiannual or other periodic billings issued by AID/W.

5C5a(6)(b)

	Balance		Entity				
	Dr.	Cr.	1	2	3	4	5
Debits							
(1) Balance closed at the end of the fiscal year. Contra: 512.							
Credits							
(1) Semiannual or other periodic billings to borrowers for interest payments. Contra: 204.							
(c) Account 703, Interest Earned on Depositary Accounts		x	x			x	x
This account is maintained to show interest earned on foreign currency depositary accounts.							
Debits							
(1) Balance closed at the end of the fiscal year. Contra: 512.							
Credits							
(1) Interest earned on MSA, P.L. 480 or trust fund foreign currency depositary accounts as reported by the depositary banks. Contra: 109 or 204.							
(2) Interest earned on foreign currency depositary accounts not previously accrued for prior accounting periods. Contra: 104 or 510.							
(7) Expense Accounts							
(a) Account 801, Operating Expenses	x		x	x		x	x
This account is maintained to show the amount of operating expenses chargeable to foreign currency programs funded by U.S.-owned or U.S.-controlled currencies in AID 72FT accounts or trust funds. The balance in the account is supported by expenditures distributed in the Project Ledgers.							
Debits							
(1) Amounts of supplies and/or services received and unpaid at end of accounting period. Contra: 401.							
(2) Estimated amounts of utilities, communication services, etc., accrued but not paid at the end of the accounting period. Contra: 401							
(3) Adjustment for payments in excess of amounts previously established as accounts payable. Contra: 101 or 104.							
(4) Amounts of supplies and services paid for in the current accounting period. Contra: 101, 104, or 207.							
(5) Amounts of prepaid expenses charged to the current accounting period. Contra: 207.							
Credits							
(1) Reversal of estimated accrued expenses established at the end of the previous accounting period. This is a postclosing reversal at the end of the fiscal year. Contra: 401.							
(2) Balance closed at the end of the fiscal year. Contra: 512.							

5C5a(7)

	Balance		Entity				
	Dr.	Cr.	1	2	3	4	5
(b) Account 802, Administrative Expenses Allocated to Foreign Currency Programs		x	x	x	x	x	x

This account is maintained for each program entity and is charged periodically with the allocation of administrative costs funded from the AID administrative expense appropriation. As a non-funded cost to the foreign currency program entity, the amount appears in the annual Statement of Income and is offset against income transferred to Account 512, Accumulated Net Income (or Loss) from Operations. The account is established only for financial reporting purposes. The balances in this account and its reciprocal in Account 511, Expenses Funded by Administrative Expense Appropriation, are reversed as a postclosing entry.

Debits	Credits
(1) Charge for allocable administrative costs to specific program entity. Contra: 511.	(1) Postclosing reversal of balance at end of fiscal year. Contra: 511.

(c) Account 803, Amount Used for Currency Use Offset, P.L. 480, Title III - Food and Nutrition	x				x		

This account is maintained for control over the disbursement of funds deposited in Special Account "R" for agreed uses for Food and Nutrition development purposes. Currency use offset is established upon actual disbursement of local currency. Amounts are in local currency units and U.S. dollar equivalents.

Debits	Credits
(1) Disbursement of local currency Deposited in Special Account "R" for Food and Nutrition development use as offset against amount due the U.S. under the P.L. 480, Title I sales agreement. Contra: 103	(1) Disbursement adjustments, refunds or other corrections as applicable to reflect agreed use for offset to amount owed to the U.S. Contra: 103

(d) Account 804, Amount Used for Currency Use Offset, P.L. 480, Title III - Population Planning and Health	x				x		

This account is maintained for control over the disbursement of funds deposited in Special Account "R" for agreed uses for Population Planning and Health development purposes. Currency use offset is established upon actual disbursement of local currency. Amounts are in local currency units and U.S. dollar equivalents.

Debits	Credits
(1) Disbursement of local currency deposited in Special Account "R" for Population and Health development use as offset against amount due the U.S. under the P.L. 480, Title I sales agreement. Contra: 103.	(1) Disbursement adjustments, refunds or other corrections as applicable to reflect agreed use for offset to amount owed to the U.S. Contra: 103.

b. Budgetary (Fiscal) Accounts	x		x	x			

(1) Allotments, Limitation and Receipts

(a) Account 901, Allotments

This account shows the amounts of U.S.-owned foreign currency allotted for AID foreign currency programs, either by the Mission or by AID/W, with

respect to programs implemented at the Mission level as authorized under the MSA, P.L. 480, or the FAA. The balance is coextensive with the duration of the various projects or activities which are thus funded.

Balance		Entity				
Dr.	Cr.	1	2	3	4	5

Debits

(1) Funds allotted and controlled in AID 72FT accounts for prescribed foreign currency activities or projects, either automatically by the Mission or by AID/W. Contra: 921.

(2) Suballocations from other agencies. Contra: 950.

Credits

(1) Balance in Account 941, Disbursed Allotments - AID Funds, upon completion of activity or project under specific foreign currency allotment for the purpose. Contra: 941.

(2) Return of unused foreign currency in the allotment to the U.S. Treasury. Contra: 921.

(3) Withdrawal of balance in suballocation account by AID/W. Contra: 950.

(b) Account 902, Disbursing Limitation

Dr.	Cr.	1	2	3	4	5
x						x

This account shows the limitation on authority to disburse Cooley loans, either by the Mission or by Agent Banks, as provided by AID/W authorization.

Debits

(1) Aid/W authorization to disburse Cooley loans within stated limitations by the Mission or Agent Bank in the country in which the borrower is located. Contra: 922.

Credits

(1) Balance in Account 942, Used Disbursing Limitation, upon completion of disbursement of individual Cooley loans either by the Mission or Agent Bank. Contra: 942.

(2) Balance remaining in Account 922, Unused Disbursing Limitation, upon completion of individual loan disbursements. Contra: 922.

(c) Account 903, Counterpart Available Receipts

Dr.	Cr.	1	2	3	4	5
x				x		

This account shows the amounts available in the several Special Account bank accounts as a result of deposits by the cooperating country for the purpose of the various projects or activities encompassed in the applicable counterpart or other related agreements.

Debits

(1) Deposits in Special Accounts available for stated projects or activities. Contra: 923.

Credits

(1) Balance in Account 943, Used Counterpart Receipts, upon completion of projects or activities provided in applicable agreement with host country. Contra: 943.

(2) Balance remaining in Account 923, Unused Counterpart Receipts, upon completion of projects or activities as agreed with host country. Contra: 923.

5C5b(1)

	Balance		Entity				
	Dr.	Cr.	1	2	3	4	5
(d) Account 904, Trust Fund Available Receipts	x						
(e) Account 909, Loan Repayments and Lapsed Foreign Currencies	x		x	x			x
(f) Account 910, Transfers to Treasury		x	x	x			x

(d) Account 904, Trust Fund Available Receipts

This account shows the total amounts of cash deposited by the cooperating country in accordance with the trust agreement.

Debits	Credits
(1) Deposits into trust fund cash account. Contra: 924.	(1) Balance in account closed upon termination of agreement. Contra: 924.
	(2) Transfer of balance in Account 944, Disbursed Allotments - Trust Fund Receipts, upon termination of agreement. Contra: 944.

(e) Account 909, Loan Repayments and Lapsed Foreign Currencies

This account shows the amounts of principal repayments and interest receipts on AID foreign currency loans, collected either at the Mission or by Agent Banks, and foreign currencies in AID 72FT accounts which have expired, for use in accordance with the pertinent P.L. 480 sales agreement. Such amounts are transferred to the Treasury for credit to Treasury 20FT sales accounts.

Debits	Credits
(1) Principal repayments and interest receipts on foreign currency loans collected at the Mission. Contra: 910.	(1) Closeout of the balance in the account at the end of the fiscal year. Contra: 910.
(2) Principal repayments and interest receipts collected on Cooley loans by Agent Banks, which are transferred for credit to Treasury foreign currency accounts. Contra: 910.	
(3) Foreign currencies in AID 72FT accounts which have lapsed for obligation and expenditure and are returned for credit to Treasury foreign currency accounts. Contra: 910.	

(f) Account 910, Transfers to Treasury

This account shows the amounts of principal repayments and interest receipts on AID foreign currency loans which are transferred to the credit of Treasury foreign currency accounts. The account also shows the amounts of foreign currencies which have lapsed for use in accordance with P.L. 480 sales agreements and are returned to the Treasury.

5C5b(1)(f)

Debits	Credits	Balance Dr.	Balance Cr.	Entity 1	Entity 2	Entity 3	Entity 4	Entity 5
(1) Close out of balance in account at the end of the fiscal year. Contra: 909.	(1) Principal repayments and interest receipts on foreign currency loans collected at the Mission. Contra: 909.							
	(2) Principal repayments and interest receipts collected on Cooley loans by Agent Banks and transferred through the USDO to the Treasury. Contra: 909.							
	(3) Lapsed foreign currencies under P.L. 480 sales agreements returned to the Treasury. Contra: 909.							

(2) Funds Available for Expenditure

(a) Account 921, Unobligated Allotments - AID Funds | | x | x | x | | | |

This account shows the amounts of foreign currency allotments made either by the Mission or by AID/W for the funding of foreign currency programs authorized under MSA, P.L. 480, or the FAA.

Debits	Credits
(1) Return to the Treasury of balance in the allotment for stated project or activity. Contra: 901.	(1) Allotment of funds controlled in AID 72 FT accounts either by the Mission or AID/W. Contra: 901.
(2) Amounts obligated. Contra: 931.	

(b) Account 922, Unused Disbursing Limitation | | x | | | | | x

This account shows the amount available for disbursing Cooley loans to borrowers by the Mission or Agent Banks in accordance with the disbursing limitation from AID/W. Under these procedures the funds are not obligated by the Mission but by AID/W allottees.

Debits	Credits
(1) Balance remaining after disbursing individual Cooley loans. Contra: 902.	(1) Limitation on disbursement of Cooley loans by Mission or Agent Bank as authorized by AID/W. Contra: 902.
(2) Amounts disbursed. Contra: 942.	

(c) Account 923, Unused Counterpart Receipts | | x | | | x | |

This account shows the funds deposited and available in Special Account bank accounts for the purpose and projects encompassed in applicable agreements with the cooperating country. Under these procedures the funds are not previously obligated by the Mission.

	Balance		Entity				
	Dr.	Cr.	1	2	3	4	5
Debits: (1) Balance transferred after completion of projects or activities as provided in country agreements. Contra: 903. (2) Amounts disbursed. Contra: 943. Credits: (1) Available deposits in Special Accounts for use as agreed to with country government. Contra: 903.							
(d) Account 924, Unobligated Allotments - Trust Fund Receipts		x				x	
This account shows the unobligated balance of the cash contribution by the cooperating government in accordance with the trust agreement.							
Debits: (1) Amounts obligated. Contra: 934. (2) Balance closed upon termination of agreement. Contra: 904. Credits: (1) Available cash deposited by cooperating government in trust account. Contra: 904.							
(e) Account 931, Undelivered Contracts and Orders (Obligations Incurred) - AID Funds		x	x	x			
This account shows the amounts of funds in the AID 72FT accounts which are obligated for projects and activities under foreign currency programs authorized in the MSA, P.L. 480 and the FAA.							
Debits: (1) Amounts of accrued expenditures based on delivery or performance. Contra: 936. Credits: (1) Amounts obligated. Contra: 921 or 950.							
(f) Account 934, Undelivered Contracts and Orders (Obligations Incurred) - Trust Funds Receipts		x				x	
This account shows the unliquidated balance of trust fund obligations incurred in accordance with the trust agreement.							
Debits: (1) Amounts of accrued expenditures based on delivery or performance. Contra. 938. Credits: (1) Amounts obligated. Contra: 924.							
(3) Expenditures of Allotments, Limitation and Receipts							
(a) Account 936, Unpaid Contracts and Orders Received - AID Funds		x	x	x			
This account shows the amount of goods and services or invoices received for which payables to vendors and suppliers have been established on a current transaction basis. The account also reflects estimates of accrued liabilities for expenses incurred for which documentation, such as receiving reports, has not been furnished.							

Debits	Credits	Balance Dr.	Balance Cr.	Entity 1	Entity 2	Entity 3	Entity 4	Entity 5
(1) Liquidation of payables for deliveries received or other performance rendered. Contra: 941.	(1) Deliveries or other performance for which firm liabilities are incurred. Contra: 931.							
(2) Reversal of monthly accruals of estimated expenses. Contra: 931.	(2) Accrual of estimated expenses at the end of the month. Contra: 931							
(b) Account 938, Unpaid Contracts and Orders Received - Trust Fund Receipts			x				x	
This account is used for trust fund operations for the same purpose as described under Account 936 above.								
Debits	Credits							
(1) Liquidation of payables for deliveries received or other performance rendered. Contra: 944.	(1) Deliveries or other performance for which firm liabilities are incurred. Contra: 934.							
(2) Reversal of monthly accruals of estimated expenses. Contra: 934.	(2) Accrual of estimated expenses at end of the month. Contra: 934.							
(c) Account 941, Disbursed Allotments - AID Funds			x	x	x			
This account shows disbursements applicable to activities and projects for which funds were obligated in accordance with programs authorized under the MSA, P.L. 480, or the FAA.								
Debits	Credits							
(1) Balance transferred to Account 901, Allotments, upon completion of project or activity funded under a specific foreign currency allotment for the purpose. Contra: 901.	(1) Amounts of disbursements. Contra: 936.							
(d) Account 942, Used Disbursing Limitation			x					x
This account shows the disbursements made by the Mission or Agent Banks, under the disbursing limitation authorized by AID/W, to borrowers under the Cooley loan program.								
Debits	Credits							
(1) Balance transferred to Account 902 upon completion of disbursements of individual Cooley loans. Contra: 902.	(1) Mission disbursements of Cooley loans. Contra: 922.							
	(2) Agent Bank disbursements of Cooley loans as reported in "Debit Advices" to the Mission. Contra: 922.							

5C5b(3)

	Balance		Entity				
	Dr.	Cr.	1	2	3	4	5
(e) Account 943, Used Counterpart Receipts		x			x		
This account shows the amounts of counterpart receipts released for projects and activities agreed to with the cooperating country under the applicable agreement.							
Debits							
(1) Balance transferred to Account 903, Counterpart Available Receipts, upon completion of projects or activities pursuant to applicable agreement. Contra: 903.							
Credits							
(1) Fund releases for approved purposes. Contra: 923.							
(f) Account 944, Disbursed Allotments - Trust Fund Receipts		x				x	
This account shows disbursements applicable to projects or activities for which funds were obligated in accordance with the trust agreement.							
Debits							
(1) Balance transferred to Account 904, Trust Fund Available Receipts, upon termination of agreement. Contra: 904.							
Credits							
(1) Amounts of disbursements. Contra: 938.							
(g) Account 945, Currency Use Offset Per Agreement	x				x		
This account represents total currency use offset provision in U.S. dollars in accordance with P.L. 480, Title I, sales agreement.							
Debits							
(1) To record the amount provided for currency use offset in P.L. 480, Title I, sales agreement, in U.S. dollars. Contra: 946.							
Credits							
(h) Account 946, Undisbursed Currency Use Offset		x			x		
This account represents the undisbursed portion of the total currency use offset provision in U.S. dollars in accordance with P.L. 480, Title I, sales agreement.							
Debits							
(1) To record U.S. dollar equivalent amounts of currency use offset disbursements. Contra: 947.							
Credits							
(1) To record the amount provided for currency use offset in P.L. 480, Title I, sales agreement, in U.S. dollars. Contra: 945.							

5C5b(3)

Balance		Entity				
Dr.	Cr.	1	2	3	4	5
	X			X		
	X	X				

(i) Account 947, Currency Use Offset Disbursements

This account represents the disbursed portion of the currency use offset provision in U.S. dollars in accordance with P.L. 480, Title I, sales agreements.

Debits	Credits
	(1) To record U.S. dollar equivalent amounts of currency use offset disbursement. Contra: 946

(j) Account 950, Unobligated Transfers from Other Agencies

This account shows suballocations of foreign currencies from other Government agencies.

Debits	Credits
(1) Amounts obligated. Contra: 931.	(1) Funds suballocated by other agencies to Mission as provided in AID/W allotment advice. Contra: 901.
(2) Withdrawal by AID/W of balance in suballocation account. Contra: 901.	

6. Implementation of General Ledger Controls

a. Administration of Projects and Activities

The general ledger controls prescribed in 5C4 above apply to projects or activities administered directly by the Mission or implemented by the cooperating country. Where the applicable agreement provides that the cooperating country carries on the project, the country is required to maintain adequate accounting records in order to provide the Mission with the information necessary for establishing the controls prescribed in these procedures.

b. Counterpart Special Accounts/P.L. 480, Title *III*, Loan Forgiveness Special Account

(1) The controls prescribed for these Special Accounts are limited to the determination of the cash status of each counterpart fund as the result of receipts, deposits, and releases or withdrawals. Detailed records on the utilization of the funds are the responsibility of the cooperating country. However, Missions exercise latitude in maintaining supporting records or accounts for improvement of control over deposits and withdrawals of counterpart funds and identification of activities for which funds are released. Related guidelines are set forth in 5G. These requirements apply to ongoing activity in Special Accounts "A" and "C" and to liquidating activity in Special Accounts "B" and "D." Under the 1971 policy change, counterpart formerly administered by AID in Special Accounts "B" and "D" is not deposited under new agreements (with exceptions for special circumstances) but controlled and utilized by the recipient country for agreed upon purposes and periodically reported and certified by the country's audit authority for Agency program needs. AID does not require special accounts, but instead relies, as in the case of local currencies generated under nonproject loans, on the borrower's internal reports and verification procedures to determine actual currency allocation after the fact. See Handbook 4 - Nonproject Assistance, Chapter 7.

(2) Counterpart-type controls are adapted to deposit by the recipient country of P.L. 480, Title I sales proceeds pursuant to currency use offset provisions of *Title III* agreements. These local currencies are not counterpart but are administered by the Mission on a modified basis developed from counterpart accounting and reporting as set forth in 5G.

5C6

c. Cooley Loan Program

The controls for this program are for the purpose of assuring improved and more effective management of the funds disbursed by either the Mission or Agent Banks to borrowers who are located in the cooperating country. In view of the nonoperational character of the program in contrast to that of other substantive foreign currency programs which are carried out at the detailed project or activity level by the Mission or the cooperating country, only certain limited controls affecting disbursing operations and the status of disbursing authority are prescribed.

d. Other Foreign Currency Programs

The bulk of the controls prescribed in these procedures applies to projects and activities authorized under programs provided in the MSA, P.L. 480, and the FAA. *Uniform controls are required* for these programs, as well as for programs under 5C6b and 5C6c, *as a basis for* reporting to and consolidation at AID/W.

e. Deviations

Additional general ledger accounts may be established at individual Missions, with concurrence of AID/W, if such accounts are susceptible to consolidation with prescribed accounts. The Mission submits proposed new controls for AID/W review and approval. Where it does not appear that an additional account can be thus consolidated, the Mission does not submit the proposed control for review and approval by AID/W, and the account is not reflected in the Mission general ledger.

7. Accounting Transactions and Standard Journal Entries

Accounting transactions and standard journal entries for both proprietary and budgetary accounts applicable to AID foreign currency programs are set forth in Exhibit B. The chart shows in summary form the controls which apply to recurring transactions. The illustrative entries are grouped in related categories and show posting media and records of original entry. The integration of proprietary controls with budgetary controls is illustrated by including collateral entries on fund availability and utilization. Detailed explanation of and guidance for use of documents and records is contained in 5D.

5D Documents and Records

1. Relationship of Documents and Records

a. Application to Program Entities

Exhibit 5C schematically illustrates the input and processing of documents prescribed in this system in the Mission records on the

several foreign currency program entities as defined in 5C. Exhibit 5D sets forth the significant documentation supporting the accounts and records with each document cross-referenced to the applicable entry or entries shown in the standard journal entries in Exhibit 5B. In the case of Entities Nos. 1, 2, and 4 (AID FT accounts and foreign currency trust fund), the scope of activity and the nature of the transactions are uniform in most respects. For Entities No. 3 (Counterpart Special Accounts) and No. 5 (Cooley loans), the transactions are more limited in scope and the transactions are specialized in nature. To the extent appropriate, however, similar documentation is used for all five program entities.

b. Uniformity of Records

These procedures continue in effect certain basic records, for normal Mission accounting operations; e.g., Allotment Ledger, Object Class Distribution Ledger and Project Ledger. In addition, the system prescribes the maintenance of a Transaction Register as a record of original entry from which most proprietary controls are posted periodically to the general ledger accounts. The budgetary controls continue to be posted to the general ledger from the Allotment Ledger. The system provides for certain adaptations of the foregoing records for transactions pertaining to Entities No. 3 (Counterpart Special Accounts) and No. 5 (Cooley loans). *Project Ledger format and procedures give effect to requirements under the Project Accounting and Information System (PAIS) segment of the revised AID programming, implementation, and evaluation concepts of PBAR.*

c. Subsidiary Records and Files

As shown in Exhibit 5C, subsidiary records and files are used in the system to the extent applicable to the several foreign currency program entities.

2. Basic Accounting Processes

a. Daily Transactions

(1) Daily transactions, supported by the documents delineated in Exhibit 5D, are recorded in the books of original entry (Transaction Register and Allotment Ledger). The Transaction Register reflects daily operating activity which affects primarily the general ledger proprietary controls. The Allotment Ledger, which serves as a combination journal-ledger, reflects transactions affecting the status of the allotment for the fund concerned. Documents are posted daily to detailed subsidiary ledgers immediately after the amounts are recorded in the books of original entry. Subsidiary ledgers are identified in two groupings, viz., (a) those related to the costing of individual projects and distribution of transactions by object class, and (b) those supporting noncash asset accounts

and accounts payable in the general ledger. The records in group (a) are the Project Ledger and the Object Class Distribution Ledger; those in group (b) are the subsidiary ledgers on property, travel advances, quarters allowances advances, contractor advances, accounts receivable, loans receivable, and accounts payable. Missions exercise judgment in determining the extent to which the detailed records in group (b) should be expanded for improved accounting control or other management needs and assure prior AID/W concurrence.

(2) *Basic guidelines on Mission allotment and project accounting set forth in Chapter 8 of this Handbook, the Mission Controller Guidebook and in related instructions for implementing the new PAIS procedures for achieving the objectives of the total PBAR concept are applicable to the recording and control of daily transaction activity for foreign currency programs and activities. References to the AID directives system on the maintenance of records giving effect to PAIS are listed in Exhibit 5E.*

b. Budgeted Controls at Project Level

Where implementation of a foreign currency program is pursued within the context of a "project," the system provides for the notation in the Project Ledger of budgeted amounts of expenditures as a basis for comparison and monitorship with actual performance. *The foreign currency Project Ledger additionally reflects such modifications for revised or improved formats as prescribed by the PAIS segment of PBAR in compliance with new requirements for project accounting and reporting. See also Chapter 8E4 of this Handbook.* Where the project is being carried out by the Mission, with procurement and other specific performance controlled by it, the amounts shown for both budgeted and actual activity are at the detailed implementation level. In the case of implementation by the cooperating country, as is true in the majority of loan-funded projects, budgeted and actual activity may be at a broader level of control when the cooperating country's records do not support accounting by the Mission at implementation levels comparable to the detail maintained for projects carried out by the Mission. *Under the new PAIS procedures loan as well as grant projects are projectized as provided in PAIS implementation guidelines. The cooperating country should be encouraged to maintain adequate detailed accounts as a basis for supporting input to Mission records by project input, modified cost component, or other level compatible with PAIS. Input by method of implementation (MOI) level is terminated under PAIS. "Budgeted" amounts are established in relation to the activity levels in the Operating Year Budget or other AID/W approval document if applicable to foreign currency programs. As required Missions develop subsidiary analyses of budgeted or planning projections of obligations and accrued expenditures for internal Mission uses and in compliance with PAIS reporting criteria. See also Chapter 9F of this Handbook.*

c. Monthly Postings

The entries in the books of original entry (Transaction Register and Allotment Ledger) are summary posted at the end of each month, excepting for miscellaneous transactions which are posted to the general ledger individually either during the month or at the end of the month with the summary totals of the several monetary columns. Detailed instructions are set forth in Attachments 5A and 5B.

d. Accruals

The value of goods, services, or other consideration received and payables incurred therefor, as established by receiving reports or invoices rendered, is reflected on a current transaction basis in the Transaction Register and Allotment Ledger. These records also reflect accrued liabilities for estimated expenses at the end of the month in accordance with the concept of "constructive receipt or delivery" (based on performance) as provided in OMB Bulletin 68-10. *Project accounting for foreign currency programs implements such accrual techniques which best relate cost to accomplishment in a manner which enables management to effectively assess physical progress against financial progress in accordance with PAIS concepts and criteria. The accrual basis is jointly determined by the Mission Controller and the Project Officer, thereby providing for the possibility of the application of more than one accrual basis, or flexible accrual concept, to an individual project. The accrual basis of accounting applies to grant and loan financed foreign currency projects under the transition schedule specified in the PAIS guidelines. See also Chapter 8E4c of this Handbook.* Accruals are posted to the general ledger proprietary and budgetary accounts each month from the Transaction Register and Allotment Ledger. Amounts accrued for estimated expenses are reversed in these records at the beginning of the following month. Accruals (payables and liabilities for estimated expenses) are reflected each month in the Project Ledger as a component of total accrued *expenditures* (see 5E). At the end of the fiscal year, accruals are also shown in the Object Class Distribution Ledger *if required for Mission management needs. Reporting of foreign currency object class information is provided in Agency guidance for annual Mission Operating Expenses Budget (MOB) preparation and submission to AID/W.*

e. Monthly Trial Balance

A monthly trial balance of the general ledger for each program entity is prepared. The trail balance at the end of each quarter supports the preparation of the financial statements as provided in 5D2f below.

f. Financial Statements

The Statement of Financial Condition and the Statement of Income and Expense, two basic commercial-type financial statements, are prepared quarterly from the amounts shown in the trial balance. The financial statements reflect the financial condition and the results of operations

in terms of proprietary classifications for each integrated program entity. The financial statements are the composite of the several funds included in each program entity. If specifically prescribed by AID/W, Missions submit separate financial statements for each component fund. Also, until otherwise instructed, Missions continue to report related information in the detailed fiscal reports prescribed in 5K. Future consolidation of all Mission accounting reports on foreign currency fund utilization and status in a single comprehensive set of financial statements is under consideration toward conduct of more efficient, economical, and effective reporting.

g. Reconciliation of Costs, Accrued Expenditures, Obligations, and Allotted Funds

Monthly, the Mission reconciles the amounts shown in the Project Ledgers to accrued expenditures, including accruals for estimated liabilities not previously recorded; total accrued expenditures to amounts obligated under each allotment; and obligations to total funds allotted under each fund. This reconciliation is performed by worksheet preparation. At the end of each quarter, the reconciliation is attached as a supporting schedule to the financial statements identified in 5D2f above. Detailed instructions are contained in 5H and 5J.

h. Counterpart Special Accounts

These procedures do not formally prescribe detailed project accounting under Counterpart Special Accounts. Missions exercise latitude in the degree of detailed recordkeeping considered necessary and feasible for control over the release and utilization of counterpart funds and for reporting thereon, together with deposits, to the cooperating country. See 5G for specifications and limitations applicable to refinements of basic records and accounting controls. Detailed accounting at the project level or for approved country purposes is generally the responsibility of the cooperating country. The country furnishes operating information to meet the Mission's needs for reporting to AID/W and internal management purposes. However, the minimum accounts and records prescribed by this system are in terms of both proprietary and budgetary controls. In view of the limited number of proprietary controls and the comprehensive coverage of financial activity in the fiscal-type reports prescribed in 5K, the Statement of Financial Condition and Statement of Income and Expense are not required for counterpart funds.

i. Cooley Loans

Although not funded by Mission allotments, Cooley loans are subject to the same double-entry accounting controls as prescribed for the several other foreign currency program entities covered by this system. The controls are applied to both Mission and Agent Bank implementation under

disbursing authority from AID/W. Monthly trial balances and quarterly financial statements are prepared as in the case of the other foreign currency programs, with the exception noted in 5D2*h* above. The fiscal-type reports prescribed are the Schedules of Loan Disbursements and Collections and the *Summary of Allotment Ledger Transactions and Reconciliation with Disbursing Officer's Accounts -- U.S.-Owned or Controlled Foreign Currencies, Report Control Symbol* U-106, in support of Advice of Charge to AID/W. *These requirements apply to local currencies made available under the CUP provision of P.L. 480, Section 103(b), for U.S. uses under the Cooley Loan Program; or to reallocation of foreign currency loan repayments of principal and interest for the same purpose.*

j. Deviations

Operating details which do not contravene the basic principles and methods underlying the system prescribed herein are at the discretion of the Mission. These details include maintenance of files, identification of additional subsidiary records to support the general ledger controls, coding and vouchering documents, "batch" postings versus individual document postings, etc. In some instances, documents held in a file arrangement may be considered as constituting a subsidiary ledger. An example is the documentation on accounts payable under which receiving reports may be filed as part of the Unliquidated Obligation File while the invoice rendered by the supplier or vendor supports the subsidiary Accounts Payable Ledger; or the two may be held in a single record or file. See also 5B9.

k. Identification of Funds *and Codes* on Documents

Documents supporting the accounts are clearly annotated, either by codes developed by the Mission or by applicable fund symbols to assure association with the pertinent fund. Subsidiary records may be identified also by individual fund accounts within each integrated program entity. In effect, property coded documents constitute subsidiary records or files. *In addition, foreign currency project and activity documentation reflects applicable codes prescribed in the Activity Identification and Classification System (AICS) or use in the PAIS segment of PBAR. See Handbook 18 - Information Services, Appendix D, AID Codes and Numbering System, and Handbook 3 - Project Assistance, Appendix 6B, AICS.*

l. Use of Documents and Records in Individual Program Entities

The principal relationships among the elements of the accounting system and concepts of control as explained above in the processing of documents through the accounts and records are amplified in the detailed procedures in the succeeding parts of this handbook for each program entity.

3. Documents

Exhibit 5D, Detailed Transaction Documents - AID Foreign Currency Program, sets forth 25 basic documents or groups of related documents which support the fiscal and financial information in the Mission accounts and records. The chart shows the following information for guidance in processing documents.

a. Form number - AID, SF, or FS

b. Document title or other designation

c. Authority and basic instruction for use - AID Handbook, GAO Manual for Guidance of Federal Agencies, Foreign Affairs Manual (Department of State), and regulatory agencies requirements.

d. Cross-reference to the standard journal entries, Exhibit 5B, in which the documents are cited as posting media.

Exhibit 5D does not preclude Missions from using other appropriate documentation which accurately and completely validates and supports the entry of pertinent accounting data in the accounts and records. Additional documents must be compatible with regulatory criteria and Agency guidelines on obligations, disbursements, fund availability, and other activity which affect the integrity of the Mission accounts.

4. Records and Files

a. Transaction Register

(1) The basic format, Attachment 5A, is applicable to activity identified with program Entities Nos. 1, 2, and 4 (controlled in AID FT accounts) and foreign currency trust account. Attachment 5A(1) is an adaptation of the Transaction Register for activity identified with program Entity No. 5 (Cooley loans); and Attachment 5A(2) is a further modification of the Transaction Register for counterpart activity and activity relating to currency use offset deposits. Where there are several Counterpart Special Accounts at a Mission, a separate Transaction Register is used for activity identified with each Special Account. A separate Transaction Register is maintained for activity under currency use offset deposits pursuant to P.L. 480 Section 305(a) referred to as Title III.

(2) The Transaction Register is not a prescribed AID form. Missions establish this record locally. Adaptation of SF 1016, Distribution Ledger, with appropriate column captions and other identifications is suggested. As considered feasible and practical, the columnar detail below the "Debits" and "Credits" group captions may be expanded. Accounts not specifically provided in the individual debit or credit columns are shown in the "miscellaneous" columns, respectively.

(3) The Transaction Register is a record of original entry in which are recorded (a) cash (or equivalent) receipts, disbursements and balance; and (b) miscellaneous noncash transactions. In addition, Exhibit 5A shows certain data peculiar to project-type activity characteristic of operations under Entities Nos. 1, 2, and 4. Detailed explanation of the use of the Transaction Register follows the format of *Attachment* 5A.

(4) Estimated liabilities for unpaid expenses not reflected in the payables incurred during the period are recorded as accruals in the Transaction Register at the end of each month. These accruals are included in the monthly columnar totals which are posted to the general ledger. Entries in the "Miscellaneous" columns are posted individually either during the month or at the end of the period. *As appropriate payables are established on the flexible accrual basis in accordance with the concept in PAIS.*

(5) Collateral budgetary controls over transactions shown in the Transaction Register are reflected in the Allotment Ledger as described in 5D4b. Amounts due vendors and suppliers for goods and services received and/or bills or invoices rendered remain in the accounts (proprietary and budgetary) until liquidated by disbursement of funds. Monthly accruals for estimated expenses as shown in the Transaction Register and Allotment Ledger are reversed at the beginning of the following month. The impact of accruals (payables and estimated liabilities for unpaid expenses) on project activity is reflected each month in the Project Ledger as an increment in total accrued expenditures (including disbursements) for the period. Accruals are not carried forward in the Project Ledger to the following month except at the end of the fiscal year when the June 30 accruals are reversed in the opening entry on the new fiscal year Project Ledger. See 5D4d below and 5E3e.

(6) All disbursement transactions recorded in the Transaction Register are also posted on a current activity basis to the Allotment Ledger, Project Ledger, and Object Class Distribution Ledger. Accruals (payables and estimated liabilities for unpaid expenses) are shown in the Object Class Distribution Ledger as of June 30 as a basis for preparation *and submission of information in the annual Mission Operating Expenses Budget to AID/W. See 5K and Chapter 11.*

(7) Distribution of cash transactions in the subsidiary Cash Receipts and Disbursements Record is described in 5E3h.

b. Allotment Ledger

(1) The format of the Allotment Ledger, SF 1015, is shown in Attachment 5B with related detailed instructions. This record is a combination journal-ledger and serves as both a record of original

entry and a subsidiary ledger. An Allotment Ledger sheet is maintained for each separate fund controlled in an AID FT account. Program Entity No. 1 comprises a number of constituent allotment accounts as shown in Appendix 5C. Program Entity No. 2 *reflects allotment accounts for funds* authorized in appropriation Acts *or allocated under Presidential Determination*. Program Entity No. 4 is the AID foreign currency trust account designated in AID symbol 72FT800. For program Entities No. 3 (Counterpart Special Accounts) and No. 5 (Cooley loans), an adaptation of the Allotment Ledger is described below.

(2) Collateral budgetary controls for all program entities are prescribed in this system. Although these controls for Counterpart Special Accounts and Cooley loans are minimal, it is deemed desirable to establish an equivalent Allotment Ledger to record the impact on these controls of any transactions entered in the Transaction Register. An alternative is to develop the budgetary controls by worksheet analysis based on the entries in the Transaction Register. Illustrative Allotment Ledger equivalent records for Entity No. 3 (Counterpart Special Accounts *and Special Account "R" for currency use offset deposits*) and Entity No. 5 (Cooley loans) are shown in Attachments 5B(1) and 5B(2), respectively. Missions develop these formats.

(3) The Allotment Ledger for funds controlled in AID designed FT accounts provides a record of allotment received; obligations incurred (undelivered contracts and orders); accruals (unpaid contracts and orders received); disbursements; and the unobligated balance. A single ledger is maintained without regard to fiscal year. Obligations are recorded daily on the basis of individual obligating documents or by batch posting (grouping related documents by a numbered control memorandum or ticket in support of a single entry). Accruals are recorded as goods and services are received with respect to physical delivery, or as bills or invoices are rendered and estimated liabilities for unpaid expenses are established at the end of the month for amounts due but not supported by receiving reports or other documentation in accordance with the concept of "constructive receipt or delivery" based on performance. *As applicable, other accruals under the flexible accrual concept of the PAIS system are also shown.* The total of minor obligation adjustments entered in the Transaction Register is posted monthly to the Allotment Ledger. Alternatively, if required for effective fund control, Mission may post individual minor obligation adjustments on a transaction basis directly to the Allotment Ledger. At the end of the month, total obligations, accruals, and disbursements for the period are posted to the general ledger budgetary accounts. Accruals for estimated expenses are reversed in the Allotment Ledger at the beginning of the following month. Accruals reflecting payables established for goods or services received or bills or invoices rendered remain in the budgetary controls until funds are disbursed to liquidate the amount due.

(4) For Counterpart Special Accounts *and Special Account "R" (currency use offset)* and Cooley loans, the totals of the several columns provided in the illustrative formats, Attachment 5B(1) and 5B(2), are posted to the budgetary controls monthly; or alternatively, determined by worksheet analysis and the related totals posted to the general ledger by journal voucher, SF 1017G.

(5) The Allotment Ledger is the basis for the preparation of allotment reports to AID/W and related information to the cooperating government. See 5K.

(6) The formats of Attachments 5B(1) and 5B(2) do not provide for "Obligations Incurred" as shown in Attachment 5B. This omission is related to the nature of Mission activity under these entities concerned chiefly with (a) establishing the limitation on expenditure activity and (b) expending funds within the limitation. For Cooley loans, the obligation, represented by the value of the loan agreement, is controlled in the accounts maintained by AID/W. Under Counterpart Special Accounts *and Special Account "R" (currency use offset)*, the concept of obligation control does not generally apply.

(7) Provision for "Administrative Reservations" of funds is shown in Exhibit 5B. Such amounts are recorded in the Allotment Ledger only where necessary for internal control and information purposes.

c. General Ledger

(1) This is the principal financial record of each foreign currency program entity. Separate accounts are established for each control classification applicable to each program entity as set forth in Exhibit 5A. Subsidiary accounts are maintained for each AID FT account or separate Counterpart Special Accounts *and Special Account "R"* within respective program entities. Additional accounts may be established by the Mission if deemed useful for more effective accounting operations; however, such accounts must be susceptible to consolidation with the controls prescribed in this system. The General Ledger is the basis for preparation of financial statements and, together with the Allotment Ledger, fiscal reports to AID/W and the cooperating government. The Mission may initiate locally designed ledger sheets in place of SF 1014 but should assure the complete recording of descriptive and financial data. Attachment 5C is the standard General Ledger format.

(2) The General Ledger for each integrated program entity is clearly labeled and maintained in suitable permanent binders or other appropriate container permitting ready working access and current reference.

d. Project Ledger

(1) The basic format is shown in Attachment 5D. The Project Ledger is used for foreign currency projects funded by AID foreign currency allotments held in Mission allotment accounts or by the foreign currency trust fund. As determined by individual Missions, detailed project accounting for Counterpart funded projects *or projects funded from currency use offset deposits* is performed in accordance with the needs of the Mission but is not specifically prescribed. Project accounting is not applicable to the program entity for Cooley loans. *The Project Ledger in Attachment 5D is susceptible to reformatting when the new requirements prescribed in PAIS are formally installed and implemented for Mission project accounting and reporting, including activity under foreign currency projects. Conversion instructions are provided in the Mission Controller Guidebook.*

(2) Project Ledgers for the program Entities Nos. 1, 2, and 4, as indicated above, show for each fiscal year the amounts of budgeted expenditures, pursuant to the *Operating Year Budget or other program approval* as a first-line entry on the Project Ledger at the beginning of the fiscal year. The amounts are distributed in the expenditure columns by *project input or other component breakdown compatible with PAIS input classifications, excluding method of implementation.* The entry is ruled before any activity for the fiscal year is posted. Detailed instructions are set forth following Attachment 5D. Where the *Operating Year Budget or other program approval* figures are not available as of the beginning of the fiscal year, Missions reflect the best planning estimates in process of development for program approval by Mission and AID/W authority. Upon confirmation and approval, the July 1 estimated planning figures are revised, as appropriate, and remain in effect thereafter as firm projections for the fiscal year.

(3) The Project Ledger format provides detailed project data for internal management requirements of the Mission as well as *those prescribed by PAIS and, where applicable, the needs of the* cooperating government. The Project Ledger must support the information to be shown on the Mission foreign currency project reports *emanating from PAIS. See 5K and Appendix 5D of this chapter.*

(4) Project *obligations and* expenditures by detailed object class are entered in the Object Class Distribution Ledger as provided in 5D4e below.

(5) In addition to periodic verification procedures, Project Ledger expenditure activity is reconciled at regular intervals with related controls in the general ledger operating expenses, property acquisition, and income accounts.

(6) *Instructions on the reformatting of Attachment 5D for conformance with PAIS when the system becomes fully operative is provided in the Mission Controller Guidebook.*

e. Object Class Distribution Ledger

(1) The format shown in Attachment 5E is maintained by allotment. The record supports the preparation *of information submitted in the Mission Operating Expenses Budget to AID/W with respect to the use for Mission operations of funds allotted* under program Entities Nos. 1, 2, and 4 (AID foreign currency accounts and foreign currency trust fund). *The record is also the source for submission to AID/W of the Report of Obligations by Object Class, Report Control Symbol U-756/4, in support of the schedules in the President's Budget and for OMB requirements on civilian personnel costs pursuant to OMB Circular A-93. Other special reports prescribed by AID/W on obligations by object class for development and execution of the Agency Operating Expenses Budget reflecting use of foreign currency trust or U.S.-owned foreign currencies are derived from this record. See also 5K and Appendix 5D.*

(2) Entries in the Object Class Distribution Ledger are cross-referenced to the applicable project. However, in addition, the Project Ledger may be expanded to accumulate detailed expenditures as provided in 5D4d(3) above. Missions exercise judgment in modifying the Project Ledger for this purpose without duplicating the data available in the Object Class Distribution Ledger. Detailed instructions are set forth in Attachment 5E.

f. Other Subsidiary Ledgers

(1) Property

Subsidiary records on property acquisitions, by investment, donation, or purchase, are maintained on SF 1014 or other appropriate format. These ledgers reflect the details of property acquisitions under each of the three general ledger control classifications shown in Exhibit 5A. As also shown, *the transactions recorded in these subsidiary ledgers relate to AID foreign* currency or trust fund activity in program Entities Nos. 1, 2, and 4. Reports on property acquisitions under AID foreign currencies are submitted only as specifically prescribed by AID/W.

(2) Travel Advances

Subsidiary records are maintained on SF 1038, Application and Accounts for Advance of Funds. The subsidiary records contain the detail supporting general ledger control Account X201, Travel Advances Outstanding, which pertains to activity funded by program Entities Nos. 1, 2, and 4. These records comprise the Travel Advance Ledger.

(3) Quarters Advances

Subsidiary records are maintained on the form for Request for Advance Payment - Temporary Lodging or Living Quarters Allowances. The records provide the detail supporting general ledger control Account X202, Quarters Advances Outstanding, which pertains to activity funded by program Entities Nos. 1, 2, and 4. These records comprise the Quarters Allowance Advance Ledger.

(4) Advances to Contractors

Subsidiary records on advances to contractors from funds in AID foreign currency accounts are maintained in the Status of Advances to Contractors ledger. The ledger supports, in part, general ledger Account X203, Advances - Other, and is applicable to program Entities Nos. 1, 2, and 4.

(5) Accounts Receivable

Amounts due as the result of refund or reimbursement billings in foreign currency attributable to foreign currency programs are identified in subsidiary Accounts Receivable records by debtor or other entity for which an indebtedness is established in the Mission accounts SF 1014 or other appropriate format may be used for these records. Documentation and procedures for foreign currency billings should be in general accord with the current requirements (*see Chapter 7*) with necessary adaptation for the characteristics of Mission foreign currency programs. These subsidiary records support general ledger control Account X206, Receivables - Other, for billings generated under program Entities Nos. 1, 2, and 4. Subsidiary records on Counterpart billings *or billings for currency use offset deposits in Special Account "R"* under program Entity No. 3 are not generally required since the amounts due in most cases originate with the cooperating government. However, amounts due under the nonliquidating Special Accounts "A" *and* "C" *or Special Account "R" for currency use offset deposits* are clearly indicated on the supporting documentation.

(6) Accounts Payable

These subsidiary records are established to show amounts owed by the Mission to individual vendors, suppliers, or others for goods and services delivered or other performance rendered based on receiving reports, documentation of bona fide delivery and/or invoices outstanding. The records reflect transactions as incurred. *See also 5D2d and 5D4a(4) above on payables established on the flexible accrual basis.* The Accounts Payable Ledger is maintained on SF 1014 or other appropriate format showing the details of unpaid deliveries and/or bills due by

individual creditor. The ledger also includes monthly estimates of unpaid expenses as developed by worksheet analysis in support of related accruals in the accounts. At the end of each month, the ledger is verified with the general ledger control Account X401, Accounts Payable, in the proprietary controls and Accounts X936 or X938, Unpaid Contracts and Orders Received, in the budgetary controls. The ledger is also verified with the Unliquidated Obligation File and Implementation Action Status Record under the circumstances described in 5D4g below. The ledger is supported by documents in the Accounts Payable file, 5D4g(3). The Accounts Payable Ledger is used in program Entities Nos. 1, 2, and 4.

(7) Loan Ledger

(a) The subsidiary Loan Ledger format is illustrated in Attachment 5F. This record is used for foreign currency loans funded under program Entities Nos. 1 and 5. As applicable, its use may be extended to program Entity No. 2 when future activity under foreign currency appropriations is funded on a loan basis. Although the format of Exhibit 5F is identified with P.L. 480, Section 104(f) loans, it is used for loans also authorized under Section 104(e), (g), or (h), as applicable. For foreign currency loans authorized under the MSA, the "Sales Agreement" segment of the format (also used for these loans) does not apply. Instead, this space is used to identify the purpose of the underlying MSA appropriation which financed the commodity sales, proceeds of which were used to make the MSA loan involved; or to indicate other approved purpose for the loan. The subsidiary Loan Ledgers support general ledger control Account X205, Loans Receivable. Detailed instructions follow Attachment 5F.

(b) In addition to the above subsidiary Loan Ledgers, the Mission assures that the adequate related memorandum data pertaining to loans as prescribed in 6D are included as an integral part of the record. Modification of the format of Attachment 5F is not required for this purpose since in most cases documentation filed with the ledgers suffices.

(8) Cash Receipts and Disbursements Record

The purpose and use of this record is described in 5E3h.

g. Files

Mission files which are generally maintained for allotment and project accounting are shown in Exhibit 5E with references to the applicable instructions in this Handbook and related sources in the AID directives system. The Mission determines the need for and takes action on additional files considered necessary for effective financial management. See 5D2j above.

5D4g

(1) Unliquidated Obligation File

This file contains a copy of each purchase order, contract, miscellaneous obligation document, travel order, and other instruments used in recording obligations incurred. Documents are removed from this file on the basis of related accrued expenditure actions and become a part of the Accounts Payable subsidiary record as described in 5D4f(6) above. When it is necessary or desirable to leave the obligation document in the unliquidated obligation file because of incomplete liquidation action, an Implementation Action Status Record, illustrated in Attachment 5G, may be prepared in duplicate and used as (a) a document supporting the Accounts Payable subsidiary record and (b) a medium for controlling the status of the applicable obligation. The Implementation Action Status Record is filed with the obligation document. The Implementation Action Status Record is verified periodically with the related detail in the subsidiary Accounts Payable. PAIS specifications for the maintenance of the equivalent of an Unliquidated Obligation File become operative upon implementation of the system as applied to Mission foreign currency projects. The Implementation Action Status Record is modified for conformance with specialized liquidation control techniques for earmarking of project funds established by project implementation *documents as prescribed by PAIS; i.e., PIO's and PIL's. See Chapter 8E4 of this Handbook.*

(2) Liquidated Obligation File

Liquidated obligation documents for each allotment are filed together in document number sequence.

(3) Accounts Payable File

This file supports the related subsidiary record as described in 5D4f(6) above. The file contains a copy of each document on which is indicated the receipt of material, equipment and/or services for which payment is due a vendor, employee, contractor, or other payee. Documents may be receiving reports, annotated copies of obligation documents, worksheets showing schedules of prepaid expense writeoffs, estimates of accrued liabilities for unpaid expenses at the end of the month such as unpaid travel claims, utilities, rents, etc., as developed by supporting worksheet analysis. The file is reconciled monthly with the Accounts Payable Ledger at the level of specific payee or other creditor concerned. The total of reconciled payables and accrued liabilities is verified, in turn, with the general ledger proprietary control in Account X401, Accounts Payable, and the general ledger budgetary controls in Accounts X936 or X938, Unpaid Contract and Orders Received.

(4) Journal Vouchers

The file contains Journal Vouchers, SF 1017G or equivalent, relating to the indicated transactions shown in Exhibit 5D and other related activity for which specific documentation is not otherwise prescribed. The Journal Vouchers are filed in numerical sequence, beginning with number "1" each fiscal year for the respective program entity concerned.

(5) Paid Vouchers

This file contains copies of all vouchers processed for payment by the USDO against the AID FT accounts included in program entities Nos. 1, 2, and 4. Reconciliation of the current month's paid vouchers with disbursements shown on the USDO Foreign Currency Statement of Transactions and Account Current is required under this system. For the Cooley loan program entity No. 5, vouchers certified for payment by the Mission are similarly filed and reconciled with the Statement of Transactions; however, Agent Bank disbursing is under the accountability of the Chief, SER/FM/LD, and paid voucher files on the latter activity are not maintained. Missions assure that appropriate additional files are established with respect to "Debit Advices" received from Agent Banks in support of the Loan Ledgers.

(6) Other Files

(a) Documentation supporting activity under the several Counterpart Special Accounts *or Special Account "R" for currency use offset deposits* for which a Mission has responsibility is filed properly by general ledger accounting controls *shown in Exhibit 5A for these* operations as a basis for reporting to AID/W and the cooperating government.

(b) Other files are established as required. See 5D2*j* above. An example is a file for batch posting memoranda containing the original copy of each batch posting memorandum in numerical sequence; the documents referred to in the memorandum are filed in the respective files.

5E. Operating and Accounting Procedures--MSA, P.L. 480, and FAA Foreign Currency Programs (Entities Numbers 1 and 2)

1. Authorities

The availability and utilization of foreign currencies controlled in AID FT accounts which comprise program entities Numbers 1 and 2 under this system are subject to the following legislative, regulatory, and Agency administrative requirements.

a. Section 1415 of the Supplemental Appropriation Act of 1953, Public Law 547, 82nd Congress

(1) Foreign currencies generated from P.L. 480 Title I sales agreements are available to AID, for the purposes provided in such agreements, without reimbursement to the U.S. Treasury either by express exemption from or waiver of Section 1415 as provided in Section 104.

(2) Foreign currencies from MSA sales of agriculture commodities are exempt from the requirements of Section 1415 and are available for country use without expenditure of appropriated dollars.

(3) Foreign currencies arising from FAA *authorities in Sections 612(a) and 614(a)* are available without reimbursement, *including* foreign currencies for Section 214(d) *and other* programs provided for in an appropriation Act.

b. Section 1311, Public Law 663, 83rd Congress, As Amended

Foreign currencies for these programs are subject to the requirements of Section 1311 of the Supplemental Appropriation Act, 1955 (P.L. 663, 83rd Congress), as amended, in the same manner as U.S. dollar funds.

c. Section 3679, Revised Statutes, As Amended (31 USC 665)

Foreign currencies for these programs are subject to the requirements of Section 3679, Revised Statutes, prescribing the maintenance of an agency system of administrative controls over the obligation and expenditure of available funds.

d. Allocation and Apportionment Processes

These foreign currencies are subject to the allocation and apportionment controls of the OMB as follows:

(1) Allocations of foreign currency sales proceeds for P.L. 480, Title I, programs administered by AID pursuant to Sections 104(e), 104(f), and 104(h) are automatically allocated based on the amounts provided in sales agreements. Sales proceeds for Sections 104(d) and 104(g) grants are subject to specific allocations. Appropriated foreign currencies are automatically allocated.

(2) Apportionments of foreign currencies generated under the MSA and P.L. 480 for AID programs are granted by the OMB as indefinite apportionments of all unobligated balances as of the previous June 30 plus funds to be deposited in the current fiscal year. These currencies are no-year funds which are available until expended subject to annual

apportionment in accordance with OMB Circular A-34. In addition, foreign currencies which are available in *an* appropriation Act are subject to specific apportionment by the OMB as annual funds.

(3) Since conversion to a dollar credit sales basis, funds generated under P.L. 480, Title I, are limited to the exception provided in Section 103(b) for CUP deposits for U.S. uses, which include the purposes of Section 104(e) and Section 104(h) subject to this system.

e. AID Allotment Processes

(1) Foreign currencies for the programs covered in 5E, except currencies provided in an appropriation Act, are made available to Missions in accordance with automatic allotment authorization transferred to the Missions. Foreign currencies provided in an appropriation Act are allotted by AID/W to Missions.

(2) Foreign currency allotments by the Mission are subject to program levels established under the AID/W approval process as evidenced by the *Operating Year Budget* or other AID approval document; e.g., telegram, airgram, etc., furnished to the Mission. The allotment is the lesser of the (a) amount deposited and transferred to the specific AID 72FT account or (b) the approved program level established by AID/W.

(3) Treasury Form No. BA 6901, Foreign Currency Transfer Authorization, initiated by the U.S. Treasury, establishes the amount available in a specific AID FT account. Form 6901 effects the transfer of foreign currency to an AID FT program account for the purposes specified in sales agreements, other international agreements or OMB allocations. In the case of P.L. 480, Title I, currencies, Form 6901 shows the Treasury holding account 20FT680 from which the funds are withdrawn. Foreign currencies for MSA and FAA programs are transferred directly into AID FT account concerned.

(4) The Mission Controller arranges with the servicing USDO to receive a copy of the Form 6901 as soon as possible after receipt from the Treasury and takes prompt followup action to assure the transfer of funds to AID FT expenditure accounts. In some cases it may be possible to arrange for the receipt of the deposit document from the USDO or designated depositary pending receipt of the Foreign Currency Transfer Authorization from the Treasury. The actual credit in the appropriate AID FT account, however, must be documented by the Foreign Currency Transfer Authorization. Allotment action is based on the processing of the Foreign Currency Transfer Authorization in the Mission accounts.

(5) In special circumstances, the Mission may request consideration by the Treasury of priority transfers of foreign currencies to AID FT accounts in order to expedite the availability of funds for authorized purposes. The Mission request is submitted to the Geographic Bureau for approval; clearance and coordination with SER/FM; and transmittal to the Treasury. The Mission is advised of Treasury action on the request; the servicing USDO is advised directly by the Treasury and, where the funds are transferred on a priority basis, *the USDO receives* the Treasury Form 6901 with copy for the Mission.

(6) Foreign currency allotments are stated in units of foreign currency as expressed in the underlying sales or other international agreement, or OMB allocation. Dollar denominated AID FT accounts no longer apply since the programs concerned have been completed. Deposits to AID FT accounts for MSA programs, now being liquidated, have been completed except for minor adjustments. All accounting records are stated in units of foreign currency without dollar equivalent. The allotment symbol identifying the applicable foreign currency account is shown in the related Allotment Ledger.

f. Financing

Implementation of projects/activities under the foreign currency programs covered in 5E is agreed to between AID and the cooperating country in project agreements or other implementing documents, whether financed by loans or grants. These agreements or other documents formally obligate the United States to make the foreign currency available for the purpose agreed to and usually provide for disbursement of funds as needed for project/activity expenditures. *Project authorization and agreement processes are in accord with the underlying requirements in Handbook 3 - Project Assistance, Chapters 9 and 10.*

g. Uniform Controls Over Foreign Currency Loans and Grants

Both foreign currency loans and grants, including grants authorized under P.L. 480, are subject to uniform methods, techniques, and classifications prescribed for Entities Nos. 1 and 2 for control over the funds involved. Project and activity implementation, whether grant or loan funded, is reflected in these processes and governed by the classifications prescribed by the system. Utilization of grant funds is charged against the amount provided from the U.S. Government Investment - Allotted Funds, Account 501, after closing out the excess of expenses over receipts in Accumulated Net Income (or Loss) from Operations, Account 512. After transfer of residual assets under the grant to the cooperating country, the U.S. Government Investment - Allotted Funds account is closed. In the case of foreign currency loans, the disbursement of the loan does not affect the U.S. Government Investment - Allotted Funds account, since the equity of the United States is converted into a receivable from the borrower.

Upon repayment of principal and interest collection, the receipts are transferred to the Treasury. The controls over the transfers - Principal Repayments in Foreign Currency Transferred to U.S. Treasury, Account 509, and Interest Receipts in Foreign Currency Transferred to U.S. Treasury, Account 510 - together with the original amount provided in the U.S. Government Investment - Allotted Funds, Account 501, establish the status of the government's equity as reduced for these transfers.

h. Responsibility for Administering P.L. 480, Title I, Sales Programs

Primary responsibility for administering P.L. 480, Title I, sales programs rests with the U.S. Department of Agriculture pursuant to EO 10900. Responsibility for negotiating Sales Agreements, followup on compliance, commodity arrival and timely deposit of proceeds, if required under CUP provisions of sales agreements, generated as a result of commodity shipments has been delegated to the respective U.S. Embassies. Under this arrangement the U.S. Department of Agriculture reimburses the Department of State for these services. When the Mission performs these services for the U.S. Embassy, Mission reimbursement is obtained. The amount reimbursed is based on a fair and equitable charge for the cost of Mission resources applied directly to the P.L. 480, Title I, functions which are delegated to the Department of State. See also Handbook 4 - Nonproject Assistance.

2. Opening Entries - General Ledger

a. Effective Date

The effective date of the general ledger controls prescribed in this system is phased to coincide with the end of an appropriate quarter in the current fiscal year. The establishment of general ledger controls reflects the balances in the proprietary and budgetary accounts as of such date.

b. Establishing Balances

(1) The values attributable to the general ledger classifications for proprietary (real only) accounts and budgetary accounts for program Entities Numbers 1 and 2, as shown in Exhibit 5A, are established by an inventory, count and analysis of the amounts, documents and detailed records supporting these values.

5E2b

(2) The opening entry for proprietary (real) account balances consists of the following debits and credits, as appropriate, documented on a journal voucher. The "Reference" column in the journal voucher, as illustrated below, identifies the source document or other basis for establishing debit and credit balances.

Reference	Explanation	Dr.	Cr.
Undisbursed allotments verified with USDO accounts	Funds with Treasury	x	
SF 1038's	Travel Advances Outstanding	x	
Requests for Advance Payment - Quarters Allowances	Quarters Advances Outstanding	x	
Unliquidated payment documents	Advances - Other	x	
Notice of Payment Due Outstanding	Interest Receivable	x	
Memorandum loan accounts	Loans Receivable	x	
Bills for Collection Outstanding	Receivables - Other	x	
Schedule of unapplied expenses paid	Prepaid Expenses	x	
Property records	Nonexpendable Property	x	
Property records	Leasehold Improvements	x	
Documents showing amounts of goods and services received but unpaid	Accounts Payable		x
Schedule of undisbursed withholdings	Payroll Deductions Payable		x

5E2b(2)

Reference	Explanation	Dr.	Cr.
Allotments based on Treasury 6901's	U.S. Government Investment - Allotted Funds		x
Allocation Letters	Allocations to or From Other Agencies		x
Difference between (1) assets and (2) liabilities and other investment accounts	Accumulated Net Income (or Loss) from Operations		x
Principal Repayments & Interest Credited to FC Loans and Transferred to Treasury	*Principal Repayments in FC Transferred to Treasury Interest Receipts in FC Transferred to Treasury*		x

(3) The opening entry for budgetary account balances, with references to source documents or record, consists of the following debits and credits.

Reference	Explanation	Dr.	Cr.
Allotment Ledger - Treasury 6901's and Other Agency Allocation Letters	Allotments	x	
Allotment Ledger	Unobligated Allotments - AID Funds		x
Allotment Ledger - Unliquidated Obligation File	Undelivered Contracts and Orders - AID Funds		x
Allotment Ledger - Accounts Payable File	Unpaid Contracts and Orders Received		x
Allotment Ledger - Implementation Action Status Record and Liquidated Obligation File	Disbursed Allotments - AID Funds		x
Allotment Ledger - Other Agency Allocation Letters	Transfers from Other Agencies		x

(4) The Journal Voucher, SF 1017G, for the opening entry is prepared for each fund controlled in a separate AID 72FT account, numbered and dated as of the beginning of the period in which these controls are implemented; identified to the proper foreign currency account; and annotated with an explanation of the nature of the opening balances. The proprietary and budgetary account balances are set forth in two separate segments. See Attachment 5H. The opening entry vouchers are entered in separate Transaction Registers for the respective funds. Only the proprietary account balances are recorded in the Transaction Registers; the budgetary account balances, if not already reflected in the Mission Allotment Ledger are entered in the respective foreign currency account Allotment Ledger maintained for all years, current as well as prior. The opening entry in each Allotment Ledger is ruled, with the exception of the Unobligated Balance column. The opening balances in the Allotment Ledger are recorded in the applicable general ledger accounts. The opening balances in the Transaction Register are included in the monthly postings to the general ledger. The actual debits and credits to the budgetary accounts are in the amounts shown in the Journal Voucher since the opening entry in the Allotment Ledger, except for the amount in the Unobligated Balance column, shows cumulative rather than balance amounts.

(5) Accruals as shown in the opening entries in the Transaction Register and Allotment Ledger give effect to definite amounts of goods and services received but unpaid for and/or bills or invoices rendered prior to delivery as of the date the controls prescribed in the system are instituted. Estimates of accrued liabilities for unpaid expenses are not reflected in the opening entries as such accruals would be reversed immediately. However, the latter accruals will be established on a regular basis in subsequent accounting periods. See 5D4f(6).

(6) Opening balances for MSA loans financed from both loan currencies and dollars are established by prorating the total amount repaid as principal (usually in local currency) as of the date of the opening balance by the same percentages of local currencies and dollar amounts originally disbursed against the loan. Receipt of subsequent local currency principal repayments and interest for credit to the total amount due under the outstanding loan are similarly prorated with the portion applicable to the local currency segment reflected in these controls. The balance attributable to the local currency segment of the loan under this procedure does not affect the underlying controls over the full amount of the MSA loan as reflected in the official loan accounts maintained at AID/W.

c. Project Ledger Opening Balances

(1) These balances are the cumulative amounts which have been distributed in the appropriate columns in the current fiscal year on form AID 7-178 in accordance with existing instructions. Where implementation of this system occurs during the fiscal year, the Project Ledgers are totalled for the ending quarter, balanced and reconciled with the

5E2c(1)

Allotment Ledgers. If the system is implemented at the beginning of a new fiscal year, the prior year's Project Ledgers are closed and net Project Ledgers established for related projects for the new fiscal year in accordance with 5D3c. *Other requirements for conversion to PAIS apply as provided in the new system when implemented.*

(2) Accruals are reflected in the Project Ledger. Therefore, if the changeover to the system prescribed herein occurs at the beginning of a new quarter in the current fiscal year, the accruals are not carried forward. This is due to the fact that the Project Ledger, which represents a further distribution of the general ledger, is not posted from control totals in the books of original entry as are the individual accounts in the general ledger; hence, the monthly accruals are recorded anew for each month to give effect to the same cumulative accrued expenditures as reflected in the general ledger based on postings from the Transaction Register and Allotment Ledger to the proprietary and budgetary controls. However, if the procedures prescribed under the system for foreign currency project accounting are instituted at the beginning of the fiscal year, prior year accruals are reversed in the Project Ledger established for the new fiscal year. The latter procedure is required since cumulative project expenditures through June 30 include prior year accruals for which an adjustment is made at the beginning of the subsequent fiscal year in establishing cumulative expenditures since inception of the project. For opening entries on Trust Fund Project Ledgers, see 5H6b.

d. Object Class Distribution Ledger Opening Balances

These balances reflect the cumulative amounts which have been distributed to object class *obligations and* expenditures for the current fiscal year in accordance with current instructions. Where these procedures are installed during the current year, the columnar distribution amounts are pencil-footed for verification with the amounts shown in the Project Ledger and the Allotment Ledger. If implementation of the system commences at the beginning of the fiscal year, accruals are distributed with related totals in the foregoing ledgers.

3. Daily Operating Procedures

a. Control Techniques

(1) Budgetary Controls

To assure effective and efficient management of foreign currency funded programs, the Mission develops an annual budget plan establishing the level of *obligations and* expenditure activity to be funded by the respective foreign currency Mission allotments. The plan gives effect to projections which are the responsibility of the cooperating government.

5E3a(1)

The plan must also reflect proposed expenditure detail as related to specific *Operating Year Budgets* or other activity approvals emanating from AID/W. The budget plan expenditure amounts are distributed in the expenditure columns of the Project Ledger at the beginning of each fiscal year and annotated "Annual Budget Plan" in the description column. See Attachment 5D. *Budget control data and distribution in the project ledger is further adapted to PAIS specifications when implemented. See also 5D2b(2) above.*

(2) Coordination of Allotment Ledger and Project Ledger

The Allotment Ledger gives obligation and expenditure data for the entire allotment and provides data for fiscal reports on a summary overall allotment basis. Project Ledgers, maintained by fiscal year, give an analysis of allotment expenditures by individual projects. The latter record is the basis for periodic review of actual expenditures with planned operations. On the basis of the amount of variance, action may be taken to revise the plan or correct deficiencies in operations. Any change affecting the program levels approved by AID/W require prior review and approval in the same manner as the original program proposals. *Documentation of programming changes is compatible with the PBAR concept as applied to foreign currency projects.*

b. Frequency of Entries and Postings

Daily operating data are recorded in the Transaction Register. Obligations incurred in day-to-day activity are recorded in the Allotment Ledger. Project Ledgers are posted, by obligations and expenditures, daily or at other suitable frequency depending upon the volume and magnitude of project activity. However, postings to the Project Ledgers must be current at the end of each month. Object Class Distribution Ledgers are posted in the same frequency as the Project Ledgers and must be current at the end of the month. General Ledger controls are posted at the end of each month from the totals of the applicable columns in the Transaction Register and Allotment Ledger.

c. Allotments Received

As shown in Exhibit 5B, allotments received based on Treasury Form No. BA 6901, Foreign Currency Transfer Authorization, are posted in the Allotment Ledger and the Transaction Register as follows:

(1) As an increase in the "Allotments" and "Unobligated Balance of Allotment" columns of the Allotment Ledger. The month-end postings to the General Ledger are -

Dr. Account 1901/2901, Allotments
Cr. Account 1921/2921, Unobligated Allotments - AID Funds

In the case of foreign currencies suballotted to AID by another Government agency for which the Funds Control Division, AID/W, has furnished the Mission a letter of notification, the amount of the transfer is recorded in the Allotment Ledger as above and annotated as a sub-allocation. At the end of the month, the "Unobligated Balance of Allotments" column is analyzed to establish separate controls in the General Ledger for AID allotments and transfers from other agencies as below -

Dr. Account 1901/2901, Allotments
Cr. Account 1921/2921, Unobligated Allotments - AID Funds

(and)

Cr. Account 1950, Unobligated Transfers from Other Agencies

(2) As a debit to "Funds with Treasury" and a credit to "U.S. Investment - Allotted Funds." The month-end postings to the General Ledger are -

Dr. Account 1101/2101, Funds with Treasury
Cr. Account 1501/2501, U.S. Investment - Allotted Funds

d. Obligations

Obligations are recorded in the "Undelivered Contracts and Orders (Obligations Incurred)" column of the Allotment Ledger and distributed in the obligation columns of the Project Ledger. See 5D4b and 5D4d. Minor obligation adjustments which were recorded in the Transaction Register are totalled at the end of the month and posted to the Allotment Ledger. However, increase and decrease adjustments which have a significant effect on the unobligated balance are posted in the Allotment Ledger when they occur. The "Undelivered Contracts and Orders (Obligations Incurred)" column of the Allotment Ledger is posted to the General Ledger at the end of the month as follows:

Dr. Account 1921/2921, Unobligated Allotments - AID Funds
Cr. 1931/2931, Undelivered Contracts and Orders (Obligations Incurred) - AID Funds

In the case of funds obligated under a suballocation from another agency, the "Undelivered Contracts and Orders (Obligations Incurred)" column is analyzed to assure that the controls in the General Ledger reflect activity in the transfer account as follows:

Dr. 1950, Unobligated Transfers from Other Agencies
Cr. 1931, Undelivered Contracts and Orders (Obligations Incurred) - AID Funds

NOTE: Except for General Ledger Account 1950, Unobligated Transfers from Other Agencies, the same budgetary controls apply to activity under suballocations as prescribed for AID foreign currency accounts. In most cases, a separate Allotment Ledger is maintained for the suballocation, thereby identifying all activity in the ledger with the transfer from the other agency.

e. Accrued Expenditures

(1) Accrued expenditures are recorded in the Transaction Register, Allotment Ledger, Project Ledger, and Object Class Distribution Ledger. Accrued expenditures represent the following:

(a) Amounts disbursed as expenditures against the allotment.

(b) Amounts for goods and services which have been received but unpaid; *and other amounts under the flexible accrual concept of PAIS.*

(c) Amounts of estimated expenses incurred.

(2) Disbursements are recorded on a day-to-day basis in the Transaction Register, Allotment Ledger, Project Ledger, and Object Class Distribution Ledger. Invoices received or receiving reports confirmed for deliveries of goods and services during the month are recorded on a daily basis in both the Transaction Register and Allotment Ledger in establishing collateral proprietary and budgetary controls. The value of services, travel, utilities, etc., estimated to have been rendered but for which invoices, claims, or other documentation have not been received is determined at the end of each month from the information in the Unliquidated Obligation File. See 5D4g(1). In summary, actions establishing accrued expenditures in the foregoing records follow:

(a) Disbursements and payables are recorded daily (items 1.a. and 1.b. above) in the Transaction Register and Allotment Ledger.

(b) Accrued liabilities (item 1.c. above) are recorded at the end of the month in the above records *and* reversed at the beginning of the following month.

(c) Monthly accruals (items 1.b. and 1.c. above) are distributed in the Project Ledger in establishing total accrued expenditures by *project input, modified cost component or other classification level prescribed by PAIS but excluding method of implementation* for each period.

(d) Yearly accruals (item 1.b. and 1.c. above) are distributed in the Object Class Distribution Ledger in establishing total accrued expenditures by object class.

(e) Proprietary and budgetary controls over the *monthly* accruals are posted from amounts included in the columnar totals of the Transaction Register and Allotment Ledger.

(f) General ledger proprietary control over payables, supported by invoices, receiving reports, etc., remain in effect until the amounts owed to vendors and suppliers are liquidated by disbursement of funds. Estimates of accrued liabilities for unpaid expenses are reversed in the following month, giving effect to the reversal entries when the totals are posted from the Transaction Register and Allotment in the subsequent month to the general ledger.

(g) Cumulative "brought forward" figures in the Project Ledger during the fiscal year do not include prior month accruals. (Each month's activity plus cumulative prior months' activity plus current month accruals aggregate cumulative accrued expenditures for the period to date.) However, the June 30 accruals are reversed on the new Project Ledger established for the succeeding fiscal year. See paragraph 5E2c(2).

(3) *Accruals* representing goods or services received, invoices outstanding, estimated liabilities for unpaid expenses *and other amounts based on the flexible accrual concept of PAIS* are posted at the end of the month from the "Unpaid Contracts and Orders Received" column of the Allotment Ledger to the general ledger as follows:

Dr. 1931/2931, Undelivered Contracts and Orders (Obligations Incurred) - AID Funds

Cr. 1936/2936, Unpaid Contracts and Orders Received - AID Funds

Estimated expenses *not recorded as payables* included in the above totals are reversed as the opening entry in the Allotment Ledger at the beginning of the following month.

f. Disbursements

(1) Disbursements are recorded in the Transaction Register, Allotment Ledger, Project Ledger, and Object Class Distribution *on a daily basis, except that posting to the Project Ledger and Object*

Class Distribution may be at a lesser frequency as provided in 5E3b above. In the Transaction Register, disbursements are entered in the credit column for the account "Funds with Treasury" and distributed as debits to the applicable expense or asset accounts. See Attachment 5A. Bureau Schedules are used as the posting media. Accounting information on individual vouchers listed on a Bureau Schedule is carefully analyzed prior to entry in the Transaction Register. In order to assure postings to appropriate accounts, determination is made as to payments which reflect or represent, for example, the following:

(a) Advances - travel, quarters, other

(b) Liquidation of advances

(c) Differences between amounts paid and amounts accrued as payable

(d) Differences between amounts paid and amounts obligated.

(2) Payment data are recorded on the obligation documents concerned. The obligation documents, if completely liquidated, are removed from the Accounts Payable File or Unliquidated Obligation File and placed in the Liquidated Obligation File. Orderly filing of copies of paid Bureau Schedules and related vouchers is also prescribed for ready reference as necessary and reconciliation with the USDO's Foreign Currency Statement of Transactions and Account Current. See 5D4g(5).

(3) General ledger controls over disbursements are established in the proprietary and budgetary accounts in the monthly postings to the General Ledger from the Transaction Register and the Allotment Ledger. These postings are documented on a journal voucher. The monthly postings from the Allotment Ledger follow:

Dr. 1936/2936, Unpaid Contracts and Orders Received - AID Funds

Cr. 1941/2941, Disbursed Allotments - AID Funds

(4) The transfer of expenditure information between the paying Mission and the allottee Mission being charged is processed in accordance with the Advice of Charge procedure.

g. Receivables

(1) Refunds, Reimbursements, or Other Recoveries

Amounts established as receivables as the result of billings for refund or overpayments, collection of amounts for reimbursement, or recovery or other amounts for credit to the foreign currency account concerned are considered as revenue at the time earned and billed. The receivables are recorded in appropriate columns of the Transaction Register from a journal voucher or

billing form. The amounts are included in the monthly postings to the General Ledger. Refunds serve to reduce previously recorded expenditures against the allotment and increase the unobligated balance of the allotment. Reimbursements when collected are available pursuant to program approval by AID/W and allotment authorization by the Mission in accordance with the allotment processes described in 5E1e.

(2) Loans Receivable

(a) Amounts disbursed as loans under Mission foreign currency allotments are established as loans receivable and recorded in the accounts and records in accordance with the procedures in 5E3f above. See also special procedures with respect to project-type assistance in 5E4 below.

(b) The official loan accounts of the Agency continue to be maintained by AID/W, where all final determinations with respect to each loan are made. The controls prescribed by this system are to assure the integration of loan activity with other transactions governed by the applicable Mission foreign currency allotment. Repayments are transferred to the U.S. Treasury by entry in the Transaction Register.

(3) Interest Receivable

(a) Amounts shown on Notices of Payment Due originated by AID/W for payment by the borrower are recorded as Interest Earned - Loans Receivable in the Transaction Register. Upon collection, the amounts are transferred to the U.S. Treasury as shown by appropriate entry also in the Transaction Register.

(b) Interest earned as reported by depositary banks on deposits of foreign currencies identified with amounts available under Mission allotments are recorded as Interest Earned on Depositary Accounts in the Transaction Register. Upon collection, as confirmed by the USDO accounts, the amounts are transferred to the U.S. Treasury *by entry in the Transaction Register.*

(4) Termination of MSA Billings

Billings to cooperating countries for deposit of foreign currencies equivalent to the dollar value of agriculture commodities financed for sale pursuant to the programs authorized by the former MSA are no longer required, since these collections, except for occasional minor adjustments, have been completed.

h. Cash Receipts and Disbursements Record

(1) Fiscal Control Supplement

As a further refinement of the "cash" aspects of each foreign currency allotment included in program entities Nos. 1 and 2 in 5E, the Cash

Receipts and Disbursement Record, illustrated in Attachment J, is maintained to support the fiscal Status of Cash Report prescribed in 5K. This record is required for interim use pending full implementation of the general controls prescribed in this system and related financial statements for submission to AID/W. The Cash Receipts and Disbursement Record is to be discontinued only as instructed by AID/W. The transactions reflected in this record are described below.

(2) Receipts

The bulk of receipts in the Cash Receipts and Disbursement Record is generated under the AID allotment process described in 5Ele above. Prior certification by the Agency before transfer of funds to the AID FT accounts is no longer required in accordance with applicable Treasury and OMB regulations. Since the programs for which the funds may be used are spelled out in sales or other international agreements or in OMB allocations, the previous request for withdrawal procedures is no longer in effect. Other receipts are generated under the transactions which are debited to General Ledger Account X101, Funds with Treasury. See 5C5a(1)(a) above. These amounts include suballocations (transfers) from other agencies as authenticated by a letter notification from AID/W to the Mission.

(3) Disbursements and Transfers

These transactions are generated as shown under the "Credits" to general ledger Account X101, Funds with Treasury, in 5C5a(1)(a) above. This activity includes:

(a) Suballocations to Other Agencies in accordance with the letter of suballocation received from SER/FM, AID/W, and advice to the Mission to arrange with the USDO for the transfer of funds from AID 72FT account to the account of the other agency. The suballocation is not entered in the Mission allotment account.

(b) Advances to Other Agencies in accordance with advice from SER/FM, AID/W to arrange with the USDO for the advance of funds to the account X203, Advances - Other, as provided in 5C5a(2)(c) above. Expenditures by the other agency having responsibility for procurement or other performance are reported to AID/W, which transmits the expenditure data to the Mission for recording in the allotment account.

(c) Mission Disbursements include all other payments made by the Mission from funds in the applicable AID 72FT account. These include advances to the cooperating government for initial financing of project implementation by the country and disbursements chargeable to other allottees. See *5E4* below.

(4) Maintenance by Generating Country

The Cash Receipts and Disbursements Record is maintained only by the Mission in the country where the currency is generated. Separate records are maintained by each foreign currency account symbol.

i. Foreign Currencies for MSA Programs by Dollar Source

The Mission maintains an informal distribution control supplement to the record described in 5E3h above to reflect the distribution of foreign currencies for MSA programs by the dollar source allotments which financed the generation of such receipts. This information identifies the funds from which dollar expenditures which created the foreign currency deposits were made and is required for reporting purposes.

j. Closing of Records and Accounts

At the end of each month, the Transaction Register and the Allotment Ledger are totaled, balanced, and ruled-off. All accruals, including estimated expenses for which no documentation has been received, are reflected in these records. See 5E3e(2) above. The columnar totals are posted to the proprietary and budgetary general ledger accounts. The Project Ledger is totaled monthly, after distribution of accruals as described in paragraph 5E3e(2) above, and the obligation and expenditure columns reconciled with totals for the month as shown in the Allotment Ledger. A trial balance of the general ledger accounts is taken at the end of each month and reconciled with subsidiary accounts and records. See 5J. For treatment of accruals of estimated expenses at the beginning of the following month in the Transaction Register and Allotment Ledger and all accruals in the Project Ledger, see 5E3e(2).

4. Project-Type Assistance

a. Methods of Financing

Foreign currency standard provisions to project agreements which are implemented by the cooperating country provide for alternative financing by (1) direct reimbursement *or* (2) limited advances to the cooperating country *under the exceptions, for specialized activities, to the use of the standard Project Agreement as provided in Handbook 3, Chapter 10.* Under the first method, the country uses its own resources initially and is periodically reimbursed by the Mission. Under the second method, the Mission makes the initial disbursement of foreign currency funds to the cooperating country which is thereafter reimbursed to the extent of expenditures made. Both methods require that the cooperating country carry on the project and present certain documentary evidence as a basis for reimbursement in accordance with the project agreement.

b. Separate Project Ledgers

A separate Project Ledger (form AID 7-178 *as modified for PAIS*) is established for each active numbered project, including Technical Support. The Project Ledgers provide the financial status of projects for the duration of the project without regard to allotment or source of funds. Monthly, Project Ledgers are totaled and reconciled with applicable Allotment Ledgers and closed at the end of each fiscal year. *PAIS specifications are provided in Chapter 8E4 of this Handbook and implementing Mission Controller Guidebook instructions.*

c. Maintenance of Project Ledgers

(1) Cooperating-Country Project Implementation

(a) Financing by Direct Reimbursement

1. The basic format of the Project Ledger, *as modified for PAIS, applies to direct reimbursement projects. Missions are responsible for followup with the cooperating country to assure development of technical competence and establishment of detailed accounting records in support of the distribution information specified in PAIS.*

2. Obligations as documented by the project agreement or other appropriate obligating instrument, which were recorded in the "Undelivered Contracts and Orders (Obligations Incurred)" column of the Allotment Ledger, are distributed in the Project Ledger by "Component Breakdown" *as identified* in the obligating document. This distribution applies to both grant and loan project agreements which are implemented by the cooperating country and for which the records maintained by the country provide adequate detail to support the distribution in the Mission accounts.

3. Expenditures, as documented in accordance with 5D and previously recorded in the "Net Disbursement Vouchers" column of the Allotment Ledger, are distributed in the Project Ledger by "Component Breakdown" *as identified* in the expenditure document and supporting detail. The expenditure distribution applies to both grant and loan project agreements as practical and feasible based on the detailed information furnished by the cooperating country. Both the initial disbursement and subsequent reimbursements are based in individual project agreements.

4. Accruals are recorded in accordance with 5E3e and supported by information from the accounting records of the cooperating country adequate for the purpose.

5. Specificity of accounting detail required for the Mission Project Ledger is provided in an appropriate agreement, *project implementation letter* or other suitable arrangement with the cooperating country.

(b) Financing by Advance of Funds to Cooperating Country

1. The Project Ledger format is *compatible with PAIS specifications* as provided in 5E4c(1)(a)1. All distribution columns under "Component Breakdown" are maintained where the accounting records of the cooperating country permit the identification by component detail.

2. The initial advance is entered in the Transaction Register as a charge to general ledger Account X203, Advances - Other, and a credit to general ledger Account X101, Funds with Treasury. Adequate detail is maintained in a subsidiary account. The advance is based on the method of financing provided in the project agreement and is recorded only after the amount obligated by the project agreement has been recorded in the Allotment Ledger and the Project Ledger as set forth above. The control in Account X203, Advances - Other, is the equivalent of a receivable due from the cooperating country. Generally, advances are not made under loans.

3. Liquidation of the advance is effected periodically upon presentation by the cooperating country of documentary evidence of expenditures incurred in accordance with the project agreement. Reimbursements prior to final liquidation of the advance are recorded in the Transaction Register as reductions (credits) to Funds with Treasury and charges to the applicable asset or expense account(s). Noncash liquidating vouchers for the balance of the advance are entered in the Transaction Register as charges to the applicable asset or expense account(s) and a credit to the advance account. Reimbursements and liquidating vouchers are also recorded in the Project Ledger by "Component Breakdown" and MOI as described in 5E4c(1)(a).

(2) Mission Implementation

In those instances where the Mission administers the implementation of specific projects, or where participant or technician costs are involved, various obligation documents issued by the Mission and payment of individual vouchers are distributed in the Project Ledger.

d. Refinement of Distribution in the Project Ledgers

The personnel services element in the "Component Breakdown" in the Project Ledger is identified separately as to (1) "U.S. Personnel Costs" and (2) "Local and TCN Personnel Costs." Missions assure that project activity is recorded in the Project Ledger by the respective categories of personnel costs as provided by the format of form AID 7-178 *as modified for PAIS*.

e. Distribution of *Obligations and* Expenditures by Object Class

Object Class Distribution Ledgers are posted as a sequence to the distribution of *obligations and* expenditures in the Project Ledger.

5. Nonproject Type Assistance

In certain cases, AID controlled foreign currencies in Mission allotments are for use in nonproject type assistance. The accounting requirements for such foreign currency generally follow prescribed Mission allotment accounting procedures. See 8B. The Mission establishes a separate Allotment Ledger for each foreign currency account. *Obligations and expenditures* are recorded in the Allotment Ledger and the Object Class Distribution Ledger by object class codes. See also paragraph 5E4e. Complete Unliquidated Obligation and Liquidated Obligation Files support postings to the Allotment Ledgers. See also 5D4g(1) and (2).

a. Maintenance of Subsidiary Ledgers

(1) Subsidiary ledgers for loan funded projects or activities under MSA, P.L. 480, or FAA programs covered in 5E are maintained as illustrated in Attachment 5F. *The subsidiary loan ledgers are maintained for monitoring detailed loan-financed foreign currency activity for which the Mission is primarily responsible. AID/W maintains the official loan accounts the status of which is reported monthly, by detail and in summary for active loans, to the Mission as a basis for servicing borrower needs and for reconciliation with the monitoring (or memorandum type) loan ledgers originated by the Mission.* These subsidiary ledgers are posted in related sequence to the postings in the Project Ledger as described in 5E4.

(2) In certain cases, the same project may be financed from several sources or different loans. Under these circumstances, a separate subsidiary loan ledger is maintained for each loan or source of financing.

(3) Certain loan activity precedent to the posting of obligations and expenditures in the ledger is also required to be shown in the loan ledgers as follows:

(a) For P.L. 480 loans as authorized under Sections 104(f), 104(g), or 104(h), details of the "Sales Agreement."

(b) Funds deposited in AID controlled accounts with respect to all foreign currency loans.

(c) Funds allotted under the automatic Mission allotment procedure or by AID/W.

5E6a(3)

(d) The amount provided by the loan agreement authorization.

(e) For MSA loans the purpose of the appropriation which financed the commodity sale.

b. Reallocation of Expired Loan Funds Under P.L. 480, Section 104(f)

Former P.L. 480, Title I, sales agreements provided for payment to the United States in local currency prior to conversion to dollar and convertible local currency credit sales under the 1968 amendments to P.L. 480. Since the period of availability of any unused allocation under the pre-1968 sales agreements for Section 104(f) loans administered by AID has expired, reallocation procedures no longer apply to AID programs.

c. Allocation of Principal Repayments and Interest on Foreign Currency Loans Under P.L. 480, Title I

(1) OMB allocates principal repayments and interest on foreign currency loans.

(2) Documentary evidence of allocation action is established by receipt of Treasury Form BA 6901, Foreign Currency Transfer Authorization, through the USDO. The Foreign Currency Transfer Authorization shows the authorized use or uses of the funds (loans or grants and the amount or amounts, respectively). The Mission confirms the issuance of AID/W program approval for the use or uses of the allocated funds.

(3) The allocation is recorded in the Transaction Register, Allotment Register, and, in the case of approval for use for loans, in the subsidiary loan ledger. See Exhibit 5B, Standard Journal Entries Nos. 3 and 4.

d. Mission Controller Loan Servicing Responsibilities

Guidelines to Missions for servicing the financial aspects of AID loans in the cooperating country are provided in 6D2. These requirements apply to the foreign currency loan programs for which 5E provides detailed operating and accounting procedures.

5F. Anticipated Availabilities of Foreign Currencies Under P.L. 480, Title I

1. Accounting Controls Over Expected Availabilities

a. Purpose

The procedures in 5F provide for the establishing of Mission accounting records and supporting data with respect to projected foreign currency programs, financed from P.L. 480, Title I sales proceeds, for which funds

have not yet been transferred to AID accounts. *Since conversion to dollar credit sales pursuant to the 1968 amendments to P.L. 480, these procedures are limited to the exceptions in Section 103(b) for foreign currency deposits for CUP requirements relating to the funding of AID programs under Sections 104(e) and 104(h). Accordingly, the principles and controls over anticipated availabilities which arose under the former basis for payment (in foreign currency) for the entire amount of the sales agreement are applied in a selective and restricted manner for limited CUP purposes implemented by AID. The requirements in 5F2, 5F3, and 5F4 below are in effect to the extent of ongoing activity arising from CUP authorizations which impact on AID foreign currency program controls.* The objective is the improvement and enhancement of planning and programming processes based on documentation and records on the financial aspects of (1) anticipated availability of foreign currency, (2) foreign currency receipts by source of generation, (3) deposits to Treasury accounts of foreign currency to be used in AID programs, and (4) related transactions precedent to the transfer of foreign currency to AID program accounts.

b. Impact of AID Program Review and Approval System

These procedures are in further compliance with the requirements of the AID Country Assistance Program (CAP) and the annual submissions thereunder. The Mission accounts and records as set forth in 5F provide the supporting information of the several tables of the *Annual* Budget Submission (*ABS*) relating to AID foreign currency programs authorized under P.L. 480, Title I.

2. Basic Requirements

a. Integral Part of Mission Accounting System

The accounts and records on foreign currency availabilities are established and maintained as an integral part of the Mission accounting system. The basic requirements are illustrated in Attachments 5K through 5P. Missions may further adapt these formats as they may best serve Mission management needs.

b. Compliance with Approved Program Levels

The information shown in the accounts and records prescribed herein is in consonance with the program limitations approved by AID/W. Cumulative activity prior to the issuance of this Handbook with respect to ongoing foreign currency programs under P.L. 480, Title I, should be determined and reflected in the prescribed accounts and records.

c. Role of Mission Program and Other Agency Personnel

(1) Joint State/AID/Treasury/Agriculture instructions issued to the field spell out procedures for depositing foreign currency resulting

from P.L. 480, Title I sales, *pursuant to CUP provisions of sales agreements*, together with the responsibilities of personnel or other entities representing the U.S. Ambassador, the Department of Agriculture (USDA), Treasury, and cooperating country. Insofar as this 5F is concerned, the foregoing joint instructions prescribe, in substance, that--

(a) USDA furnish notice of dollar disbursements for purchase of agricultural commodities made available for sale under P.L. 480, Title I, to the approved applicant, as designated by the benefiting country, who is identified with the USDA Purchase Authorization. The approved applicant assures that proper deposit of foreign currency is made by commercial banks of the cooperating country.

(b) Deposit is required upon receipt of advice of disbursements (made by the Commodity Credit Corporation (CCC), financial agent for USDA). Commercial banks generally forward notice of each disbursement. CCC furnishes an airmail notice of each disbursement to the American Embassy.

(c) Copies of Purchase Authorizations issued by the USDA to the cooperating government are furnished to the American Embassy. The Purchase Authorizations show the maximum amount of dollars which may be disbursed and the period during which the purchases may be made in order to be eligible for financing.

(d) The USDA furnishes an information statement to the U.S. Ambassador on deposits due under each Purchase Authorization (some 4 to 6 weeks after the last month covered) *for CUP uses as provided in sales agreements*. The Ambassador's designee is responsible for obtaining prescribed documentation as deposits of foreign currency are made and for furnishing the documentation to the USDO.

(e) The agricultural attaché furnishes assistance and guidance to the Ambassador's designee and other U.S. country team officials to assure that Title I deposit procedures are functioning smoothly. The agricultural attaché transmits to the Ambassador's designee USDA monthly statements of dollar disbursements and information on deposit discrepancies, if furnished by USDA, upon request of the agricultural attaché.

(f) The USDO or the Regional Finance Officer (Paris) or Regional Disbursing Officer (Manila) furnishes the monthly account current on FS-488, "Foreign Currency Statement of Transactions and Account Current," to the Treasury Department, Washington, together with supporting deposit documentation.

(2) The Mission Controller is responsible for maintaining effective liaison with personnel and officials of other agencies, as indicated above, and with the Mission Title I program officer to assure receipt of timely information on the implementation of USDA Purchase Authorizations as a

basis for maintaining the accounts and records prescribed in 5F. Liaison personnel include: the agricultural attaché, the commercial attaché, the economic attaché, the servicing USDO, the Embassy budget and fiscal officer, and the Mission Title I program officer. The extent of followup and coordination between the Mission Controller and various liaison personnel is determined under mutually satisfactory arrangements.

d. Documentation

(1) The USDA has responsibility for obtaining foreign currency deposits in the amount *provided in sales agreements for CUP uses based on equivalent dollar costs* of commodities and ocean transportation financed by the CCC. The Treasury *has responsibility for* accounting for deposits and transferring proportionate amounts reserved by sales agreements to AID 72FT program accounts. Hence, the Mission Controller should assure receipt of advance documentation establishing the timing and amount of each deposit. The following documentation is useful for these needs:

(a) Copies of disbursement documents originated by U.S. banks or other documentation on CCC payments to U.S. suppliers where the latter is obtainable from approved sources.

(b) Copies of letters of commitment issued by the USDA to U.S. banks; or copies of bills of lading or Purchase Authorizations received by the U.S. Embassy.

(c) Information on ship arrivals and unloadings emanating from the agricultural attaché.

(d) Information of deposits due emanating from the Embassy budget and fiscal officer or the agricultural attache.

(2) Copies of sales agreements are furnished to the Mission Controller through Embassy channels. Related program information is received from the Mission Title I officer. Sales agreements support the distribution of estimated availability of foreign currencies by agreement and by program as shown in the *attachments* cited in 5F2a. The distribution is periodically revised based on adjusted forecasts and actual experience.

(3) Copies of Treasury Form BA 6901, Foreign Currency Transfer Authorization, furnished by the USDO, document transfers of foreign currency to the AID 72FT program accounts or to the Treasury sales account 20FT401 for other U.S. uses under P.L. 480, Section 104. Priority transfers to AID 72FT program accounts effected by the Treasury are documented as provided in 5E1e(5). Treasury may expedite the transfer to the AID account by telegram authorization to the USDO, subsequently formalized by issuance of the Foreign Currency Transfer Authorization as soon as possible after processing the deposit through the Treasury account to the AID program account.

5F2d

(4) As required by the *attachments* portraying these procedures, normal obligation and disbursement documentation prescribed in 5D support the entry of pertinent details in the accounts and records concerned.

3. Accounts and Records

a. Summary of Commodity Elements Agreed Upon Between Governments of the United States and (By Commodity)

The basic information in this record is depicted in Attachment 5K. Information is developed by commodity or commodity group. Detailed instructions are contained in the attachment. *The information is limited to CUP provisions of sales agreements.*

b. Summary of Estimated Availability, Deposits, Transfers, and Balances under Agreements between Governments of the United States and (By Sales Agreement)

Information is developed by sales agreement as amended as shown in Attachment 5L. Detailed instructions are contained in the *attachment. The information is limited to CUP provisions of sales agreements.*

c. Summary of Estimated Availability, Deposits, Transfers, and Balances under Agreements between Governments of the United States and (By Sales Agreement and Purpose)

The emphasis in this presentation as shown in Attachment 5M is the distribution of foreign currency sales proceeds by AID program as provided in the underlying sales agreement. Detailed instructions are part of the *attachment. The information is limited to CUP provisions of sales agreements.*

d. Cumulative AID Program Activity - Sections 104(e), (f), (g), and (h) Loans

The reference element is the AID foreign currency loan program authorized under P.L. 480, Title I, identified with the applicable AID 72FT account as illustrated in Attachment 5N. The purpose is to show in one complete record prior activity and projected availabilities. Detailed instructions are included. *Estimated deposits are limited to CUP uses as provided in sales agreements. Other information on cumulative transfers and status of local currency loan funds apply to all programs.*

e. Source and Generation of P.L. 480, Title I Local Currency (In Local Currency Units)

The analysis in this record, shown in Attachment 5-O is by (1) direct generation from deposits by cooperating country and (2) regeneration by loan principal repayments and interest. Instructions are provided in the *attachment. Information on "country uses" of local currency deposits no longer applies.*

5F3

f. Status of Local Currency Funds for AID Programs (By Source and Purpose)

Attachment 5P depicts the status of funds in terms of source and specific AID programs. Instructions are included. *Information on potential generation of local currency applies only to CUP uses as provided in sales agreements.*

4. Reports

The information in the accounts and records prescribed in 5F3 is reflected in the various Budget Tables. Other information may be requested from time to time by AID/W.

5G. Operating and Accounting Procedures - Counterpart Funds *and Funds for Currency Use Offset* (Entity No. 3)

1. Definitions

a. Counterpart Funds *and Funds for Currency Use Offset*

Under the foreign economic assistance program, counterpart funds are foreign currencies required to be deposited by a cooperating country into a "Special Account" in the name of the cooperating country for use in jointly agreed-upon activities. *See 5A3g above on limitations under the policy change in 1971. For deposits for currency use offset to the obligation owing the United States under P.L. 480, Title I, sales, see 5A3h above.*

b. Sales Proceeds Basis

This is the basis for the deposit of counterpart by the cooperating country when the bilateral agreement requires the deposit of the equivalent of proceeds to the country from the import or sale of commodities made available on a grant basis.

c. Commensurate Value Basis

When this basis of deposit of counterpart is required, the deposits by the cooperating country are at an agreed rate of exchange commensurate with the grant aid expenditures effected by AID.

d. Other Basis

Counterpart may be generated on any other basis as specifically provided for in a bilateral agreement where commodities are not available for sale or for establishing the commensurate value of commodity assistance.

e. Counterpart Release Approval

The counterpart release approval is the United States and cooperating country approval of a request to use counterpart funds from the "Special Account" in accordance with the provisions of the authorizing agreement.

2. Authority

a. Foreign Assistance Act of 1961, as Amended, and Prior Legislation

This Act and prior legislation under the MSA of 1954 requires the deposit of counterpart when commodities are provided under a supporting assistance appropriation or when provided on a grant basis under arrangements which result in the accrual of proceeds to the cooperating country. Under the FAA, counterpart is generated under Supporting Assistance and Development Grants; under the MSA, counterpart exists under Defense Support, Special Assistance, and, in some cases, Technical Cooperation. Counterpart arising from programs administered by the Department of Defense is not commingled with counterpart generated under programs administered by AID. Counterpart may also be generated under loan-financed assistance. See 5A3g above for limitation of AID controls to counterpart from Supporting Assistance and Development Grants.

b. Agricultural Trade Development and Assistance Act (P.L. 480)

(1) Title III Section 305(a) requires that proceeds realized from the sale of agricultural commodities within the country be used for mutually agreed economic development purposes. Agreements under Title III Section 305(a) provide for offset of the obligation owing to the United States.

(2) Donated agricultural commodities furnished under Title II, if permitted to be sold by the cooperating country under the terms of the Title II agreement, generate the deposit of local currency receipts accumulated by the country to a "Special Account."

3. Special Accounts

Counterpart is deposited to a "Special Account" established in the name of the cooperating government in a bank approved by the United States, usually the central bank, pursuant to the terms of the bilateral agreement. In order to distinguish the several types of Special Accounts in which counterpart generated from various programs is deposited, the following classifications apply:

Special Account Type "A" - counterpart generated under Commodity Grant Assistance pursuant to section 609 of the FAA or section 142(b) of the MSA; or Development Grants pursuant to Congressional policy.

Special Account Type "B" - counterpart generated under the AID Special Letter of Credit procedure or other method of financing (e.g., Letters of Commitment or Direct Reimbursement) of other commodity assistance, on a grant or loan basis, for which counterpart deposits by the cooperating government are required by the bilaterial agreement for mutually agreed upon activities. Since the 1971 policy change, balances in the account from prior agreements are liquidating. See 5A3g(2) above.

Special Account Type "C" - counterpart generated from the proceeds of the sale of the commodities furnished to the cooperating country under P.L. 480, Title II, and referred to as "Agricultural Commodity Account." Pursuant to the new Section 206 of P.L. 480, added by the International Development and Food Assistance Act of 1975 (P.L. 94-161), generation of foreign currencies under Title II assistance is not permitted (with certain exceptions) unless (a) the country receiving the assistance is undertaking self-help measures in accordance with Section 109 of P.L. 480; (b) the agreement providing for the sale of such commodities specifies the use to which the foreign currencies generated are to be put; and (c) such agreement provides that these currencies will be used for purposes specified in Section 103 of the FAA.

Special Account Type "D" - counterpart generated from the proceeds of the sale of commodities sold on a dollar credit basis under P.L. 480, Title I. Since the 1971 policy change, balances in the account from prior agreements are liquidating. See 5A3g(4) above. Deposits for currency use offset under new *P.L. 480 Title III agreements (signed after 1977) are controlled in Special Account "R" as set forth in 5G7 below.*

4. Control of Deposits - Counterpart

a. Notification of the Cooperating Government

(1) For deposits in Special Account "A," the Mission notifies the cooperating government of the amounts of counterpart to be deposited and the basis for computation; i.e., "sales proceeds," "commensurate value" or other basis, as provided in the bilateral agreement. For AID disbursements which are listed monthly in the AID Program Assistance Transactions Detail of Loan and Grant Activity, Report W-214, the Mission bills the cooperating government monthly. For other disbursements not listed in the W-214, including financing by special letter of credit, billings are required immediately upon notification of the AID disbursement or the opening of the special letter of credit.

(2) The Mission Controller is responsible for prompt billing of the cooperating government supported by the above documentation.

b. Deposits under P.L. 480, *Title II*

Bilateral agreements with cooperating countries prescribe the deposit of proceeds accruing from the sale of *commodities furnished* on a grant basis under Title II, together with periodic reports containing relevant information on the accumulation and use of these proceeds. The Mission Controller is responsible for monitoring the deposit of counterpart funds generated pursuant to these programs. Where implementing arrangements between the Mission and the cooperating country provide advance reports of sales to the Mission, prior to actual deposits, formal billing action is taken as provided in 5G4a. Where periodic review and reconciliation of bank statements received from the depositary in which the related Special Account is established reveal discrepancies with reports on prior sales, deficiency billings are issued by the Mission Controller.

c. Amounts Available for U.S. Uses

The percentage of counterpart accrual available to the United States in accordance with Section 609(a)(2) of the FAA, is periodically billed to the cooperating government as due. Followup is pursued until collections are made. Deposits are made to the credit of the Treasury FT account 20FT112 for sale to U. S. agencies.

5. Utilization of Counterpart Funds - Country Uses

a. Counterpart Agreements

These prescribe the commitment, withdrawal, or expenditure of country use counterpart funds for approved activities. AID review and approval of proposals for use of counterpart is guided by criteria for the type of assistance to which the proposal relates.

b. Financial Management Considerations

(1) Financial management considerations incident to Mission approval of any counterpart program or activity and to approval of counterpart release include:

(a) Availability of sufficient counterpart for orderly implementation of the program.

(b) Adequacy of the balance of each Special Account to cover proposed withdrawals.

(c) Timing of counterpart release as required for expenditures.

(d) Redeposit of funds which are not needed or have been used for unauthorized purposes.

(2) Neither Section 1415 of the Supplemental Appropriation Act of 1953, requiring reimbursement to the U.S. Treasury, nor Section 1311 of the Supplemental Appropriation Act of 1955, prescribing obligation criteria, applies to counterpart funds for cooperating country use. Also, Section 3679, Revised Statutes, does not apply to counterpart funds. However, Missions have responsibility for assuring that sufficient counterpart funds are available as needed for orderly program implementation and that the balance in the Special Account is sufficient to cover each proposed withdrawal.

c. Monitoring Counterpart Agreements

Adequate conduct of the monitorship function under counterpart agreements requires that the Mission maintain records to show the actual and estimated amounts of counterpart funds accrued or due for U.S. use and for country use. Records on country uses show amounts (1) committed, (2) approved for release, (3) proposed for commitment, and (4) yet to be programmed. Certain minimum *Mission controls are prescribed below as a basis for recording billings*, deposits, release approvals for withdrawals and the actual withdrawal from the Counterpart Fund - Special Account.

6. Accounting Controls

a. Application

The Mission maintains certain minimum accounting controls for local currencies deposited in Counterpart Fund - Special Accounts established in the name of the cooperating country under the authority cited in 5G2. The accounting principles, procedures, and controls prescribed below are equally applicable to accounting for and reporting on counterpart funds generated under section 142(b) of the MSA of 1954, as amended; section 609 of the FAA of 1961, as amended; and P.L. 480, Titles *II*, as described in 5G3. Separate controls are maintained over the currencies generated from the respective programs.

b. General Ledger Concept

(1) Controls are reflected in a system of self-balancing general ledger accounts for each type of counterpart fund to provide (a) control of deposits, withdrawals, and balances for each fund and (b) source data for preparation of accurate and useful periodic reports as set forth in 5K.

(2) General ledger controls are prescribed in 5C and shown in Exhibit 5A under Entity No. 3. General ledger account numbers and titles formerly prescribed in guidelines superseded by this Handbook are converted under this system as follows:

From		To	
Acct. No.	Title	Acct. No.	Title
102	Counterpart Cash - Special Account	103	Counterpart Cash on Deposit
120	Accounts - Receivable - Special Account	206	Receivables - Other
200	Authorized for Withdrawal and Transfer - Special Account	403	Authorized Withdrawals and Transfers
300	Counterpart Fund - Special Account	503	Counterpart Funds

Since the unified controls prescribed in this Handbook apply to five different program entities, as depicted in Exhibit 5A, the three-digit controls under "To" above are preceded by the digit "3" to designate Entity No. 3 for Counterpart Funds - Special Accounts, inclusive to all four types as listed in 5G3. Further, certain additional controls are set forth in Exhibit 5A for (a) nonfunded distribution of AID administrative expenses as provided in specific instructions to be issued for the purpose and (b) collateral budgetary controls. The description of these latter general ledger accounts is also provided in 5C.

(3) The general ledger accounts provide the source information for the quarterly reports which reflect the cash status of each Special Account, the operating results for the reporting period by receipts and withdrawals and the purpose for which the funds in each Special Account were utilized.

(4) Additional accounts may be established by the Mission when necessary, based on the nature of counterpart generation applicable to the cooperating country, with prior AID/W concurrence. The additional accounts must be in accord with the concepts and principles in this Handbook and susceptible to consolidation with the accounts prescribed herein.

c. Subsidiary Records

(1) The Mission may establish subsidiary records for more effective control of counterpart funds in each Special Account,

including balances in Special Account "B" and Special Account "D" from agreements prior to the 1971 policy change. Each Mission develops the format and content of these records as appropriate to its needs. These records may be in the form of worksheets showing the basis of billing and computations; or distribution ledgers on approved releases and withdrawals by major fields of activity. Although the Mission is not required to duplicate the detailed records maintained by the cooperating country, certain distribution ledgers are established if necessary to assemble information on the nature of the aid furnished at that particular Mission. Thus, columns are provided to show the following:

(a) Date

(b) Reference or description of the type of aid furnished

(c) Amount of deposit

(d) Generation by source; e.g., U.S. dollar disbursements, foreign currency disbursements or other

(2) The cooperating country has responsibility for keeping detailed records as a basis for accounting for and reporting on expenditures for approved projects. The Mission assures that periodic reports received from the cooperating country reflect the financial status of projects and activities and other specifically requested operating information necessary to meet the Mission's needs.

(3) Distribution ledgers maintained for release approvals and withdrawals provide for the following:

(a) Date

(b) Reference

(c) Amount of transaction

(d) Distribution of releases and withdrawals for each activity

(4) The general ledger accounts must agree with the detailed distribution of the related transaction or group of transactions in the distribution ledger. The columnar totals in the distribution ledger are available for reporting purposes.

d. Program Accounting Records

(1) If warranted by the magnitude of counterpart programs in the cooperating country, the Mission establishes program accounting records for assistance in planning and monitoring functions. These records may take the

form of a card for each approved major project and contain provision for information on the (a) status of the counterpart project, (b) financial progress achieved, and (c) future financing requirements. See 5B9 for AID/W concurrence.

(2) The program accounting records are useful in showing the following:

(a) Total amount required to complete a project, adjusted by such factors as approved project amendments and price fluctuations.

(b) Estimated rate of utilization of funds as a basis for determining counterpart availability in a particular period and limiting new projects only when sufficient counterpart is available to assure their completion.

e. Procedures

(1) Opening Entry

Upon implementation of these instructions, the opening balances in the general ledger accounts are established from information shown in the old accounts which this Handbook supersedes. These balances are distributed in the Transaction Register, Attachment 5A(2), to the appropriate column as shown. The entry is documented by a journal voucher. In addition, collateral controls are posted to the Allotment Ledger, Attachment 5B(1), as shown in the columnar headings. For the latter controls, the opening balances signify the following:

(a) Account 903, Counterpart Available Receipts - cumulative deposits since inception of the Special Account. *For currency use offset budgetary controls, see Exhibit 5B.*

(b) Account 943, Used Counterpart Receipts - cumulative releases of funds since inception of the Special Account. *For currency use offset budgetary controls, see Exhibit 5B.*

(c) Account 923, Unused Counterpart Receipts - balance of unused counterpart (on deposit) upon commencement of these procedures. *For currency use offset controls, see Exhibit 5B.*

Detailed instructions *for the opening balances* are provided in Attachments 5A(2) and 5B(1).

(2) Billings

(a) When amounts have been determined to be due for deposit to the respective Special Accounts, regardless of the source of generation, the cooperating government is billed and the billings recorded in Account 206, Receivables - Other. In some instances of generation

under P.L. 480, Title *II* programs, prior deposit by the cooperating country may obviate the need for billing. The Mission assures, however, that such deposits are in the amounts required as indicated in country reports of sales proceeds and other information furnished pursuant to the bilateral agreement.

(b) The primary source for counterpart billing is the W-214 report as indicated in paragraph 5G4a. Upon receipt of notice of AID disbursement, whether by the W-214, special letter of credit or other method, the Mission Controller promptly bills the cooperating government on the basis of "commensurate value," "sales proceeds," combination of the two or other basis when commodity assistance is not involved as provided in the country bilateral agreement. Mission billing methods should assure that the cooperating government is informed of all amounts required to be deposited in the Special Account.

(c) Separate files are maintained for billings and supporting documentation with respect to counterpart funds which have not been deposited. Billings are recorded in the Transaction Register, Attachment 5A(2).

(3) Deposits

(a) Subsidiary accounts to Account 103, Counterpart Cash on Deposit, are maintained for counterpart funds deposited to the respective Special Accounts. Equivalent subsidiary accounts are established by a memorandum distribution ledger in which deposits by type of counterpart are recorded as warranted by the variety and volume of deposit activity.

(b) The balance in Account 103, Counterpart Cash on Deposit, for each Special Account must be reconciled monthly with the bank statement received from the depositary. Deposits are also verified against information received from the cooperating government and a determination is made as to the receivables to which they apply. Amounts deposited which were not previously established as a receivable are analyzed and identified by type of Special Account for reporting purposes.

(c) The Mission encourages the cooperating government to maintain the Special Accounts in one central banking institution for administration of the account(s) in accordance with provisions of the Counterpart Agreement(s) requiring Mission approval of withdrawals.

(d) Deposits are recorded in the Transaction Register, Attachment 5A(2), as provided in the related instructions.

(4) Release Approvals

(a) Release approvals are generally in the form of a negotiated agreement or letter and are reflected in the accounts on an approved basis. The amounts are entered in the Transaction Register, Attachment 5A(2), as described.

(b) Release approvals are classified by major fields of activity; e.g., Food and Agriculture, Industry and Mining, etc., and the activity field shown in the description column of the Transaction Register. This information is used for classifying the amounts as required for reporting purposes.

(c) Followup or tickler files are maintained for release approval documents authorizing withdrawals on a timed or "when needed" basis. Withdrawals are verified to the respective release agreement to provide additional control on the implementation of the program as planned.

(5) Withdrawals

(a) Withdrawals of counterpart funds by the cooperating country are reported in the bank statement of the administering depositary. Amounts withdrawn represent the transfer of local currency from the Counterpart Fund - Special Account to other accounts of the cooperating country for specific uses.

(b) Withdrawals are entered in the Transaction Register, Attachment 5A(2), as a debit to Account 403, Authorized Withdrawals and Transfers, and a credit to Account 103, Counterpart Cash on Deposit. The amount of each withdrawal is identified as to the project, activity, or purpose for which made in column (4) of the Transaction Register.

(c) In some cases, withdrawals are for transfer of the U.S. portion to the Treasury sales account 20FT112 for U.S. uses as indicated in 5G4c. Withdrawals are also made for transfer of foreign currency to the U.S. foreign currency trust account.

f. Posting to General Ledger Accounts

(1) Instructions accompanying the Transaction Register, Attachment 5A(2), provide for the posting of monthly totals to the general ledger accounts. To assure identification of major fields of activity in the general ledger accounts, by transaction, for reporting purposes as indicated in paragraph 5G6e(4), annotation of the amounts for the respective activity fields, if more than one for the month, is shown in the general ledger account. An alternative method of posting is to record each transaction shown in the Transaction Register as a separate posting to the general ledger; the monthly totals in such case are not posted but checked to indicate totals only. The Mission adopts the method most suitable to its needs and assures avoidance of duplicate recording while at the same time maintaining accurate and realistic controls in accordance with the concepts and principles contained in this Handbook.

(2) The Transaction Register is not specifically prescribed for Counterpart Funds. Alternatively, Missions establish controls by analysis of documentation supporting the posting of transactions directly to the general ledger.

g. Significance of General Ledger Account Balances

(1) Account 103, Counterpart Cash on Deposit

The debit balance shows counterpart funds on deposit in the name of the cooperating country which is available for withdrawal, transfer to U.S. account for U.S. uses, or transfer to a U.S. foreign currency trust account.

(2) Account 206, Receivables - Other

The debit balance at the end of the reporting period shows the amount of local currency requested but not yet deposited.

(3) Account 403, Authorized Withdrawals and Transfers

The credit balance at the end of the reporting period is the amount authorized for withdrawal but not yet withdrawn.

(4) Account 503, Counterpart Funds

The credit balance in this account at the end of the reporting period is the net of amounts billed, and deposited, less the amounts authorized for withdrawal and transfer.

h. Budgetary Controls

These are maintained as collateral controls for purposes to be prescribed by AID/W. In place of detailed postings to formal general ledger accounts, the balances in the budgetary accounts may be developed by analysis at the end of each month. The reports on Counterpart Funds - Special Accounts prescribed in 5K are limited to information obtained from the general ledger proprietary controls posted from the Transaction Register.

i. Requirements for Country-Owned Local Currencies Formerly Controlled in Special Accounts "B" and "D"

AID operational control over country-owned local currencies formerly deposited in counterpart Special Accounts "B" and "D" is not required under the 1971 policy change on U.S. withdrawal from involvement in affairs of the recipient country. With certain exceptions authorized by responsible program authority, AID agreements (e.g., program loans) and P.L. 480, Title I, sales agreements (excluding currency use offset authority in the *1977 amendment to P.L. 480 Section 305(a)*), provide for the use of proceeds accruing from these sources for specified development objectives in accordance with country allocations implemented unilaterally without prior AID approval. The country uses are established based on reports, which AID may request, after the fact, on the receipt

and expenditure of proceeds. The reports originate from the country's internal budgetary accounting processes and are required to be certified by appropriate audit authority of the country government. The policy excludes CUP deposits authorized under P.L. 480, Section 103(b), for U.S. uses. Country reports on use of proceeds for development objectives are the program responsibility of Geographic Bureaus and other AID Offices having jurisdiction; these reports are excluded from the requirements in 5K. Any local currency proceeds accruing from P.L. 480, Title I, sales agreements, signed on and after December 20, 1975, if applied to currency use offset against the obligation owing the United States, are subject to AID operational control in accordance with 5G7 below. Reporting on currency use offset is provided in 5K and Attachment 5R.

7. Accounting Control Over P.L. 480, Title *III*, Currency Use Offset (Loan Forgiveness)

a. Authority

(1) Section 205 of the International Development and Food Assistance Act of 1975 (P.L. 94-161) amended Section 106(b) of the Agricultural Trade Development and Assistance Act of 1954 (P.L. 480) to permit the local currency proceeds from the sale of Title I agricultural commodities that are used for specified activities to be considered as payment of the equivalent dollar amount owed to the U.S. Government (USG) under the Title I agreement. *Section 211 of the International Development and Food Assistance Act of 1977 (P.L. 95-88) amended the previous legislation to incorporate this provision as a Food for Development Program (FFD) in P.L. 480 Title III. The FFD activities are to be those "directed at and likely to achieve" the policy objectives of Section 103 (Food and Nutrition) and 104 (Population Planning and Health) of the FAA of 1961, as amended and Section 109 (Self Help) of P.L. 480, Title I. Title III is primarily for development and its multiyear supply commitment and loan forgiveness are intended as an incentive to increase the level of development activity beyond what is presently being done.*

(2) P.L. 480 Section 302 (c) (1) specifies that the aggregate value of all agreements entered into under Title III shall not be less than 5% for FY 1978, not less than 10% for FY 1979 and not less than 15% thereafter, of Title I agreements.

(3) The 1977 amendment further indicates under Section 305(b) that, if local currencies disbursed/expended during the fiscal year are in excess of payments due under this agreement, the excess amount may be considered as payment against any annual repayment obligation for the same fiscal year due under other P.L. 480 financing agreements, to the extent provided in the Title III agreement. The dollar value of local currency to be applied against repayment obligations is calculated at the exchange rate applicable on the date the funds were disbursed for authorized development purposes.

(4) See *Handbook 9, Chapter 5 and Appendix 5I*

b. Responsibilities

(1) Mission

(a) Negotiation of the currency use offset provision in *P.L. 480* sales agreements is effected in accordance with existing authority for executing such agreements; i.e., the U.S. ambassador or his/her designee. Mission participation is determined by the delegation of authority for this purpose; and, also, by programmatic, technical, and financial considerations related to the allocation and implementation of any currency use offset amount provided in the agreement. Mission Controllers provide specialized input on accounting, financial, and other technical aspects of currency use offset provisions as a management service for bilateral development assistance originating from Title I programs.

(b) Mission Controllers are responsible for coordinate action with Mission program and other responsible officers to assure that information on currency use offset amounts of Title I agreements and country allocation from the annual limitation authority (and for the Transition Quarter in FY 1976) is available timely and accurately for control in the Mission accounts.

(c) Missions participating in the currency use offset program have responsibility for the maintenance of minimum accounting controls and preparation of reports as set forth in the procedures below.

(d) Mission Controllers have a coordinate function with program and other concerned Mission officers in developing appropriate means of verifying and evaluating or measuring the achievement of development objectives from use of sales proceeds on which currency use offset is based; and in articulating these measurements if included as *the Food for Development Annex B of the Title I agreement with the host country.*

(e) Financial criteria for verification of host country progress toward development purposes identified in the Title I agreement are the responsibility of the Mission Controller for assistance to the responsible country ministry or other cooperating agency.

(2) AID/W

(a) M/FM verifies the validity and accuracy of information in Mission reports on currency use offset activity, as described herein, and relevant supporting details originated by the Mission or cooperating country records as required from time to time.

(b) SER/FM furnishes management reports to PPC and other interested AID/W authority on the financial administration of the currency use offset program at agreed upon intervals for programming and budgeting needs.

(c) SER/FM prepares promptly Agency reports to the Commodity Credit Corporation (CCC), USDA, on Title I sales proceeds uses worldwide as a basis for timely credit to individual country borrower account. The frequency of reporting is arranged between SER/FM and CCC in mutual consideration of the availability of AID Mission input and CCC loan servicing needs.

c. Financial Control Plan

(1) Special Account "R" (Reserved)

(a) Except as provided herein, Mission accounting for Title I sales proceeds available for currency use offset generally follows the procedures in Chapter 5G above, for AID counterpart (country-owned) foreign currencies.

(b) Sales proceeds under the currency use offset provision of Title I agreements, however, are not classified as AID counterpart. Such amounts are deposited to a country-owned account (in the same manner as counterpart) but specifically identified apart from other country-owned funds administered as counterpart. The funds are designated in a Special Account "R" (for "Reserved") for uses which qualify for currency use offset set-aside in the country bank on which separate reporting of bank activity is required. Deposits should be made in interest bearing account(s) in commercial bank except where the use of commercial banks is contrary to the law or where the Interagency Staff Committee specifically exempts this requirement.

(2) Deposit and Use of Sales Proceeds

(a) The cooperating country notifies the Mission of deposits made to Special Account "R" in accordance with procedures applicable to counterpart funds. Activity charged to Special Account "R" is substantiated and confirmed between the Mission and country based on a plan of controlled drawdowns for development purposes as phased under mutually acceptable schedules and documented by a release or other comparable agreement. Such arrangement must clearly comply with the currency use offset criteria in the Title I or ancillary agreements in which the Mission Controller participated (see 5G7B(1)(e) above).

(b) The country depositary bank is required to report quarterly to the Mission on Special Account "R" activity, supplemented by documentation on usage furnished by the cooperating country through the bank or directly to the Mission.

(c) Missions assure compliance by the depositary bank with the quarterly statement frequency and by cooperating country with usage documentation for reporting to AID/W and consolidation in the Agency submission to the CCC for credit to borrowers' accounts. Information on country use of Title I sales proceeds is the responsibility of the host country and originates from the country records. The correctness, accuracy, and validity of the data are attested by the certificate of a responsible country audit authority. Joint programming of the currencies deposited may be undertaken if provided in the Title I agreement or implementing arrangements.

(3) Considerations Affecting Currency Use Offset (Loan Forgiveness)

(a) In accordance with the AID GC interpretation, the disbursement of Title I sales proceeds will satisfy the requirement that the local currencies be "used" for the purposes of carrying out specified development activities in order that their dollar equivalent be credited against the earliest installments of interest and principal due as established in the CCC loan accounts.

(b) The date of disbursement will establish the rate of exchange at which the dollar equivalent of that amount of country-owned sales proceeds disbursed from the Special "R" account will be offset against the dollar amounts due and payable under the repayment terms of the sales agreement.

(c) Local currencies generated for currency use offset are to be deposited by the country, upon demand by the Mission, *as close as possible to the time the commodities are sold for local currency, but no later than 6 months following the date of the last delivery, in amounts required to carry out the currency use offset provision of the agreement.* The Mission Controller is responsible for obtaining from responsible American Embassy personnel, such as the agriculture attache or equivalent officer, pertinent documentation on Commodity Credit Corporation disbursements under USDA Purchase Authorizations issued to cooperating country (see 5F2c and 5F2d above) and the performance of other liaison functions involving Mission participation in implementing P.L. 480.

(d) Where the full amount of currency use offset is covered by more than one tranche (shipment) under the Title I sales agreement, the full value is deposited in several installments by the country.

(e) Disbursement of deposits in the country-owned Special Account "R" *should be made as closely to the time the P.L. 480 imports are used to minimize the net inflationary or defationary effects of the agreement. The Mission Controller is responsible for monitoring usage disbursements to ensure that sales proceeds are deposited and disbursed for agreed upon purposes. No interest or principal owed by the recipient country to the CCC is offset until the date of disbursement and until the payment is due under the agreement.*

(4) Audit of "Uses"

(a) Documentation on disbursements against country-owned Special Account "R" funds emanates from country accounts and records and is certified by responsible ministry financial or equivalent authority for advice to the Mission. Disbursements for agreed upon uses is subject to U.S. review under any of the audit techniques (program, operational, financial) currently in effect for AID-financed assistance. Examination and review procedures also conform with special CCC lending terms which govern the order and amount of debt owed by the country.

(b) Audit of "uses" include review and testing of Mission accounts, maintained as provided below, against input from the depositary bank and country deposit advices under normal counterpart operations. See also *handbook 9, Chapter 5.*

d. Mission Records and Accounts

(1) Documentation

Documentation in support of the Mission accounts and records on the currency use offset program, in summary from requirements in paragraph 5G7c, follows:

(a) Title I agreement: *Food for Development Annex A setting forth the responsibilities of the recipient government and the U.S. Government and the amount of local currency to be deposited under the program and Annex B describing the specific development program to be undertaken by the recipient government.*

(b) Country notification of establishment of Special Account "R" for deposit of country-owned sales proceeds available for development uses.

(c) Deposit notification of local currency deposited in Special Account "R."

(d) Disbursement notification of local currency uses charged to Special Account "R" for development purposes, and identification of rate of exchange used to determine the dollar equivalent amounts of local currency disbursed. The applicable rate of exchange, effective on the date of disbursement, should be determined in accordance with Section 103(h), P.L. 480.

(e) Depository bank statements on quarterly activity in Special Account "R."

(f) Program, performance or budgetary support documentation on country usage for development objectives. *For Title III agreements, these must be comprehensive annual reports, submitted by November 1, detailing activities and progress achieved during the previous U.S. fiscal year.*

(g) Supplemental and/or operating arrangements or letters of implementation between Agency and cooperating country governing the furnishing of information from country sources; responsible ministry or other country agency; performance of the attest function by country audit or other official for country-originated reports; AID right of audit of country uses; and other implementation activity.

(h) USDA documentation on disbursements for financing Title I commodity shipments to the recipient country and delivery or supply periods (through cognizant Embassy attache personnel and/or Mission Title I program officer).

(i) Evaluation, audit and other reports on achievement of development objectives for which uses are stipulated in the Title *III* agreement.

(j) Country certification document accompanying report on deposit and uses of Special Account "R" country-owned funds.

(2) Controls

(a) Mission controls on the financial aspects of the currency use offset program under Title *III* agreements are established in the Mission general ledger based on the general concept set forth in 5G, for AID counterpart funds. The Mission maintains self-balancing accounts for each currency use offset agreement to provide (1) control over deposits, disbursements, and balances and (2) source data for preparation of reports (Attachment 5R). The accounts are maintained in local currency units and dollar equivalent amounts as required.

(b) To support effective Mission monitoring and review of uses of local currencies for credit to the country dollar obligation to the CCC. Missions maintain appropriate subsidiary records on input to country projects, activities or budget support operations which qualify as development uses under the Title I agreement; and, also, on the financial progress toward attaining the development target or goal predicated on such uses. The subsidiary accounts are documented from appropriate information sources identified in 5G7d(1).

(c) Where Special Account "R" local currency is used to enhance the effectiveness of an AID-financed project, the Mission may establish a memorandum supplement to the regular project record in which to record the details of the country contribution. The Mission accounts reflect the contribution in terms compatible with the system of "project inputs" prescribed in the PAIS (Project Accounting and Information System) segment of the new Agency programming, implementation, and evaluation concept (PBAR) which becomes operational in FY 1977.

(d) Detailed records on expenditures against Special Account "R" funds for agreed upon uses are the responsibility of the cooperating country. The Mission requests operating information on country uses to meet Agency needs for control and accountability under the currency use offset program.

(3) General Ledger Accounts

(a) Using control classifications prescribed in Chapter 5G6 as applicable to the currency use offset program, plus additional controls which identify development uses, Missions establish the following general ledger accounts bearing titles which identify the program:

1. Proprietary Accounts Stated in Local Currency Units

Acct. No.	Title
103	Currency Use Offset Cash on Deposit
803	Amount Used for Currency Use Offset - P.L. 480, Title *III* - Food and Nutrition *
804	Amount Used for Currency Use Offset - P.L. 480, Title *III* - Population Planning and Health *
503	Capital - Currency Use Offset

2. Budgetary Accounts Stated in Dollar Equivalents

Acct. No.	Title
945	Currency Use Offset Per Agreement
946	Undisbursed Currency Use Offset
947	Currency Use Offset Disbursements

* Also stated in dollar equivalents determined in accordance with c(3)(b) above.

(b) Activity Status

Policy Determination PD-5 requires that sales proceeds be spent as closely as possible to the time the P.L. 480 imports are used. (See Appendix 5I, Page 3). Therefore, some method of identifying the current status of the benefitting activity, financial progress, and future financing requirements will be needed.

(c) General Ledger Entries

1. Opening Entries

Dr. 945, Currency Use Offset Per Agreement

Cr. 946, Undisbursed Currency Use Offset

To record in U.S. dollars the total amount of Currency Use Offset Agreement.

2. Entry when no deposit is made prior to terminal date for deposit (see 5G7c(3)(c)).

Dr. 946, Undisbursed Currency Use Offset

Cr. 945, Currency Use Offset Per Agreement

To reduce currency use offset by amount in U.S. dollars not deposited within specified time for deposit.

3. Deposits Made by the Country to Special Account "R"

Dr. 103, Cash on Deposit with Banks

Cr. 503, Capital - Currency Use Offset

To record deposits made by the country in local currency units.

4. Disbursements Made for Specified Economic Development

Dr. 803, Amount Used for Currency Use Offset - P.L. 480, Title *III* - Food and Nutrition
or
Dr. 804, Amount Used for Currency Use Offset - P.L. 480, Title *III* - Population Planning & Health

Cr. 103, Cash on Deposit with Banks

To record in local currency units disbursements made from the Special Account "R" for agreed uses. Dollar equivalents of local currency disbursements and exchange rate used are also recorded in Accounts 803 and/or 804.

5G7d(3)(c)4

- and -

Dr. 946, Undisbursed Currency Use Offset

Cr. 947, Currency Use Offset Disbursements

To record dollar equivalents of currency use offset disbursements in budgetary accounts.

(d) Significance of General Ledger Account Balances

1. Account 103, Currency Use Offset Cash on Deposit. The debit balance shows currency use offset cash on deposit with commercial bank(s) which is available for use in accordance with agreement. Stated in local currency units only.

2. Account 503, Capital - Currency Use Offset. This is a credit balance account and shows the total local currency deposited by the country for the agreed currency use offset purposes. Stated in local currency units only.

3. Account 803, Amount Used for Currency Use Offset - P.L. 480, Title *III* - Food and Nutrition, and Account 804, Amount Used for Currency Use Offset - P.L. 480, Title *III* - Population Planning and Health. These are debit balance accounts and show the local currency units and dollar equivalent amounts disbursed for the agreed uses.

4. 945, Currency Use Offset Per Agreement. This is a debit balance account and represents net currency use offset provision in U.S. dollars per agreement.

5. 946, Undisbursed Currency Use Offset. This is a credit balance account and represents undisbursed portion of the net currency use offset provision in U.S. dollars.

6. 947, Currency Use Offset Disbursements. This is a credit balance account and represents the disbursed portion of the currency use offset provision of the agreement stated in U.S. dollars.

(e) Reconciliation of Cash

The Mission reconciles the cash account with the bank statement each quarter to verify all deposits, disbursements, and the ending balance in local currency units.

e. Reporting

(1) Mission

At the end of each quarter (December 31, March 31, June 30, and September 30) Missions submit to AID/W a report on the activity and status of each P.L. 480, Title III currency use offset agreement. The report is to be certified by the Mission Director or designee. Instructions are provided in Attachment 5R.

(2) AID/W

SER/FM consolidates Mission reports into a quarterly report to CCC of the amounts used. The consolidated report is supported by the individual country reports (Attachment 5R)

(3) Other

Other reporting requirements may be established as this program progresses. As required for AID control operations, the equivalent of AID counterpart reports prescribed in 5K of this Chapter may be instituted for summarization of all Mission Title I currency use offset activity in a comprehensive Trail Balance, Net Cash Change, and other relevant aggregates on financial activity; e.g., development uses by sector or budget support. Reports required for the AID programming and budgeting system will be prescribed in the AID Handbook 2 and the guidelines for the Annual Budget Submission.

5H. Operating and Accounting Procedures - Trust Funds (Entity No. 4)

1. Authority

Sections 625(h) and 636(h) of the FAA of 1961, as amended, authorized AID to enter into arrangements with foreign countries for reimbursements to the U.S. Government or for other sharing of the cost of performing functions authorized by the Act. The trust fund provides a means for a cooperating country to make a contribution of its own currency to the economic assistance program where it is more convenient for the Mission, rather than the cooperating country government, to administer the contribution. The account in which the contribution is deposited is administered by the Mission under a trust agreement with the country.

5H

2. Nature of the Trust Account

a. Salient Characteristics

Characteristics of the trust account pertinent to the objectives of this accounting Handbook follow:

(1) The Mission serves as trustee over funds in the trust account and renders reports as required to the cooperating country pursuant to the trust agreement.

(2) Funds are deposited directly to AID foreign currency account 72FT800 and are available under automatic allotment authority of the Mission.

(3) Funds in the trust account are not subject to Section 1415 of the Supplemental Appropriation Act, 1953. However, trust funds are subject to Section 1311 of the Supplemental Appropriation Act, 1955. Trust funds are not subject to the apportionment provisions of Section 3679, Revised Statutes, but unless a waiver is granted by AID/W, Missions do not at any time incur obligations in excess of the amount available in the trust fund.

(4) Trust fund sources are primarily counterpart accruing from Supporting Assistance grants (Section 609(a)(2) of the FAA) but also include cooperating country usual budgetary sources, P.L. 480 country-use currencies (U.S. owned) and P.L. 480 counterpart.

(5) Trust funds exclude funds for program activities where disbursement is made by the cooperating country and counterpart, except for transfers therefrom to the trust account.

(6) Costs to be financed from the trust account are stated in the trust agreement.

(7) Funds in the trust account revert to the cooperating country when the AID program is terminated.

(8) The Mission reports quarterly to AID/W on cash receipts and disbursements and on commitments (obligations) for Mission operations.

b. Distribution of Administrative and Program Expenses

Disbursements from the trust fund are made to cover the costs of U.S. assistance programs, including costs of administration thereof, in the cooperating country in accordance with the provisions of the trust agreement.

3. Planning and Budgeting

a. Annual Trust Fund Budget

Each year an annual trust fund budget is agreed upon between the Mission and the cooperating country for the financing of certain local currency ceilings or targets for monitoring the implementation of trust fund financed activities and projects, *including the cost of Mission operations. The annual Mission Operating Expenses Budget (MOB) submitted to AID/W also includes requirements against the local currency trust fund as governed by the underlying agreement.*

b. Deposits and Expenditures

The Mission periodically requests the cooperating country to make the agreed upon contribution to the trust fund to meet anticipated requirements under the annual budget to which the country has agreed. In some cases, initial advances of local currency may be made by the country for use as working capital on a revolving fund basis with periodic replenishment for expenses actually paid by the Mission. Both regular contributions and advances are deposited to AID account 72FT800. Deposits to and payments from the trust account are effected by the USDO in accordance with normal standard collection, certification, and accounting procedures. Detailed documentation and procedures, as set forth in 5E apply also to trust fund accounting. Further explanation is given below.

c. AID Program Approval

The Annual Budget Plan expenditure proposals must be compatible with the approved *Operating Year Budget* or other program levels established by AID. For any part of the trust fund derived from counterpart funds, the Mission assures that the counterpart project release record is appropriately annotated to preclude duplication in the release of counterpart to the projects concerned.

4. Mission Stewardship

Under the trust agreement, the Mission has stewardship accountability for the funds in the trust account held in the name of the cooperating country. The Mission reports on the use of the trust fund as set forth

in the agreement and related arrangements thereunder to assure complete reporting to the cooperating country on the financial management aspects and administration of the trust fund. In come cases, the Mission may be required to permit access to trust fund accounts and supporting records to designated representatives of the cooperating country.

5. Accounting Plan

The provisions of 5C, 5D, and 5E are applicable to AID trust accounts, which are subject to the formalized general ledger controls set forth in the cited sections. The plan of control includes funding and obligating processes comparable to methods and techniques which apply to use of funds in *U.S.-owned and AID-administered* foreign currencies (5E); tie-in of expenditure with budget plan projections; monetary control over trust property; allotment and budgetary accounting for contributions of the cooperating country to the trust fund together with collateral proprietary controls; and systematic recording of transactions within a comprehensive set of general ledger controls (see 5C). The objective is the establishment of better management control of the funds and other resources available for trust fund operations within an integrated accounting entity.

a. System of Integrated Accounts

The general ledger controls which apply to trust fund operations are identified in 5C5 list of accounts for program Entity No. 4. Exhibit 5B sets forth standard journal entries.

b. Documents and Records

The documents and records which apply to trust fund operations are identified in 5D. A graphic portrayal of documents and records is contained in Exhibit 5C. Transaction documents are keyed to standard journal entries in Exhibit 5D. Illustrative records applicable to both *U.S.-owned and AID-administered* foreign currency and trust fund operations are set forth in the following attachments:

Records	Attachment
1. Transaction Ledger	5A
2. AID FT Allotment Accounts	5B
3. General Ledger	5C
4. Project Ledger	5D
5. Distribution Ledger	5E
6. Implementation Action Status Record	5G
7. Cash Receipts and Disbursements Record	5J

c. Files

See 5D4G.

d. Planned Versus Actual Expenditures

Obligation and expenditure data in the trust fund allotment account provide summary overall fiscal information for the trust fund as a whole. Project Ledgers maintained by fiscal year permit an analysis of trust fund expenditures by project. The Project Ledgers are the basis for periodic review of actual expenditures with planned operations. Corrective action on deficiencies in operation as revealed in the variances between planned and actual activity is supported by the information originated from the Project Ledgers. *When implemented and operational in the field, the PAIS specifications supersede the Project Ledger illustrated in Attachment 5D.*

6. Special Procedures

a. Opening Entries

(1) The general ledger controls for the trust account are effective with the implementation of controls for U.S.-owned foreign currencies in AID FT accounts as prescribed in 5E2. The opening balances of the accounts are established by an inventory, count and analysis of the items, amounts, and other values which support each general ledger account classification. The opening entry is documented by journal voucher as shown in Attachment 5H(1). Guidance for determining the financial status of the trust account upon conversion to these procedures follows:

(a) Trust Fund Cash - the cash balance in account 72FT800 is verified with the U.S. disbursing officer.

(b) Travel Advance Outstanding - balances shown on SF 1038's in the subsidiary travel advances record.

(c) Quarters Advances Outstanding - balances shown on Requests for Advance Payment - Quarters Allowances in the related subsidiary record.

(d) Advances - Other - unliquidated payment documents such as outstanding balance of advance allowances made for participants' maintenance.

(e) Receivables - Other - overpayments or other monies due the trust account for which bills for collection or other documentation of indebtedness to the trust account have been issued or established.

(f) Prepaid Expenses - amounts paid for leases, utilities, services, etc., applicable to future periods supported by leases, worksheets, or other documentation reflecting prepayment information.

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(g) Nonexpendable Property - book inventory of all nonexpendable property on hand and in use for trust fund operations, title to which is vested in the trust fund.

(h) Accounts Payable - the value of goods and/or services received or accrued for which payment has not been made as supported by receiving reports and other documentation reflecting receipt of goods and services or other performance not paid for (excluding liabilities for estimated expenses which would be immediately reversed).

(i) Trust Fund Investment - Cash - the amount derived by subtracting accounts payable and other liabilities not described above (see Exhibit 5A), including amounts attributable to property purchases, from the sum of the assets, net of the amounts attributable to property donations.

(j) Trust Fund Investment - Property - the amount derived by subtracting accounts payable purchases from the nonexpendable property asset.

(2) The opening balances in the budgetary accounts are determined as follows:

(a) Trust Fund Available Receipts - total amount of all cash contributions deposited by the cooperating country as established by USDO deposit record.

(b) Unobligated Allotments - Trust Fund Receipts - the balance of cash contributions on deposit, as shown by the USDO deposit statement balance, less amounts which have been obligated thereunder as shown by outstanding requisitions, orders, etc.

(c) Undelivered Contracts and Orders (Obligations Incurred) - Trust Fund Receipts - trust fund obligations incurred for goods and services or other requirements, as provided in the trust agreement, for which delivery has not been made or performance rendered.

(d) Unpaid Contracts and Orders Received - Trust Fund Receipts - goods and services received or performance rendered for which payment has not been made to suppliers or vendors.

(e) Disbursed Allotments - Trust Fund Receipts - cumulative disbursement of funds from deposits made by the cooperating country in the trust account, as established by the USDO; represents the difference between item (a), and the sum of the balances in items (b), (c), and (d) above.

b. Recording Opening Entries

(1) Opening balances are shown in the Transaction Register, Allotment Ledger, Project Ledger, and Object Class Distribution Ledger.

The illustrative entries in Attachments 5A and 5B apply to trust account opening balances. Attachments 5D and 5E are maintained for trust fund operations as provided in the accompanying instructions (opening entries are not shown for these attachments).

(2) Since AID guidelines for the conduct of foreign currency trust fund accounting in effect prior to these procedures did not prescribe the maintenance of Project Ledgers, Missions, based upon records available upon inception of this system develop by worksheet analysis the conversion of cumulative obligation and disbursement activity for active projects to cumulative cost component and method of implementation elements. Beginning cumulative foreign currency trust fund project/activity balances exclude accruals as of the date of conversion. *For conversion to PAIS, distribution in the Project Ledger is by project input or modified cost component as specified by the changeover. Method of implementation (MOI) distribution is discontinued under PAIS.*

(3) The opening balances in the proprietary accounts are included in the monthly posting from the Transaction Register. The opening balances in the budgetary accounts are posted from the journal voucher prepared for the purpose since the beginning entry in the allotment ledger reflects cumulative amounts except for the amount in the Unobligated Balance column.

c. Daily Operating Procedures

(1) General

The procedures in 5E3 apply. Daily transactions, cash and miscellaneous noncash, are recorded in the Transaction Register. Collateral budgetary activity is recorded in the Allotment Ledger, which also reflects amounts deposited by the cooperating country (as allotments received) and obligations incurred on a daily basis . Obligation and expenditure activity, by project, is posted to the Project Ledger on a daily basis or at other suitable frequencies. Object Class Distribution Ledgers are posted in the same frequency as the Project Ledgers and must be current at the end of the month. General ledger controls are posted by journal voucher at the end of the month from the Transaction Register and Allotment Ledger. Accruals are recorded in the Transaction Register, Allotment Ledger, Project Ledger, and Object Class Distribution Ledger.

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(2) Transactions

Based on general ledger account descriptions in 5C5, the summary below shows transaction activity, by general ledger account and records to which posted:

Codes:

TR - Transaction Register
AL - Allotment Ledger
PL - Project Ledger
OCDL - Object Class Distribution Ledger

(a) Daily Activity

Acct.		TR	AL	PL	OCDL
104	Trust Fund Cash on Deposit				
	Deposits by cooperating country	x	x		
	Collections from debtors (refunds)	x	x	x	x
	Repayment of outstanding balance of advances	x			
	Miscellaneous income receipts	x	x		
	Vouchers paid, including liquidation of advances	x	x	x	x
	Settlement of accounts payable	x	x		
	Transfer to counterpart	x	x		
	Trust fund balance returned to cooperating country upon termination of agreement	x	x		
201	Travel Advances Outstanding				
	Travel advances paid	x			
	Travel advances applied on travel vouchers	x	x	x	x
	Refund of travel advance	x			
202	Quarters Advances Outstanding				
	Advances paid	x			
	Advances liquidated	x	x	x	x
	Bill issued for collection of outstanding balances	x			
	Refund of balance of advance	x			
203	Advances - Other				
	Funds advanced to performing entity for trust fund project	x			
	Liquidation of advance	x	x	x	x

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		TR	AL	PL	OCDL
204	Interest Receivable				
	Accrual of interest on trust funds held in depositary account	x			
	Interest credited by the depositary bank	x	x		
206	Receivables - Other				
	Billings for recovery of erroneous payments	x			
	Amounts due from sale of trust fund property	x			
	Collections - refunds	x	x	x	x
207	Prepaid Expenses				
	Payments for future period rents, utilities, etc.	x	x	x	x
	Application of repayments to current period	x			
301	Nonexpendable Property				
	Payment for property purchased with trust fund deposits	x	x	x	x
	Property received but not paid for - financed from trust fund	x	x		
	Transfer of current fiscal year purchases to trust fund property	x			
302	Trust Property				
	Property capitalized for trust fund operations	x			
	Transfer from current fiscal year purchases	x			
303	Leasehold Improvements				
	Cost of leasehold improvements attributable to trust fund operations (expenditures)	x	x	x	
	Amortization of leasehold improvements	x			
401	Accounts Payable				
	Amounts owned for goods and services received	x	x	x*	x*
	Amounts due for estimated expenses	x	x	x*	x*
	Payments to vendors and other creditors	x	x	x	x
	Reversal of accruals for estimated expenses (beginning of each month)	x	x		
	Reversal of accruals for goods and services received and estimated expenses (beginning of fiscal year)			x	x

*At frequencies provided in 5E3e(2).

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		TR	AL	PL	OCDL
402	Payroll Deductions Payable				
	Employee withholdings	x	x	x	x
	Payment of amounts withheld to appropriate authorities	x			
504	Trust Fund Investment - Cash				
	Cooperating country deposits	x	x		
	Transfer of funds to counterpart	x	x		
	Return of balance to cooperating country	x	x		
505	Trust Fund Investment - Property				
	Appraised value of property capitalized for trust fund operations	x			
	Property donations by cooperating country	x			
	Return of donated or capitalized property to cooperating country	x			
512	Accumulated Net Income (or Loss) from Operations	x			
513	Prior Year Adjustments	x			
701	Income				
	Miscellaneous income receipts from operations - refunds	x	x	x	x
	Other earnings accrued but not collected	x			
	Other income receipts - nonrefunds	x	x		
703	Interest Earned on Depositary Accounts				
	Accrued on deposits in depositary bank	x	x		
801	Operating Expenses				
	Supplies and services received and expensed but not paid for	x	x		
	Estimated expenses incurred but not billed or paid	x	x	x*	x*
	Expenses incurred and paid for in current period	x	x	x	x
	Prepaid expenses applied to current period	x			
	Reversal of expenses estimated but not paid	x	x	x*	x*

*At frequencies provided in 5E3e(2).

5H6c(2)(a)

		TR	AL	PL	OCDL
904	Trust Fund Available Receipts				
	Cooperating country deposits to trust account	x	x		
	Transfer of deposits to counterpart	x	x		
	Balance returned to cooperating country	x	x		
924	Unobligated Allotments - Trust Fund Receipts				
	Deposits available for allotment	x	x		
	Amounts obligated for trust fund projects		x	x	
934	Undelivered Contracts and Orders (Obligations Incurred - Trust Fund Receipts)				
	Amounts obligated for trust fund projects		x	x	
	Obligation adjustments - obligation not liquidated by accrual or disbursement		x	x	
	Obligation adjustments - refunds	x	x	x	x
	Liquidation of obligation by accrual	x	x	x	x
938	Unpaid Contracts and Orders Received - Trust Fund Receipts				
	Deliveries received or performance rendered	x	x	x*	x*
	Accrued liabilities for estimated expenses	x	x	x*	x*
	Liquidation of payables by disbursement	x	x	x	x
	Reversal of accruals for estimated expenses (beginning of each month)	x	x		
	Reversal of accruals for goods and services received and estimated expenses (beginning of fiscal year)			x	x
944	Disbursed Allotments - Trust Fund Receipts				
	Amounts disbursed	x	x	x	x
	Disbursement adjustment	x	x	x	x

*At frequencies provided in 5E3e(2).

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(b) Monthly Postings

As provided in notes to Attachment 5A (Transaction Register) and 5B (Allotment Ledger).

(c) Year-End Closing

As shown in 5C5, under Income and Expenses Accounts.

(3) Monthly Trial Balance

A trial balance of the trust fund general ledger accounts is prepared each month. The trial balance reflects accruals as set forth in the illustrative transactions above; and is prepared after the Transaction Register and Allotment Ledger are totaled, balanced, and the amounts posted to the general ledger.

(4) Financial Statements

Trust fund financial statements are prepared quarterly from the balances in the trial balance. The Statement of Financial Condition (Balance Sheet) shows the trust fund investment in cash and property plus the accumulated net income (or deficit) from operations as the differences between asset and liability balances. Missions adapt generally accepted commercial accounting practices in preparing the presentations in the Statement of Financial Condition for management use or information to officials of the cooperating country having an interest. The Statement of Income and Expenses, reflecting the results of operation, is also prepared in accordance with similar standards of commercial accounting as meaningful for use by Mission management or cooperating country officials. Financial statements are submitted to AID/W if specifically requested.

(5) Reports to Cooperating Country

Periodic reports to the cooperating country of the uses made of funds deposited under the trust agreement, as provided therein, are based on and supported by the detailed records and accounts prescribed by this system. As required, the categories of costs and other expenditures for which trust fund monies are used are developed by analysis of the accounts and subsidiary records. If specified in the trust agreement, the report to the cooperating country shows the distribution of costs and other expenditures between program and administrative requirements.

d. Review of Annual Budget Plan Amounts with Actual

Information on variances between amounts provided in the annual budget plan for trust fund project expenditures (and obligations if so indicated) and actual expenditures (and obligations if required under the plan) is furnished by the Mission Controller at quarterly or other periodic intervals to Mission management and in reports to the cooperating country if provided

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in the trust agreement. The format of the report on variances is developed by the Mission Controller in consideration of the needs of the recipients and the most economical and effective method of assuring adequate disclosure of pertinent details. A summarization of Project Ledger detail on a simplified basis is appropriate for the purpose.

e. Reconciliation Procedures

These requirements relate to (1) verification of comparable information in various records and accounts and (2) identification of amounts in various stages of fund utilization by reconciling differences.

(1) Reconciliation of Records and Accounts

Project Ledger costs (disbursements and accruals) are reconciled each month to amounts posted for the period to the general ledger controls over Operating Expenses (Account 801) and Nonexpendable Property (Account 301). The amounts in the Project Ledger are also reconciled in the aggregate with accrued expenditures shown in the Allotment Ledger for the month.

(2) Reconciliation of Fund Utilization

This process involves the reconciliation of:

a. Costs to accrued expenditures.

b. Accrued expenditures to disbursements.

c. Accrued expenditures to obligations.

d. Obligations to funds allotted.

Illustrative computations on the above reconciliations follow:

Costs due to expenditures (disbursements plus goods and services received and invoices outstanding less prepaid expenses)	240,000
Add: Estimated accruals for the period (accrued liabilities for unpaid expenses)	10,000
Accrued Expenditures at end of period	250,000
Add: Increases or decrease in payables for the period - increase (minus); decrease (plus)	(50,000)
Total disbursements	200,000

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Accrued Expenditures at end of period	250,000
Add: Increase or decrease in outstanding obligations during period - increase (plus); decrease (minus)	25,000*
Total Obligations incurred	275,000
Total Obligations incurred	275,000
Add: Unobligated Allotment of Trust Fund Receipts	125,000
Total funds allotted (deposited)	400,000

*Net of accruals included in Accrued Expenditures.

Missions determine the frequency with which utilization of trust fund deposits is reconciled against total fund availability in light of management and cooperating country needs. The reconciliation should be performed at least quarterly.

5I. Operating and Accounting Procedures - Cooley Loans (Entity No. 5)

1. Authority

a. Section 104(e) of the Agricultural Trade Development and Assistance Act of 1954, as amended (P.L. 480), authorizes the use of foreign currencies which accrue from sales of agricultural commodities for loans to U.S. firms or affiliates for business development and trade expansion in foreign countries or loans to domestic or foreign firms for use in expanding the market for U.S. agricultural commodities.

b. Foreign currencies available to AID for the Cooley Loan Program are transferred to the AID foreign currency account 72FT760 and are subject to the restrictions and requirements imposed by various legislative, regulatory, and Agency authorities and regulations as set forth in 5E1 including allocation and apportionment controls exercised by the OMB.

c. *The procedures for Cooley loans which follow apply to funds made available under the CUP provision of P.L. 480, Section 103(b), pursuant to the 1968 amendment of the Act providing for conversion to dollar credit or convertible local currency credit sales. The procedures also apply to allocations of local currency loan repayments and interest for Cooley loans. See 5A2b for discussion of local currency available for country uses; 5A3b for discussion on P.L. 480, Title I local currency available for U.S. uses under the exceptions in Section 103(b); 5A3f on the liquidation of Cooley loan funds generated prior to conversion to the dollar credit or convertible local currency credit sales basis; and 5C1c(2) on control over new availability for Cooley loans from CUP deposits or local currency loan repayment allocations.*

2. Implementation

a. Fund Control

Cooley loan funds are administratively controlled by AID/W and allotted to the Assistant Administrators of the Geographic Bureaus. Accountability for Cooley funds is the responsibility of SER/FM/LD. Cooley funds are an integral part of the loan program controlled centrally at AID/W for both loan accounting and fiscal administration.

b. Disbursing Authority

(1) For the purpose of loan implementation, Missions receive authority from AID/W to disburse to borrowers or are instructed to transfer foreign currencies from account 72FT760 to the Agent Bank in the country in which the borrower is located for disbursement by the bank to the borrower. AID/W establishes a limitation on the amount which Missions are authorized to disburse. Geographic Bureaus determine whether or not a Cooley loan is to be disbursed by an Agent Bank, the selection of which is negotiated by AID with the concurrence of the Treasury Department. Under current AID practice, all funds for which the Agent Bank will be responsible are transferred in one lump sum, which is usually the full amount of the loan. In less frequent cases, funds are transferred to the banks in installments. Disbursements by either Missions or Agent Banks may be in the full amount of the loan or in part, depending upon the provisions of the loan agreement.

(2) In transferring Cooley loan funds to Agent Banks, the responsible Geographic Bureau advises SER/FM/LD of the approval by AID/W of the transfer of appropriate sums to a specified bank for the purpose of disbursing to the borrower. SER/FM/LD advises the Mission Controller of approval action by AID/W and requests that the required amount be transferred from the AID account 72FT760, "P.L. 480, Section 104(e) (Cooley Loans)," to the designated Agent Bank. The Mission schedules the amount to be transferred on SF 1166, Voucher and Schedule of Payments, for payment to the Agent Bank by the USDO.

c. Loan Servicing

Where Cooley loans are disbursed by Agent Banks, billing and collection services are performed by the banks. They provide both the Mission in the country in which the Agent Bank is located and AID/W with "debit" and "credit" advices of disbursements and collections. With respect to loans disbursed by Missions, billings are originated by AID/W for transmittal to the borrower through the Mission. In the latter instance, collection is made by the Mission. Missions have responsibility for maintaining subsidiary ledgers on Cooley loans (see Attachment 5F) and for the conduct of the loan servicing function as prescribed in 6D.

d. AID Loan Accounting System

The official loan accounts for Cooley loans are contained within the loan accounting system set forth in Chapter 6. This section prescribes techniques and methods for implementing controls over the fiscal and financial aspects of Cooley loan funds in relation to the delegation of authority to the Mission to disburse thereunder or the contractual arrangement with the Agent Bank to service the loan for disbursement, collection, and other functions. Mission records and accounts on Cooley loans under the concept of an integrated fund entity, as depicted in Exhibit 5B, are for the purpose of assuring comparable controls on fund availability (disbursing authority) and utilization within the pattern set forth for Mission accountable funds, such as those contained in Entities Nos. 1, 2, and 4. Since the controls for Cooley loan funds are based on limitation authority to the Mission or Agent Banks, the accounts thereunder are identified as "memorandum" in contrast to the controls over funds in the several other entities discussed in this Handbook.

3. Accounting Plan

a. Unified Controls

Within the concepts set forth in 5C, Missions are responsible for establishing and maintaining integrated general ledger controls over the proprietary and budgetary aspects of Cooley loan funds which are disbursed by the Mission or an Agent Bank. The controls include disbursements by the Agent Bank in the country in which the Mission is located.

b. Accounts, Records, and Files

Documents and records pertinent to Cooley loan funds are included in 5D. The required accounts and records are limited to the following:

1. Transaction Register	Attachment 5A(1)
2. Allotment Ledger	Attachment 5B(2)
3. General Ledger Account	Attachment 5C
4. Memorandum Loan Ledger	Attachment 5F

Project Ledgers or Object Class Distribution Ledgers are not prescribed for Cooley loan accounting at the Missions.

c. Documentation

Documents supporting entries in the general ledger controls for Cooley loan funds are included in Exhibit 5D. The list of standard journal entries, Exhibit 5B, shows applicable posting media.

4. Procedures

a. Opening Entries

The Transaction Register, Attachment 5A(1), shows the opening entry for balances in the accounts for both Mission and Agent Bank activity. The opening entry is supported by a journal voucher, Attachment 5H(2), which identifies separately amounts in the same account applicable to Mission and Agent Bank activity. Detailed instructions are furnished with Attachment 5A(1). Notes in the reference column of the journal voucher indicate the basis for determining the opening balances. Balances in the proprietary account are included in the monthly totals posted to the general ledger. Balances in the budgetary accounts are posted to the general ledger from the supporting journal voucher; the opening balances in these accounts are shown in the allotment ledger and the entry rules except for the balance in Account X922, Unused Disbursing Limitation (see *Attachment* 5B(2)).

b. Transactions

Based on general ledger account descriptions in 5C5, daily activity in the Cooley loan accounts is summarized below by general ledger account and records to which posted:

(1) Daily Activity

Codes:
TR - Transaction Register
AL - Allotment Ledger

Acct.		TR	AL
102	Disbursing Authority		
	AID/W Advice of Mission authority to disburse	x	x
	AID/W Advice of total amount to be disbursed by Agent Bank	x	x
	Mission disbursement to borrower	x	x
	Transfer of Cooley loan funds from AID account to Agent Bank	x	
109	Transfers to Agent Banks		
	Transfer of Cooley loan funds by Mission to Agent Bank for disbursement to borrower	x	
	Interest on depositary account	x	
	Undisbursed funds returned to Mission by Agent Bank	x	
	Interest on depositary account transferred to Treasury sales account	x	
110	Loans Disbursed by Agent Banks		
	Debit Advices from Agent Bank	x	x

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Acct.		TR	AL
204	Interest Receivable		
	Interest due on Cooley loans as shown on AID/W billings	x	
	Interest earned on balances in depositary bank	x	
	Interest collected on loans or credited to depositary account	x	
205	Loans Receivable		
	Cooley loan funds disbursed by Mission	x	x
	Cooley loan funds disbursed by Agent Bank	x	x
	Collection of principal repayment by Mission or Agent Bank as reported by Credit Advices	x	
502	U.S. Government Investment - Disbursing Authority		
	AID/W limitation authority to Mission and Agent Bank for disbursements to borrowers	x	x
	Decrease, cancellation, or withdrawal of limitation authority to Mission and Agent Bank to disburse	x	x
509	Capital in Foreign Currency Transferred to U.S. Treasury		
	Principal repayment deposited in Treasury 20FT account	x	
510	Earnings in Foreign Currency Transferred to U.S. Treasury		
	Interest collection deposited in Treasury 20FT account	x	
	Transfer of depositary account interest to Treasury	x	
512	Accumulated Net Income (or Loss) from Operations		
	Closing of operating expenses at end of fiscal year	x	
	Closing of income accounts at end of fiscal year	x	
513	Prior Year Adjustments		
	Adjustment of prior year income or expense	x	
702	Interest Earned - Loans Receivable		
	Interest earned on loans receivable as shown on billings	x	
	Balance closed at the end of the fiscal year *to* Accumulated Net Income (or Loss) from Operations*	x	

*Or by journal voucher at end of fiscal year.

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Acct.		TR	AL
703	Interest Earned on Depositary Accounts Interest earned on balances in depositary account with Agent Bank	x	
801	Operating Expenses Expenses authorized to be charged and disbursed against disbursing authority from AID/W.	x	x
902	Disbursing Limitation AID/W limitation on Mission or Agent Bank disbursements		x
909	Loan Repayments and Lapsed Foreign Currencies Principal repayments and interest collections made at Mission or by Agent Bank and credited to Treasury 20FT accounts		x
910	Transfers to Treasury Offset to repayment of principal and interest receipts transferred to Treasury		x
922	Unused Disbursing Limitation AID/W limitation on authority to disburse by the Mission or Agent Bank	x	x
	Amounts disbursed	x	x
942	Used Disbursing Limitation Mission or Agent Bank Disbursements	x	x

(2) Monthly Postings

As provided in notes to Attachments 5A(1) (Transaction Register) and 5B(2) (Allotment Ledger).

(3) Year-End Closing

As shown in 5C5 under Income and Expense Accounts.

c. Subsidiary Loan Ledgers

These ledgers are maintained with respect to each Cooley loan for which either the Mission or an Agent Bank is disbursing. The format is shown in Attachment 5F. The format is adapted to the requirements of Cooley loan implementation; specifically, the "Loan Agreement" segment, columns (11) and (12), is the equivalent of the amount obligated since the agreement is the obligating document. The "Obligated" segment, columns (13) through (18), may be utilized to describe the purpose or nature of the financing or other identifying uses of the funds disbursed.

d. Reallocation of Expired Cooley Loan Funds

AID policy and procedures assure the prompt return to the U.S. Treasury of foreign currencies made available for Cooley loans where such funds expire and there is no further need thereof for AID programs. Mission actions or responsibilities with respect to expired funds include the following:

(1) Receipt of advice from AID/W of expired funds which have been transferred from the AID 72FT760 account to the Treasury accounts and copy of transfer document (Treasury Form BA6901).

(2) Receipt by the Mission Controllers of information from AID/W from time to time on Cooley Loan fund availability.

(3) Receipt of advice from AID/W of the reallocation of expired funds by OMB.

(4) Reconciliation with transfers shown on USDO's Form 488, Foreign Currency Statement of Transactions and Account Current.

e. Allocation of Principal Repayments and Interest on Cooley Loans

Guidelines for requesting allocation by OMB of principal repayments and interest on Cooley loans are contained in 5E6c.

f. Mission Controller Loan Servicing Responsibilities

See 5E6d.

5. Financial Statements and Reports

a. The results of the double-entry accounting controls prescribed above with respect to both Mission and Agent Bank implementation activity are verified by monthly trial balances. The balances support the preparation of financial statements (Statement of Financial Condition and Statement of Income and Expense) on a quarterly basis. The statements reflect generally accepted commercial accounting and reporting practices and standards. Missions adapt these presentations to meet the needs of management and of AID/W authority for information on Cooley Loan Program implementation under the disbursing authority made available to the Mission for the purpose and/or funds transferred to the Agent Bank.

b. Fiscal reports prescribed in 5K, on Cooley loan activity, continue in effect. These include telegrams and schedules of collections and disbursements, Advices of Charge, and related U-106 Reports. For Cooley funds transferred to Agent Banks for disbursement to borrowers, the Chief, SER/FM/LD, acts as the accountable officer and prepares the FS-488 - Foreign Currency Statement of Transactions and Account Current, based on the advice of Agent Banks' disbursements and collections in the countries concerned. The FS-488's are submitted to the U.S. Treasury.

5J. Internal Controls

1. Purpose

The procedures for foreign currency accounting and reporting, as prescribed in this accounting manual, establish a system of internal controls, comprising the methods, techniques, and systems for assuring the integrity of the AID foreign currency accounts and compliance with statutory, regulatory, and AID requirements and policy on the fiscal and financial administration of foreign currency programs.

2. Fund Control

a. U.S.-Owned Foreign Currencies

The system is compatible with the limitations under Section 3679, Revised Statutes, and OMB Circular A-34. See 5E1c. Missions exercise administrative control over these foreign currencies. The system extends the basic AID fund-control plan, including specific provision for delegation of authority by the allottee designated on Advices of Allotment to other Mission officials who are authorized to incur charges against Mission allotment. For AID/W allotted funds, comparable controls are exercised by Geographic Bureau Assistant Administrators to whom Cooley loan funds are allotted.

b. Counterpart and Foreign Currency Trust Funds

The procedures assure utilization of funds within the amounts deposited and in accordance with bilateral agreements and annual budget plans. Periodic reports to the cooperating country, as agreed to, show the activities for which funds were disbursed and other agreed-to uses, the funds deposited or contributed by the country and balances available. Variances between budgeted amounts and actual disbursements are reported and, as required, corrective action instituted.

c. Separation of Functions

Financial administration of foreign currency programs is consistent with the functional alignment of Mission Controller Office elements for the conduct of other AID programs. Disbursing control is achieved by separating administrative approval of charges against Mission allotments from the function of voucher preparation and certification. Mission officials having knowledge of the substantive transaction act independently in approving, on an authoritative basis, the propriety of a payment, thereby giving the authorized certifying officer a basis for attesting to the accuracy and legality of a voucher certified for payment.

3. Timely Accounting Records

a. Recording Transactions

The system requires the maintenance of current information in the AID/W and Mission accounts on the status of allotted funds as a basis for accurate, timely, and meaningful reports to AID management. Allotment ledgers are prescribed for all funds held in AID FT accounts, whether or not U.S.-owned, with unobligated balances shown in the allotment ledgers. Unliquidated obligation files are reviewed periodically for cancellation or reduction of amounts no longer required or incompatible with Section 1311 criteria for U.S.-owned funds. For counterpart and trust funds, care is exercised to assure that commitments against these funds do not exceed the amounts deposited for the purposes specified as agreed to from time to time. Unliquidated obligation documents are required to be verified monthly with the related balances in the allotment ledgers.

b. Voucher Scheduling Cutoff

As feasible and practical, Missions assure that amounts approved for payment are paid in the same month in which the certified disbursement documents are forwarded to the disbursing officer. Vouchers are scheduled for payment so as to effect a common cutoff of monthly expenditure transactions between the Mission and the disbursing officer. The result is a ready reconciliation of expenditures shown in the Mission allotment ledgers with the amounts shown in the disbursing officer's account current.

4. Reconciliation

With respect to foreign currencies held in AID designated FT accounts, Mission Controllers or other responsible fiscal servicing officers assure that the reconciliation of the Mission accounts with the disbursing officer's account current on FS-488, Foreign Currency Statement of Transactions and Account Current, is accomplished in accordance with the instructions in 8B5. The results of the reconciliation are to be furnished and available to the disbursing officer in sufficient time for adjustment or correction of the account current, if required, before the required date of submission to the U.S. Treasury.

5. Monthly and Year-End Closing

Procedures prescribed for reconciliations, checks, and reviews with respect to dollar accounts apply in principle to the foreign currencies held in AID designated FT accounts. A specific exception applies with respect to the duration of allotment ledgers in that, for each AID FT account, a single ledger is maintained without regard to fiscal year. Closing of other records is prescribed in 5D and 5E following reconciliation with related data in Allotment Ledgers, Project Ledgers, and Object Class

Distribution Ledgers and control balances in the foreign currency general ledger over expenses and other charges to the trust fund and over credits for income and other receipts. Unliquidated obligations in AID FT accounts are certified as of June 30 in accordance with Section 1311.

6. Costs, Accrued Expenditures, Obligations, and Allotted Funds

The reconciliation of the various stages of fund utilization is depicted in 5H6e. This practice is pertinent to other AID held foreign currencies and establishes the successive levels of fund uses as follows:

a. Costs ± Accruals = Accrued Expenditures

b. Accrued Expenditures ± Changes in Payables = Disbursements

c. Accrued Expenditures ± Changes in Obligations = Obligations Incurred

d. Obligations Incurred + Unobligated Allotment = Total Funds Available

Missions and AID/W prepare analyses depicting the utilization of funds, in terms of the concepts illustrated above, based on accounting records. *The records reflect changes and modifications that are responsive to the requirements for improved financial implementation controls of the PAIS segment of the Agency programming and related management information system encompassed by PBAR.* As required by management and for other internal or external fiscal and financial accounting proposes, including budgetary presentations, Missions and AID/W prepare analytical tables and other presentations using the pattern set forth above. *Detailed specifications are provided in the AID/W request for the Annual Budget Submission (ABS) and the Mission Operating Expenses Budget (MOB).*

7. Classification of General Ledger Controls

The fiscal and financial controls prescribed in 5B implement the administrative control of funds concept for U.S. owned foreign currencies and compliance with the limitations on the use of other foreign currencies held in the name of the cooperating country under bilateral agreements. The accounts and detailed ledgers and other supporting records, as described in 5D, provide the basis for full disclosure of the financial administration of foreign currency programs and activities in reports to AID management, the cooperating country, and the central fiscal agencies of the U.S. Government.

8. Report Preparation, Review, and Approval

Mission and AID/W reports are prepared by responsible staff personnel in accordance with organizational structure of the Mission Controller Office and the Central Accounting Division, Office of Financial Management (SER/FM/CAD). The review and approval functions are the responsibility of respective supervisory personnel. Guidance on and interpretation of requirements for compliance with legislation and regulatory and Agency policy and rules pertaining to maintenance of accounts and preparation of reports emanate from AID/W. Implementation instructions at the operating level are originated by the Mission Controller. *See also detailed operating references in the Mission Controller Guidebook.*

5K. Reports

1. Mission Reports

a. Fiscal Reports

Mission fiscal reports on foreign currency programs continue in effect under these procedures. These reports, by report number *and* title, follow:

Report No.	Report Title
U-106	Summary of Allotment Ledger Transactions and Reconciliation with Disbursing Officer's Account
U-108	Status of Cash - MSA, Section 402
U-109	Status of Cash - *Title I*, P.L. 480
U-110	Status of Cash - Foreign Currency Funds or Appropriated or Otherwise Generated with AID Dollars Authorized under the FAA
U-111	Status of Cash - Foreign Currency Trust Fund
DD-1176	*Report on Budget Execution (AID Allocation to Department of Defense pursuant to Presidential Determination)*
U-750/3	Project Report (*Project Financial Activity Report - PAIS*)
U-205	*Counterpart Fund "Special Account" - Trial Balance and Related Summaries (Cash Transactions and Release Approvals)*

Report No.	Report Title
U-770/1	Operating Expenses by Object Class (Trust Fund Operating Expenses segment)
U-756/4	Report of Obligations by Object Class (U.S.-Owned Foreign Currency segment)
Schedule C	Mission Operating Expenses Budget - Object Classification (Trust Fund and/or Other U.S.-Owned Foreign Currency segment)
U-756/2	Schedule of Loan Disbursements - Foreign Currency
U-756/3	Schedule of Loan Collections - Foreign Currency
U-756/4	Quarterly Report on P.L. 480, Title *III*, Currency Use Offset
U-421	Report of Overseas Expenditures and Foreign Currency Availabilities

Guidance on preparation and submission of reports is provided in Appendix 5D.

b. Financial Statements

Monthly trial balances of the accounts controlled under the integrated program entities described in 5E, 5G, 5H, and 5I are prepared for the entity as a whole with supporting detail identifying the individual AID FT accounts or counterpart "Special Account" included therein. The trial balance is the basis for the preparation of financial statements (Statement of Financial Condition and Statement of Income and Expense) if prescribed by the Mission for management uses or required pursuant to an agreement with the cooperating country. Financial statements are submitted to AID/W only if prescribed. The form and content of Mission financial statements are in conformance with the GAO Manual for Guidance of Federal Agencies, Title 2, as adapted to the detailed controls applicable to the several program entities set forth in 5C (see also Exhibit 5A). (Separate financial statements for counterpart funds, program Entity No. 3, 5G, are not generally applicable as adequate information in most cases is contained in other reports.)

2. AID/W Reports

Reports on the fiscal and financial implementation of foreign currency programs for which AID has responsibility are submitted to the central fiscal agencies pursuant to legislative and regulatory requirements. Reports which originate in M/FM/CAD follow:

Report No.	Report Title	Authority
W-213	Status of Foreign Currency Funds (Equivalent of Report on Budget Status)	OMB Cir. A-34
W-225	Sec. "1311 Report" on Treasury Form BA-2108, Analysis of Appropriation and Fund Balances	Treas. Cir. 965
W-252	Statement of Financial Condition	Treas. Cir. 966
W-255	Report of Refunds - Foreign Currency	Treasury

The W-213 and W-255 Reports are submitted directly by the Foreign Currency Section, SER/FM/CAD, to the regulatory agencies concerned. The W-225 and W-252 are prepared in the Foreign Currency Section for submission on a consolidated basis with related report data on other AID operations by SER/FM/CAD. The *Central Accounting Division (SER/FM/CAD)* submits to Treasury an annual report on Estimate of Foreign Currency Requirements, based on input from the Missions (U-421 reports), as prescribed in Treasury Circular 930.

5L. AID/W Procedures

1. General

a. This section is concerned with the functions and responsibilities of the Foreign Currency Section with respect to the coordination, consolidation, special analysis, and submission of overall Agency fiscal and financial data on AID foreign currency programs to internal and external authority.

b. These procedures are subject to mechanized processing when implemented in accordance with detailed design specifications for automating the Foreign Currency Accounting System (FCAS) for accounting and management reporting of AID foreign currency programs encompassed in this Chapter. The design provides controls to assure the validity of the data base and establishes an audit trail for each account on the basis of individual transactions. The automated system will provide management with needed reports, including reports for general ledger control and transaction reports for reconciliation with the accounts of the U.S. Treasury, as well as the quarterly Report W-213, Status of Foreign Currency Funds.

2. Status of Allotment and Cash Activity

Activity reported on the U-106, U-108, U-109, U-110, and U-111 Reports with respect to allotment and cash transactions is reconciled,

verified, analyzed, and formated for presentation in the AID Status of Foreign Currency Funds Report (W-213). *The W-213 report also includes related information on AID foreign currency allocations to other agencies as reported to AID.* The Foreign Currency Section assures that disbursement information in the several reports from the Missions is reconciled and in agreement with USDO's FS-488, Foreign Currency Statement of Transactions and Account Current. Care is exercised in order to relate balances in Status of Cash Reports to amounts derived from deposits, on the one hand, and to compute unexpended balances of allotments for foreign currencies controlled in AID FT accounts, on the other. In this connection, amounts reported on Treasury BA-6901 Foreign Currency Transfer Authorization, as transfers to AID FT accounts are verified with amounts reported on the U-106 as allotted funds.

3. Sales Agreement Control Record

This record is maintained in the Foreign Currency Section to show the amounts anticipated to be generated under P.L. 480, Title I, sales agreements; the distribution of anticipated proceeds to various foreign currency programs administered by AID under Title I; the amounts earmarked for loans and grants, respectively; amounts transferred on Treasury BA-6901 to AID FT accounts; and identifying AID loan and project numbers, as applicable. The control record is a basic reference for followup on the accuracy and completeness of Mission foreign currency reports. The control record is also a basis for reconciliation with related information published by the Treasury in the Semiannual Report of Collections under Title I, P.L. 480, Sales Agreement. *Activity is limited to CUP deposits pursuant to P.L. 480, Section 103(b).*

4. Control Record on U.S.-Owned Foreign Currency

This record is maintained in the Foreign Currency Section for all U.S.-owned foreign currency held in AID FT accounts as a basis for establishing the dollar equivalent of foreign currency units reported in the Mission fiscal reports identified in 5L2. Exchange rates for conversion of foreign currency units into dollar equivalent amounts are the rates established by the Treasury in accordance with Treasury Circular 930. Dollar equivalent amounts are included in the Status of Foreign Currency Funds (Report Control Symbol W-213).

5. Balances Requiring Geographic Bureau Action

The Foreign Currency Section performs an ongoing analysis and review of the balances in the AID FT accounts as shown in the W-213 Reports and communicates with responsible Geographic Bureaus to bring their attention to inactive accounts and unused balances which are required to be returned to the Treasury if no longer needed for program purposes. The Foreign Currency Section maintains followup with the Bureaus having jurisdiction to assure early remedial action.

6. Liaison with Treasury

a. The Foreign Currency Section is the focal point in SER/FM for liaison with the Treasury on all matters relating to disbursement of foreign currencies in AID FT accounts. Disbursing aspects of AID projects undertaken to maximize the utilization of foreign currency, instead of U.S. dollars, are coordinated and reviewed with the Treasury. In this connection, the Foreign Currency Section originates technical and fiscal guidelines toward the objective of assuring disbursement of foreign currencies to the maximum extent consistent with regulatory criteria and AID policy and standards.

b. The Foreign Currency Section initiates action with the Mission to determine the acceptability to cooperating countries of unfunding foreign currencies held in AID FT Accounts pursuant to procedures developed by the Treasury for unfunding restricted foreign currency accounts in order that idle currencies may be used by the Treasury until such time as they are needed for the restricted purpose. Findings are communicated to the Treasury as a basis for unfunding or other action as appropriate. Authority for unfunding is provided in Section 508, Public Law 89-299, approved October 28, 1965, which states:

> "During the current fiscal year, any foreign currencies held by the United States which have been or may be reserved or set aside for specified programs or activities of any agency may be carried on the books of the Treasury in unfunded accounts."

7. Project Reports *(Form AID 750-10, Project Financial Activity Report - PFAR, Report Control Symbol U-750/3)*

Action on Mission foreign currency project reports is the responsibility of SER/FM/CAD. This Division reviews and verifies the reports for accuracy and completeness. The reports are summarized on an overall Agency basis, by project, for use of AID management. *Under PAIS the Project Financial Activity Report (PFAR) review is augmented by such other financial examinations and evaluations prescribed to facilitate the tracking of financial progress based on criteria and measurement techniques defined by the system.*

8. Action on Other Mission Activity

a. Schedules of Both Loan Disbursements and Collections - Foreign Currency *(Report Control Symbols U-756/2 and U-756/3)*

The Schedules of Loan Disbursements are reconciled with information in the control records maintained in the Foreign Currency Section. Copies of both Schedules are forwarded to the SER/FM/LD for loan accounting purposes.

b. Object Class Reports (Report Control Symbols *U-770/1 and U-756/4*

These reports are processed by the Support Planning Division (SER/FM/SPD) *and the Bureau for Program and Policy Coordination (PPC)* for Agency budget justification and presentation purposes, *and for budget execution.*

9. General Ledger Controls

Implementation of AID/W general ledger controls, in terms of the classifications set forth in 5C, is not specifically prescribed but may be undertaken as feasible and practical to facilitate maintenance of the control record. *The automated FCAS when implemented will produce a report for general ledger control of unexpended balances of each foreign currency fund.*

5M. Miscellaneous Activities

1. Monitoring Claims Under P.L.480, Title II, Commodity Transfers

Chapter 7 contains guidelines on Mission actions as follows:

a. Billings for credit to Treasury foreign currency account 20 FT 401 with respect to amounts due in foreign currencies under claims for loss or damage against cooperating sponsors arising from Title II transfers.

b. Recording collections in Mission accounts and reporting thereon to AID/W.

c. Followup on uncollectible amounts with cooperating sponsors.

d. Billings to the host country for deposit of foreign currency generated under Title II sales of commodities and containers; followup and collection of amounts due; and reports thereon to AID/W.

2. P.L. 480, Title II, Section 204 Programs

The basic responsibility of Missions under this chapter relates to the certification for payment for local currency food projects against the AID dollar account 72-12X4336, "Commodity Credit Corporation Capital Fund." *See procedures in Mission Controller Guidebook.*

3. Population Programs

Mission fiscal and financial implementation of population assistance programs authorized under Section 104(h), P.L. 480, follows the pattern set forth in 5E with respect to other programs financed by U.S.-owned foreign currencies in AID FT accounts. Section 104(h) programs are financed on both a loan and a grant basis.

4. Financial Management of U.S.-Owned Foreign Currencies, Counterpart, and Foreign Currency Trust Funds

Missions assure that foreign currencies are used in accordance with the provisions of activity or bilateral agreements with the cooperating country, within the level of programs approved by AID/W, and not in excess of amounts available in AID FT accounts, trust funds, or counterpart "Special Accounts." Special reporting to or from the cooperating country on the financial aspects and progress of programs and projects, as stipulated in agreements with the country, is an essential element of the financial management function.

** 5. Use of Excess and Near-Excess Foreign Currencies Owned by the United States

a. General

(1) Currencies of foreign countries which the Treasury Department has determined that the supply of which, owned by the United States for U.S. uses, is excess to the normal requirements of the United States are "excess currencies." Currencies the supply of which, owned by the United States for U.S. uses, is determined to be above the immediate needs of the United States but not sufficient to be declared excess are "near-excess currencies." The policy of the United States is to maximize the use of excess and near-excess currencies by paying obligations in the currencies of those countries rather than in U.S. dollars. These uses include the financing of AID local project costs, in compliance with the specific statutory provision in Section 612(b) of the FAA; certain payments to American contractors to the extent that the contractor may be expected to require such currencies for necessary expenses in the country involved; allowances to U.S. employees; employee travel and transportation; and other uses where existing international agreements permit and Agency policy and procedures are followed. Excess and near-excess currency countries are designated in annual Bulletins issued by the Office of Management and Budget (OMB). The currencies are not automatically available for payment of U.S. obligations. The authorized uses are governed by the terms of agreements with each country. Use of excess and near-excess currencies for payment of official travel and transportation expenses of Foreign Service personnel is contained in Handbook 22, Chapter 9. For payment of employee allowances and differentials, see Handbook 26, Attachment 13A. Procedures for certification of dollar disbursement vouchers under Section 612(b) of the FAA are set forth in 5M5b below.

(2) Normally, when an agency of the U.S. Government requires foreign currencies to complement its U.S. dollar programs, it must, by Treasury regulation, seek to buy such currencies from, or through, the U.S. Treasury. (See Appendix 5G(1).) If the currencies are not available, they are purchased by the USDO or other accountable officers **

** New Material

** through banking channels. All AID vouchers, whether payable in dollars or local currency, are submitted to the USDO or other accountable officer for payment. Where the voucher is payable in local currency, the USDO or other accountable officer pays the voucher from any of the local currencies available for the purpose and charges the appropriate AID dollar appropriation.

(3) Section 1415 of the Supplemental Appropriations Act, 1953, requires that foreign currencies owned by the U.S. Treasury be obtained only for purchase with appropriated dollars or when their use is otherwise specifically authorized by an appropriation Act. (See also 5E1a of this Chapter.)

(4) Appendix 5H is a copy of the Office of Management and Budget Circular A-20, Revised, entitled "System of control over the use of foreign currencies" defining the terms "country-use" and "U.S.-use" currencies, and "excess and near-excess" currencies. It incorporates specific policies on the utilization of excess and near-excess currencies and provides for consultation with the Department of the Treasury when established selling rates for these currencies would result in increased charges to appropriations, as compared with the expenditure of dollars. The annual OMB Bulletins on excess and near-excess currency countries as determined by the Treasury continue to be governing.

(5) Specific policies and procedures to maximize the use of local currencies and conserve dollars follow.

b. Applicability of Section 612(b) Certification

(1) The certification requirement covers dollar expenditures related to obligations executed either against current year funds or new obligations executed against prior year funds under the Agency's authority to reobligate deobligated funds.

(2) A list of types of expenditures which have been administratively determined to be dollar and not local currency costs and for which no certification by the ACO is required, is provided as Appendix 5F.

c. Text and Effect of Amended Provisions

(1) Section 612(b) of the FAA provides in part that -

"The President shall take all appropriate steps to assure that, to the maximum extent possible, United States-owned foreign currencies are utilized in lieu of dollars. Dollar funds made available pursuant to this Act shall not be expended for goods and services when United States-owned foreign currencies are available for such purposes unless the administrative official approving the voucher certifies as to the reason of the use of dollars in each case." **

** New Material

** (2) This provision requires a certification when approving a dollar payment voucher if U.S.-owned foreign currencies are available for procurement.

(3) These procedures implement the statutory requirement by defining the form, manner, and circumstances in which an authorized AID official makes a determination as to the reason for the use of U.S. dollars when U.S.-owned foreign currency is available for procurement of goods and services. On the basis of this determination, the Authorized Certifying Officer (ACO), a designated member of the Controller's Office, may certify a voucher for payment in dollars, if it is otherwise proper for payment.

d. Establishing Currency of Payment

(1) At the appropriate stage in the AID authorization, obligation, and implementation process, the appropriate Assistant Administrator or Mission Director or designee, hereinafter referred to as "allottee," makes a determination as to whether a dollar expenditure will be required. The stage at which the determination can be made depends upon the nature of the activity for which the expenditure will be made. Under these procedures the allottee who authorizes an obligation is responsible for furnishing the determination that dollars may be expended. This determination is set forth in, or appended to, the obligating and implementing documents, together with a statement of the reason for the dollar expenditure.

(2) The following establishes the responsibilities under Section 612(b) of concerned officials at the various stages which lead up to dollar expenditures by AID. If no 612(b) determination is necessary because costs will cover only the exempt items listed on Appendix 5F, the allottee need only provide a statement that "612(b) Determination NOT APPLICABLE" on the face sheet of the obligation and any implementation documents.

(a) Authorization Stage

To the maximum extent possible the authorization for dollar expenditure or disbursement; e.g., the Project Authorization and Request for Allotment (Handbook 3, Chapter 9), will state the reason for the use of dollars.

(b) Obligation Stage

1. On the basis of the authorization and the purpose for which the obligation is executed, the allottee determines at the time the obligation document is executed whether, and to what extent,**

** New Material

** the obligation must be met with dollars. The allottee clearly states in the obligating and implementing documents, or appropriate attachments thereto, those items of expense which are payable in dollars, and the reason for such determination.

2. The allottee may not be able to furnish such a determination at the time of executing the obligation document. Under such circumstances, the allottee notes this fact in the obligating document, or appropriate attachments thereto, and arranges for the determination to be made at the implementation stage. In such instances, the determination is set forth in, or appended to, the implementing document(s).

3. Under no circumstances will AID/W or Mission Controllers record an obligation, or will the Banking and Finance Division, Office of Financial Management, FM/BFD, issue any implementing document to a bank, without the determination or undertaking as provided under 5M5c above.

(c) Payment Stage

In reviewing billings submitted for payment in dollars, the ACO ascertains whether (1) the determination and reason for authorizing dollar payment have been included in or with the obligating (and, where required, in the implementing) document; (2) the type of expense stated in the billing is included under the determination; and (3) the billing is, in fact, otherwise proper for payment.

e. Certification Requirements

(1) Certification as to Reason for Dollar Payments

(a) Certification as to the reason for making payment in dollars is required to be made by the ACO in the following instances:

1. For procurement in an excess or near-excess country for use within that country.

2. For procurement from an excess or near-excess country for use in another country.

(b) As indicated in 5M5b(2), a list of the types of expenditures for which a certification is not required is included as Appendix 5F to this Handbook.

(2) Actions When Certification Required

(a) If a dollar payment voucher covers an expense not exempt from certification, the ACO ascertains that the appropriate determination has been made in, or has been attached to, the obligating and implementing document(s) and makes the following certification: **

** New Material

5M5e(2)(a)

** "Certified pursuant to Section 612(b) of the FAA as a proper dollar disbursement on the basis of a determination made by an appropriate official of A.I.D."

(b) If the allottee or his/her designee cannot made a determination that dollar payment is proper, and review of the obligating or implementing document indicates it could be a local currency charge, the ACO returns the voucher to the payee for rebilling in local currency. **

** New Material

(Illustrative)

MISSION GENERAL LEDGER ACCOUNTS - FOREIGN CURRENCY PROGRAMS
A. PROPRIETARY

Basic Account Number	Account Title	Actual Account Number by Integrated Entity				
		Entity No. 1 MSA & PL 480	Entity No. 2 FAA, Allocations	Entity No. 3 Types - A & C, Counterpart *and Currency Use Offset*	Entity No. 4 Trust Funds	Entity No. 5 Cooley Loan Funds (PL 480)
	Funds, Disbursing Authority and Cash Accounts					
101	Funds with Treasury	1101	2101	-	-	-
102	Disbursing Authority	-	-	-	-	5102
103	Counterpart Cash on Deposit/*Currency Use Offset Cash on Deposit*	-	-	3103	-	-
104	Trust Fund Cash on Deposit	-	-	-	4104	-
109	Transfers to Agent Banks	-	-	-	-	5109
110	Loans Disbursed by Agent Banks	-	-	-	-	5110
	Advances and Receivable Accounts					
201	Travel Advances Outstanding	1201	2201	-	4201	-
202	Quarters Advances Outstanding	1202	2202	-	4202	-
203	Advances - Other	1203	2203	-	4203	-
204	Interest Receivable	1204	-	-	4204	5204
205	Loans Receivable	1205	-	-	-	5205
206	Receivables - Other	1206	2206	3206	4206	-
207	Prepaid Expenses	1207	2207	-	4207	-
	Other Asset Accounts					
301	Non-Expendable Property	1301	2301	-	4301	-
302	Trust Property	-	-	-	4302	-
303	Leasehold Improvements	1303	2303	-	4303	-

MISSION GENERAL LEDGER ACCOUNTS - FOREIGN CURRENCY PROGRAMS
A. PROPRIETARY (Cont.)

Basic Account Number	Account Title	Actual Account Number by Integrated Entity				
		Entity No. 1 MSAs PL 480	Entity No. 2 FAA, Allocations	Entity No. 3 Types - A & C, Counterpart and Currency Use Offset	Entity No. 4 Trust Funds	Entity No. 5 Cooley Loan Funds (PL 480)
	Liabilities					
401	Accounts Payable	1401	2401	-	4401	-
402	Payroll Deductions Payable	1402	2402	-	4402	-
403	Authorized Withdrawals and Transfers	-	-	3403	-	-
	Investment of U. S. Government and Other Investment Accounts					
501	U. S. Government Investment - Allotted Funds	1501	2501	-	-	-
502	U. S. Government Investment - Disbursing Authority	-	-	-	-	5502
503	Counterpart Funds/Capital - Currency Use Offset	-	-	3503	-	-
504	Trust Fund Investment - Cash	-	-	-	4504	-
505	Trust Fund Investment - Property	-	-	-	4505	-
506	Allocations To or From Other Agencies	1506	-	-	-	-
509	Principal Repayments in Foreign Currency Transferred to U.S. Treasury	1509	-	-	-	5509
510	Interest Receipts in Foreign Currency Transferred to U.S. Treasury	1510	-	-	-	5510
511	Expenses Funded by Administrative Expense Appropriation	1511	2511	3511	4511	5511
512	Accumulated Net Income (or Loss) from Operations	1512	2512	-	4512	5512
513	Prior Year Adjustments	1513	2513	-	4513	5513
520	Foreign Currency Differential Under MOV Loans	1520	-	-	-	5520

MISSION GENERAL LEDGER ACCOUNTS - FOREIGN CURRENCY PROGRAMS
A. PROPRIETARY (Cont.)

Basic Account Number	Account Title	Actual Account Number by Integrated Entity				
		Entity No. 1 MSA & PL 480	Entity No. 2 FAA, Allocations	Entity No. 3 Types - A & C Counterpart and Currency Use Offset	Entity No. 4 Trust Funds	Entity No. 5 Cooley Loan Funds (PL 480)
	Income Accounts					
701	Income	1701	2701	-	4701	-
702	Interest Earned - Loans Receivable	1702	-	-	-	5702
703	Interest Earned on Depositary Accounts	1703	-	-	4703	5703
	Expense Accounts					
801	Operating Expenses	1801	2801	-	4801	5801
802	Administrative Expenses Allocated to Foreign Currency Programs	1802	2802	3802	4802	5802
803	*Amount Used for Currency Use Offset, P.L. 480, Title I - Food and Nutrition*			3803		
804	*Amount Used for Currency Use Offset, P.L. 480, Title I - Population Planning and Health*			3804		

MISSION GENERAL LEDGER ACCOUNTS - FOREIGN CURRENCY PROGRAMS

B. BUDGETARY

Basic Account Number	Account Title	Actual Account Number by Integrated Entity				
		Entity No. 1 MSA, PL 480 and FAA (401)	Entity No. 2 FAA, Allocation (214 (d)	Entity No. 3 Types - A & C, Counterpart & Currency Use Offset	Entity No. 4 Trust Funds	Entity No. 5 Cooley Loan Funds (PL 480)
	Allotments, Limitations and Other Availabilities					
901	Allotments	1901	2901	-	-	-
902	Disbursing Limitation	-	-	-	-	5902
903	Counterpart Available Receipts	-	-	3903	-	-
904	Trust Fund Available Receipts	-	-	-	4904	-
909	Loan Repayments and Lapsed Foreign Currencies	1909	-	-	-	5909
910	Transfers to Treasury	1910	-	-	-	5910
921	Unobligated Allotments - AID Funds	1921	2921	-	-	-
922	Unused Disbursing Limitation	-	-	-	-	5922
923	Unused Counterpart Receipts	-	-	3923	-	-
924	Unobligated Allotments - Trust Fund Receipts	-	-	-	4924	-
931	Undelivered Contracts and Orders (Obligations Incurred) - AID Funds	1931	2931	-	-	-
934	Undelivered Contracts and Orders (Obligations Incurred) - Trust Fund Receipts	-	-	-	4934	-
936	Unpaid Contracts and Orders Received - AID Funds	1936	2936	-	-	-
938	Unpaid Contracts and Orders Received - Trust Fund Receipts	-	-	-	4938	-
941	Disbursed Allotments - AID Funds	1941	2941	-	-	-
942	Used Disbursing Limitation	-	-	-	-	5942
943	Used Counterpart Receipts	-	-	3943	-	-
944	Disbursed Allotments - Trust Fund Receipts	-	-	-	4944	-
945	*Currency Use Offset Per Agreement*	-	-	3945	-	-
946	*Undisbursed Currency Use Offset*	-	-	3946	-	-
947	*Currency Use Offset Disbursements*	-	-	3947	-	-
950	Unobligated Transfers from Other Agencies	1950	-	-	-	-

STANDARD JOURNAL ENTRIES

Standard Journal Entry				Posting Media	Record of Entry	Collateral Entry	Actual Account Number by Program Entity									
							Entity No. 1 MSA & PL 480		Entity No. 2 FAA Allocations		Entity No. 3 Counterpart and Currency Use Offset		Entity No. 4 Trust Funds		Entity No. 5 Cooley Loan Funds (PL 480)	
No.	Dr.	Cr.	Explanation				Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
			Opening Balances													
1			Funds with Treasury	Journal Voucher	Transaction Reg.	No. 2	1101		2101							
			Disbursing Authority												5102	
			Counterpart Cash on Deposit/*Currency Use Offset on Deposit*								3103					
			Trust Fund Cash on Deposit										4104			
			Travel Advances Outstanding				1201		2201				4201			
			Quarters Advances Outstanding				1202		2202				4202			
			Advances - Other				1203		2203				4203			
			Interest Receivable				1204						4204		5204	
			Loans Receivable				1205								5205	
			Receivables - Other				1206		2206		3206		4206			
			Prepaid Expenses				1207		2207				4207			
			Non-Expendable Property				1301		2301				4301			
			Trust Property										4302			
			Leasehold Improvements				1303		2303				4303			
			Accounts Payable					1401		2401				4401		
			Payroll Deductions Payable					1402		2402				4402		
			Authorized Withdrawals and Transfers									3403		4403		
			U.S. Govt. Investment - Allotted Funds					1501		2501						5502
			U.S. Govt. Investment - Disbursing Authority									3503				
			Counterpart Funds/*Capital - Currency Use Offset*											4504		
			Trust Fund Investment - Cash											4505		
			Trust Fund Investment - Property													
			Allocations To or From Other Agencies				1506	1506							5109	
			Transfers to Agent Banks													5110
			Loans Disbursed by Agent Banks													
			Accumulated Net Income (or Loss) from Operations					1512		2512				4512		5512
			To record opening balances in proprietary (real) accounts upon implementation of system of integrated foreign currency accounting controls in the general ledger.													
2			Allotments	Journal Voucher	1. Allotment Led. 2. Project Ledger (excluding Entities Nos. 3 and 5, except if provided for No. 3)	No. 1	1901		2901						5902	
			Disbursing Limitation								3903					
			Counterpart Available Receipts										4904			
			Trust Fund Available Receipts													
			Currency Use Offset Per Agreement								3945					
			(cont.)													

STANDARD JOURNAL ENTRIES

Standard Journal Entry				Posting Media	Record of Entry	Collateral Entry	Actual Account Number by Program Entity									
							Entity No. 1 MSA's PL 480		Entity No. 2 FAA Allocations		Entity No. 3 Counterpart and Currency Use Offset		Entity No. 4 Trust Funds		Entity No. 5 Cooley Loan Funds (PL 480)	
No.	Dr.	Cr.	Explanation				Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
2			Unobligated Allotments - AID Funds					1921		2921						5922
			Unused Disbursing Limitation									3923				
			Unused Counterpart Receipts											4924		
			Unobligated Allotments - Trust Fund Receipts													
			Undelivered Contracts and Orders (Obligations Incurred) - AID Funds					1931		2931						
			Undelivered Contracts and Orders (Obligations Incurred) - Trust Fund Receipts											4934		
			To record opening balances in the budgetary accounts.													
			Undisbursed Currency Use Offset									3946				
			Allotments, Limitations, Receipts and Allocations													
3	Funds with Treasury			1. Treasury 6901	Transaction Register	No. 4	1101		2101						5102	
	Disbursing Authority			2. AID/W Notif. Disbursing Limitation							3103		4104			
	Counterpart Cash on Deposit															
	Trust Fund Cash on Deposit															
		U.S. Govt. Investment - Allotted Funds		3. Bank Statement				1501		2501						5502
		U.S. Govt. Investment - Disbursing Authority		4. Receipted Memo of Deposit								3503				
		Counterpart Funds												4504		
		Trust Fund Investment - Cash		5. Certificate of Deposit												
4	Allotments						1901		2901							
	Disbursing Limitation			See SJE No. 3	Allotment Ledger	No. 3									5902	
	Counterpart Available Receipts										3903					
	Trust Fund Available Receipts												4904			
		Unobligated Allotments - AID Funds						1921		2921						5922
		Unused Disbursing Limitation										3923				
		Unused Counterpart												4924		
		Unobligated Allotments - Trust Fund Receipts														
		To record in the proprietary and budgetary accounts the (1) transfer of FC to AID 72FT accounts for authorized programs: (2) disbursing limitation for disbursement of Cooley loans by Mission or Agent Bank: (3) deposits to Counterpart Special Accounts A,B,C or D; and (4) deposit of FC to trust account. (NOTE: Trust fund deposits based on (cont.)														

STANDARD JOURNAL ENTRIES

Standard Journal Entry				Posting Media	Record of Entry	Collateral Entry	Actual Account Number by Program Entity									
							Entity No. 1 MSA &PL 480		Entity No. 2 FAA Allocations		Entity No. 3 Counterpart and Currency Use Unused		Entity No. 4 Trust Funds		Entity No. 5 Cooley Loan Funds (PL 480)	
No.	Dr.	Crs.	Explanation				Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
			budgeted activity and hence treated as equivalent of allotted funds.)													
5	Transfers to Agent Banks Disbursing Authority		To record transfer of funds to Agent Bank for disbursement of Cooley loans, in full or in increments as advised by AID/W and justified by borrower's requirements.	Voucher & Sch. of Payments (SF 1166)	Transaction Register	-									5109	5102
6	Funds with Treasury Allocations To or From Other Agencies			Agency Allocation Notification	Transaction Register	No. 7	1101	1506								
7	Allotments Unobligated Transfers from Other Agencies		To record in the proprietary and budgetary accounts FC suballocation from other Govt. agency.	AID/W Advice of Allotment	Allotment Ledger	No. 6	1901	1950								
8	Allocations To or From Other Agencies Funds with Treasury		To record FC suballocation from A.I.D. 72FT account to other Govt. agency as advised by AID/W. (NOTE: Transaction not reflected as reduction of Mission allotment.)	AID/W (SER/FM) Letter of Suballocation	Transaction Register	-	1506	1101								
9	Trust Fund Cash on Deposit Trust Fund Investment - Cash			1. Certificate of Deposit 2. Bank Statement or Receipted Memo of Withdrawal from Counterpart	Transaction Register	No. 10 No. 11 No. 12							4104	4504		
10	Counterpart Funds Counterpart Cash on Deposit				Transaction Register	9,11,12					3508	3103				
11	Unused Counterpart Receipts Counterpart Available Receipts				Allotment Ledger	9,10,12					3923	3903				
	Trust Fund Available Receipts Unobligated Allotments - Trust Fund Receipts		(cont.)		Allotment Ledger	9,10,11							4904	4924		

STANDARD JOURNAL ENTRIES

Standard Journal Entry				Posting Media	Record of Entry	Collateral Entry	Actual Account Number by Program Entity									
							Entity No. 1 MSA & PL 480		Entity No. 2 FAA Allocations		Entity No. 3 Counterpart and Currency Use Offset		Entity No. 4 Trust Funds		Entity No. 5 Cooley Loan Funds (PL 480)	
No.	Dr.	Cr.	Explanation				Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
			To record transfer of Counterpart funds to trust account per bilateral agreement.													
			Obligations, Payables and Disbursements-A.I.D. PC Grant or Trust Funds													
13	Unobligated Allotments - AID Funds Unobligated Allotments - Trust Fund Receipts Undelivered Contracts and Orders (Obligations Incurred) - AID Funds Undelivered Contracts and Orders (Obligations Incurred) - Trust Fund Receipts To record obligations against AID PC allotments (by project agreement); and against PC trust funds (by specific type of obligating document).			1. Project Agreement 2. Misc. Oblig. Doc. 3. Purchase Order 4. Travel Order	1. Allotment Ledger 2. Project Ledger	-	1921		2921				4924			
								1931		2931				4934		
14	Unobligated Transfers from Other Agencies Undelivered Contracts and Orders (Obligations Incurred) - AID Funds To record obligations against PC suballocation from other agency controlled in AID transfer PT account.			1. Project Agreement	1. Allotment Ledger 2. Project Ledger	-	1950									
								1931								
15	Prepaid Expenses Non-Expendable Property Leasehold Improvements Operating Expenses Accounts Payable To record receipt of goods, services and property for which amounts are due vendors, suppliers and other performing entities; and amounts scheduled for prepayment of certain expenses.			1. Sch. Payments Due 2. Receiving Repts 3. Vendors/Suppliers Invoices 4. Journal Voucher	1. Transaction Register 2. Subsidiary A/C Payable	No. 16	1207 1301 1303 1801		2207 2301 2303 2801				4207 4301 4303 4801			
								1401		2401				4401		
16	Undelivered Contracts and Orders (Obligations Incurred) - AID Funds Undelivered Contracts and Orders (Obligations Incurred) - Trust Fund Receipts Unpaid Contracts and Orders Received - AID Funds (cont.)			See SJE 15	1. Allotment Ledger 2. Project Ledger	No. 15	1931		2931							
													4934			
								1936		2936						

STANDARD JOURNAL ENTRIES

Standard Journal Entry				Posting Media	Record of Entry	Collateral Entry	Actual Account Number by Program Entity									
							Entity No. 1 MSA &PL 480		Entity No. 2 FAA Allocations		Entity No. 3 Counterpart and Currency Use Budget		Entity No. 4 Trust Funds		Entity No. 5 Cooley Loan Funds (PL 480)	
No.	Dr.	Cr.	Explanation				Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
16		Unpaid Funds	Contracts and Orders Received - Trust Receipts To establish budgetary control over accrued expenditures.											4938		
17	Operating Expense	Funds with Treasury Trust Fund Cash on Deposit	Payment of local payroll and other miscellaneous vouchers not previously accrued.	1.SF 1166-Bur.Sch. 2.Payroll (local) 3.Vou.Allow. Foreign Posts	1.Transaction Register	No.18	1801	1101	2801	2101			4801	4104		
18	Undelivered Contracts and Orders (Obligations Incurred) - AID Funds Undelivered Contracts and Orders (Obligations Incurred) - Trust Fund Receipts	Disbursed Allotments - AID Funds Disbursed Allotments - Trust Fund Receipts	Liquidation of obligations for local payroll and miscellaneous expenses.	1.Bureau Schedule (SF 1166)	1.Allotment Ledger 2.Project Ledger	No.17	1931	1941	2931	2941			4934	4944		
19	Operating Expenses	Payroll Deductions Payable	Payroll deductions withheld.	1.Journal Vou.	1.Transaction Register	No.20	1801	1402	2801	2402			4801	4402		
20	Undelivered Contracts and Orders (Obligations Incurred) - AID Funds Undelivered Contracts and Orders (Obligations Incurred) - Trust Fund Receipts	Unpaid Contracts and Orders Received - AID Funds Unpaid Contracts and Orders Received - Trust Fund Receipts	To establish budgetary controls over accrued expenditures.	See SJE 19	1.Allotment Ledger 2.Project Ledger	No.19	1931	1936	2931	2936			4934	4938		
21	Accounts Payable Payroll Deductions Payable	Funds with Treasury Trust Fund Cash on Deposit		1.Bureau Schedule (SF 1166)	1.Transaction Register 2.Subsidiary A/Cs Payable	No.22	1401 1402	1101	2401 2402	2101			4401 4402	4104		

STANDARD JOURNAL ENTRIES

Standard Journal Entry				Posting Media	Record of Entry	Collateral Entry	Actual Account Number by Program Entity									
							Entity No. 1 MSA & PL 480		Entity No. 2 FAA Allocations		Entity No. 3 Counterpart and Currency Use Credit		Entity No. 4 Trust Funds		Entity No. 5 Cooley Loan Funds (PL 480)	
No.	Dr.	Cr.	Explanation				Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
22	Unpaid Contracts and Orders Received - AID Funds Unpaid Contracts and Orders Received - Trust Fund Receipts Disbursed Allotments - AID Funds Disbursed Allotments - Trust Fund Receipts To record in the proprietary and budgetary accounts payment and liquidation of amounts previously accrued.			See SJE 21	1.Allotment Ledger 2.Project Ledger	No.21	1936	1941	2936	2941			4938	4944		
23	Prepaid Expenses Funds with Treasury Trust Fund Cash on Deposit Prepaid of rental and other expenses which apply to subsequent period (not previously accrued).			1.Bureau Schedule (SF 1166)	1.Transaction Register 2.Allotment Ledger 3.Project Ledger	-	1207	1101	2207	2101			4207	4104		
24	Operating Expenses Prepaid Expenses Expenses previously prepaid which are chargeable to current period.			1.Journal Vou.	1.Transaction Register	-	1801	1207	2801	2207			4801	4207		
25	Travel Advances Outstanding Quarters Advances Outstanding Funds with Treasury Trust Fund Cash on Deposit Travel and quarters advances supported by (1) travel orders (obligated) or (2) Mission payroll (including obligation for FC quarters allowances).			1.Bureau Schedule (SF 1166) 2.SF 1038 3.Reqt.Adv.Paymt. Temp.Lodg.or Living Qrts. Allowances	1.Transaction Register	-	1201 1202	1101	2201 2202	2101			4201 4202	4104		
26	Operating Expenses Travel Advances Outstanding Quarters Advances Outstanding Funds with Treasury Trust Fund Cash on Deposit Travel advances applied to travel reimbursement claims and quarters advances liquidated.			1.Travel Vou. 2.Bureau Sch. (SF 1166) 3.Voucher for Allow.Foreign Posts	1.Transaction Register	No.27	1801	1201 1202 1101	2801	2201 2202 2101			4801	4201 4202 4104		
27	Unpaid Contracts and Orders Received - AID Funds (cont.)			See SJE 26	1.Allotment Led. 2.Project Led.	No.26	1936		2936							

STANDARD JOURNAL ENTRIES

Standard Journal Entry				Posting Media	Record of Entry	Collateral Entry	Actual Account Number by Program Entity									
							Entity No. 1 MSAs PL 480		Entity No. 2 FAA Allocations		Entity No. 3 Counterpart and Current Use Funds		Entity No. 4 Trust Funds		Entity No. 5 Cooley Loan Funds (PL 480)	
No.	Dr.	Cr.	Explanation				Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
27	Unpaid Contracts and Orders Received - Trust Fund Receipts												4938			
		Disbursed Allotments - AID Funds						1941		2941						
		Disbursed Allotments - Trust Fund Receipts												4944		
			Liquidation of accruals for travel expenses and quarters allowances.													
28	Funds with Treasury			1. Certificate of Deposit	1. Transaction Register	-	1101		2101							
	Trust Fund Cash on Deposit												4104			
		Travel Advances Outstanding						1201		2201				4201		
		Quarters Advances Outstanding						1202		2202				4202		
			Refund of travel and quarters advances not applied to travel vouchers or liquidated against authorized quarters allowances.													
29	Operating Expenses			1. Journal Vou.	1. Transaction Register	No. 30	1801		2801				4801			
		Accounts Payable						1401		2401				4401		
			Accrual for estimated expenses (personal services, travel, transportation, utilities, communication services, etc. not paid at end of accounting period.													
30	Undelivered Contracts and Orders (Obligations Incurred) - AID Funds			See SJE 29	1. Allotment Led. 2. Project Ledger	No. 29	1931		2931							
	Undelivered Contracts and Orders (Obligations Incurred) - Trust Fund Receipts												4934			
		Unpaid Contracts and Orders Received - AID Funds						1936		2936						
		Unpaid Contracts and Orders Received - Trust Fund Receipts												4938		
			To establish budgetary control over accrued expenditures reflecting estimated expenses not paid at end of accounting period.													
31	Accounts Payable			1. Journal Vou.	1. Transaction Register	No. 32	1401		2401				4401			
		Operating Expenses						1801		2801				4801		
			Reversal of accrual for estimated expenses at beginning of following period.													

STANDARD JOURNAL ENTRIES

Standard Journal Entry				Posting Media	Record of Entry	Collateral Entry	Actual Account Number by Program Entity									
							Entity No. 1 MSA & PL 480		Entity No. 2 FAA Allocations		Entity No. 3 Counterpart and Currency UAP Offset		Entity No. 4 Trust Funds		Entity No. 5 Cooley Loan Funds (PL 480)	
No.	Dr.	Cr.	Explanation				Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
32	Unpaid Contracts and Orders Received - AID Funds			See SJE 31	1.Allotment Ledger	No. 31	1936		2936							
	Unpaid Contracts and Orders Received - Trust Fund Receipts												4938			
		Undelivered Contracts and Orders (Obligations Incurred) - AID Funds						1931		2931						
		Undelivered Contracts and Orders (Obligations Incurred) - Trust Fund Receipts												4934		
			Reversal of budgetary controls over accrual for estimated expenses. (Project ledger accruals are not carried forward in the current fiscal year.)													
33	Advances - Other			1.Bureau Schedule (SF 1166)	1.Transaction Register	-	1203		2203				4203			
	Funds with Treasury							1101		2101						
	Trust Fund Cash on Deposit													4104		
			Advances to other agencies for procurement or other performance, or to cooperating country where country is implementing project.													
34	Prepaid Expenses			1.No-pay Voucher (SF 1166)	1.Transaction Register	No.35	1207		2207				4207			
	Non-Expendable Property						1301		2301				4301			
	Leasehold Improvements						1302		2302				4302			
	Operating Expenses						1801		2801				4801			
		Advances - Other						1203		2203				4203		
			Liquidation of advances to (1) other agencies for performance under Mission-implemented project or (2) cooperating country where country is implementing project.													
35	Unpaid Contracts and Orders Received - AID Funds			See SJE 34	1.Allotment Led. 2.Project Ledger		1936		2936							
	Unpaid Contracts and Orders Received - Trust Fund Receipts												4938			
		Disbursed Allotments - AID Funds						1941		2941						
		Disbursed Allotments - Trust Fund Receipts												4944		
			Liquidation of accruals established for Mission- or country-implemented projects.													

STANDARD JOURNAL ENTRIES

Standard Journal Entry				Posting Media	Record of Entry	Collateral Entry	Actual Account Number by Program Entity									
							Entity No. 1 MSA & PL 480		Entity No. 2 FAA Allocations		Entity No. 3 Counterpart and Currency Use Charge		Entity No. 4 Trust Funds		Entity No. 5 Cooley Loan Funds (PL 480)	
No.	Dr.	Crs.	Explanation				Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
			Receivables - AID FC Grants/Loans and FC Trust Funds													
36	Receivables - Other			1. Bill for Collection	1. Transaction Register	-	1206		2206				4206			
		Prepaid Expenses						1207		2207				4207		
		Income						1701		2701				4701		
		Operating Expenses						1801		2801				4801		
		Advances - Quarters Allowances						1202		2202				4202		
			Bills for Collection issued for amounts due from vendors, suppliers and employees for credit to FC AID program accounts or trust fund.													
37	Funds with Treasury			1. Certificate of Deposit	1. Transaction Register	No. 39	1101		2101							
	Trust Fund Cash on Deposit			2. Bank Statement		No. 40							4104			
	Receivables - Other			3. Notice of Collection/ Adjustment				1206		2206				4206		
			Collection of amounts previously billed to vendors, suppliers and employees.													
38	Funds with Treasury			See SJE 37	1. Transaction Register	No. 39	1101		1201							
	Trust Fund Cash on Deposit					No. 40							4104			
	Operating Expenses							1801		2801				4801		
			Collection of amounts due but not previously billed.													
39	Disbursed Allotments - AID Funds			See SJE 37	1. Allotment Led.	No. 37	1941		2941							
	Disbursed Allotments - Trust Fund Receipts				2. Project Ledger	No. 38							4944			
	Undelivered Contracts and Orders (Obligations Incurred) - AID Funds							1931		2931						
	Undelivered Contracts and Orders (Obligations Incurred) - Trust Fund Receipts													4934		
			Reduction of disbursed allotments resulting from refund collections.													
40	Allotments			1. Treasury 6901	1. Allotment Led.	No. 37	1901		2901							
				2. Bank Statement		No. 38							4904			
	Trust Fund Available Receipts															
	Unobligated Allotments - AID Funds							1921		2921						
	Unobligated Allotments - Trust Fund Receipts													4924		
			Fund availability resulting from reimbursement (cont.)													

STANDARD JOURNAL ENTRIES

Standard Journal Entry				Posting Media	Record of Entry	Collateral Entry	Actual Account Number by Program Entity									
							Entity No. 1 MSAs PL 480		Entity No. 2 FAA Allocations		Entity No. 3 Counterpart and Currency Use Account		Entity No. 4 Trust Funds		Entity No. 5 Cooley Loan Funds (PL 480)	
No.	Dr.	Cr.	Explanation				Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
40			collections. (For AID FC programs, Treasury 6901 must be provided before increment in availability is established.)													
41	Interest Receivable		Interest Earned - Loans Receivable Interest payment due on foreign currency loans (MSA and PL 480) as shown on AID/W Notice of Payment Due.	1. AID/W Notice of Payment Due	1. Transaction Register	-	1204	1702							5204	5702
42	Loans Receivable Funds with Treasury Disbursing Authority Loans Disbursed by Agent Banks		Foreign currency loan disbursements by Mission or Agent Banks.	1. Bureau Schedule (SF 1166) 2. Agent Bank Debit Advice	1. Transaction Register	No. 43 No. 44	1205	1101							5205	5102 5110
43	Unused Disbursing Limitation Used Disbursing Limitation			See SJE 42	1. Allotment Led.	No. 42									5922	5944
44	Undelivered Contracts and Orders (Obligations Incurred) - AID Funds Disbursed Allotments - AID Funds		To establish budgetary controls over loan disbursements by Mission or Agent Banks (SJEs 43 and 44). (NOTE: Project Ledger posted in detail for Mission-implemented loans and where practical for country-implemented loans. Obligation previously recorded when loan project agreement and other obligating documents executed and issued.)	See SJE 42	1. Allotment Led. 2. Project Ledger	No. 42	1931	1941								
45	Principal Repayments in Foreign Currency Transferred to U.S. Treasury Interest Receipts in Foreign Currency Transferred to U.S. Treasury Loans Receivable Interest Receivable		(cont.)	1. Collection Document/ Certificate of Deposit 2. Cable Advice to AID/W.	1. Transaction Register	No. 46	1509 1510	1205 1204							5509 5510	5205 5204

STANDARD JOURNAL ENTRIES

Standard Journal Entry				Posting Media	Record of Entry	Collateral Entry	Actual Account Number by Program Entity									
							Entity No. 1 MSAs PL 480		Entity No. 2 FAA Allocations		Entity No. 3 Counterpart & Currency Use Offset		Entity No. 4 Trust Funds		Entity No. 5 Cooley Loan Funds (PL 480)	
No.	Dr.	Cr.	Explanation				Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
46	Loan Repayments and Lapsed Foreign Currencies			See SJE 45	1.Transaction Register	No.45	1909	1910							5909	5910
		Transfers to Treasury	Repayment of Principal and interest on foreign currency loans transferred to U.S. Treasury.													
47	Interest Receivable			1.Bank Statement 2.Depositary Bank Advice of Interest Earned	1.Transaction Register	-	1204	1703					4204	4703	5204	5703
		Interest Earned on Depositary Accounts	Interest earned as reported by Depositary Bank or trust account bank.													
48	Interest Receipts in Foreign Currency Transferred to U.S. Treasury			1.FS-488 FC Statement of Trans. and Acct. Current 2.Bank Statement	1.Transaction Register	No.49 (NOTE: Trust Fund only)	1510	1204					4104	4204	5510	5204
	Trust Fund Cash on Deposit															
	Interest Receivable		Interest on Depositary Accounts transferred to Treasury and interest on trust account credited to trust fund.													
49	Trust Fund Available Receipts			1.Bank Statement	1.Allotment Led.	No.48							4904	4924		
		Unobligated Allotments - Trust Fund Receipts	To record interest on trust account in the budgetary controls.													
50	Receivables - Other			1.Bill of Sale 2.Bill for Collection	1.Transaction Register	-							4206	4302		
		Trust Property	Amount due on sale of trust property.													
			Receivables - A.I.D. Counterpart Funds													
51	Receivables - Other			1.W-214 Report 2.U.S.Bank Advice of SLC issuance 3.Other Notice of A.I.D. Disbursement 4.Coop.country Advice of Sales Proceeds, PL480	1.Transaction Register	-					3206	3503				
		Counterpart Funds	Billings or other advices of amounts due as deposits to Counterpart Special Accounts "A" "B," "C," or "D."													

STANDARD JOURNAL ENTRIES

Standard Journal Entry				Posting Media	Record of Entry	Collateral Entry	Actual Account Number by Program Entry									
							Entity No. 1 MSA & PL 480		Entity No. 2 FAA Allocations		Entity No. 3 Counterpart & Currency Use Offset		Entity No. 4 Trust Funds		Entity No. 5 Cooley Loan Funds (PL 480)	
No.	Dr.	Cr.	Explanation				Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
52	Counterpart Receivables - Other Counterpart Funds/*Capital - Currency Use Offset*		Cash on Deposit/*Currency Use Offset Cash on Deposit* Deposits to Special Accounts (see SJE 51) based on billings or other advice of amounts due; or deposits made by cooperating country without previous billings by Mission.	1. Bank Statement 2. Country Advice of Sales Proceeds, PL 480, Titles I and II	1. Transaction Register	No. 53					3103	3206 3503				
53	Counterpart Unused Counterpart Receipts		Available Receipts To establish budgetary controls over receipts in SJE 52.	See SJE 52	1. Allotment Led.	No. 52					3903	3923				
			Payables and Disbursements - A.I.D. Counterpart Funds													
54	Counterpart Funds Authorized Withdrawals and Transfers		Authorization for release of funds.	1. Approved release agreement 2. Ltr. or doc. authorizing release	1. Transaction Register	-					3503	3403				
55	Authorized Withdrawals and Transfers *Amount Used for Currency Use Offset, P.L. 480, Title I - Food and Nutrition* *Amount Used for Currency Use Offset, P.L. 480, Title I - Population Planning and Health*			1. Bank Statement 2. Other documents from coop. country on withdrawals and purpose	1. Transaction Register	No. 56					3403 3803 3804	3103				
56	Counterpart Cash on Hand/*Currency Use Offset Cash on Deposit*															
	Unused Counterpart Receipts *Undisbursed Currency Use Offset* *Currency Use Offset Disbursements* Used Counterpart Receipts		To record in the proprietary and budgetary accounts withdrawal by cooperating country pursuant to bilateral agreement. (NOTE: Missions may establish detailed records at project-level equivalent for improved control and identification of purposes for which withdrawals are used by cooperating country. The detailed records and procedures should generally be compatible with procedures for (cont.)	See SJE 55	1. Allotment Led.	No. 55					3923 3946 3947	3943				

STANDARD JOURNAL ENTRIES

Standard Journal Entry				Posting Media	Record of Entry	Collateral Entry	Actual Account Number by Program Entity									
							Entity No. 1 MSAs PL 480		Entity No. 2 FAA Allocations		Entity No. 3 Counterpart and Currency Use Offset		Entity No. 4 Trust Funds		Entity No. 5 Cooley Loan Funds (PL 480)	
No.	Dr.	Cr.	Explanation				Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
56			Mission funded projects and supported by cooperating country documentation.)													
			Administrative Expense Allocation													
57	Administrative Expenses Allocated to FC Programs			1. Journal Vou.	1. Transaction Register	-	1802		2802		3802		4802		5802	
	Expenses Funded by Administrative Expenses Appropriation							1511		2511		3511		4511		5511
			Distribution of Agency administrative expenses, based on approved allocation criteria, to respective foreign currency program entities.													
			Prior Year Adjustments													
58	Prior Year Adjustments (Dr. or Cr.)			1. Journal Vou.	1. Transaction Register	-	1513		2513				4513		5513	
	Funds with Treasury							1101		2101						
	Trust Fund Cash on Deposit													4104		
	Interest Receivable							1204						4204		5204
	Receivables - Other							1206		2206				4206		
	Accounts Payable							1401		2401				4401		
			To adjust prior year income or expense transferred to Account X512, Accumulated Net Income (or Loss) from Operations.													
			Close Out of Income and Expense Accounts													
59	Income			1. Journal Vou.	1. Transaction Register	-										
	Interest Earned - Loans Receivable						1701		2701				4701		5701	
	Interest Earned on Depositary Accounts						1702								5702	
							1703						4703		5703	
	Operating Expenses							1801		2801				4801		5801
	Accumulated Net Income (or Loss) from Operations							1512		2512				4512		5512
			Lapsed FC Returned to Treasury													
60	U.S. Government Investment - Allotted Funds			1. Journal Vou. 2. Treasury 6901	1. Transaction Register	No. 61	1501									
	Funds with Treasury							1101								
61	Loan Repayments and Lapsed Foreign Currencies Transfers to Treasury			See SJE 60	1. Allotment Led.	No. 60	1909									
			Expired funds transferred to Treasury in accordance with availability prescribed in PL 480, Title I sales agreements.					1910								

STANDARD JOURNAL ENTRIES

Standard Journal Entry				Posting Medio	Record of Entry	Collateral Entry	Actual Account Number by Program Entity									
							Entity No. 1 MSA & PL 480		Entity No. 2 FAA Allocations		Entity No. 3 Counterpart and Currency Use Unrest		Entity No. 4 Trust Funds		Entity No. 5 Cooley Loan Funds (PL 480)	
No.	Dr.	Cr.	Explanation				Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
			Close Out of Budgetary Accounts													
62	Disbursed Allotments - AID Funds Allotments		To close out amounts of disbursed allotments and funds allotted with respect to completed projects under AID foreign currency programs.	1.Journal Vou.	1.Allotment Led.	-	1941	1901	2941	2901						
63	Used Disbursing Limitation Disbursing Limitation		To close amounts of disbursing limitation utilized with respect to completed disbursements of Cooley loans either by Mission or Agent Banks.	1.Journal Vou. 2.Debit Advices	1.Allotment Led.	-									5942	5902
64	Unused Disbursing Limitation Disbursing Limitation		To close balance of disbursing limitation remaining after completion of Cooley loan disbursements.	1.Journal Vou.	1.Allotment Led.	No.65									5922	5902
65	U.S.Government Investment - Disbursing Authority Disbursing Authority		To close balance of disbursing authority in the proprietary accounts remaining after completion of Cooley loan disbursements.	1.Journal Vou.	1.Transaction Register	No.64									5502	5102
66	Used Counterpart Receipts Counterpart Available Receipts		To close out amounts of Used Counterpart Receipts upon completion of individual projects or activities as provided in applicable agreement.	1.Journal Vou.	1.Allotment Led.	-					3943	3903				
67	Unused Counterpart Receipts Counterpart Available Receipts		To close out balance of Unused Counterpart Receipts upon completion of individual projects or activities, where (cont.)	1.Journal Vou.	1.Allotment Led.	No. 68						3923	3903			

STANDARD JOURNAL ENTRIES

Standard Journal Entry				Posting Media	Record of Entry	Collateral Entry	Actual Account Number by Program Entity									
							Entity No. 1 MSA & PL 480		Entity No. 2 FAA Allocations		Entity No. 3 Counterpart and Currency Use Offset		Entity No. 4 Trust Funds		Entity No. 5 Cooley Loan Funds (PL 480)	
No.	Dr.	Crs.	Explanation				Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
67			balances can be attributed to such projects or activities, and disposition of remaining funds pursuant to bilateral agreement (i.e., transfer to "U.S. Uses" or to trust fund).													
68	Counterpart Funds	Counterpart Cash on Deposit	Transfer of unused balance of Counterpart to other authorized uses.	1. Journal Vou. 2. Bank Statement	1. Transaction Register	No. 67					3503	3103				
69	Unobligated Trust Fund Allotments - Trust Fund Receipts		Trust Fund Available Receipts	1. Journal Vou.	1. Allotment Led.	No. 70							4924	4904		
70	Trust Fund Investment - Cash	Trust Fund Cash on Deposit	Termination of trust agreement and return of trust fund balance to cooperating country.	1. Bureau Schedule (SF 1166) 2. Bank Statement	1. Transaction Register	No. 69							4504	4104		
71	Disbursed Allotments - Trust Fund Receipts		Trust Fund Available Receipts To close out Disbursed Allotments upon termination of trust agreement.	1. Journal Vou.	1. Allotment Led.	-							4944	4904		
72	Transfers to Treasury	Loan Repayments and Lapsed Foreign Currencies	To close out budgetary account balances at end of fiscal year.	1. Journal Vou.	1. Transaction Register	-	1910	1909							5910	5909
73	Unobligated Allotments - AID Funds		Allotments	1. Journal Vou. 2. Treasury 6901	1. Allotment Led.	No. 74	1921	1901	2921	2901						
74	U.S. Government Investment - Allotted Funds	Funds with Treasury	Unused funds returned to Treasury.	See SJE 73	1. Transaction Register	No. 73	1501	1101	2501	2101						
			Conversion of Investment in Trust Fund Property to Cash (cont.)													

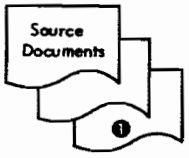
STANDARD JOURNAL ENTRIES

Standard Journal Entry				Posting Media	Record of Entry	Collateral Entry	Actual Account Number by Program Entity									
							Entity No. 1 MSA & PL 480		Entity No. 2 FAA Allocations		Entity No. 3 Counterpart and Currency Use Budget		Entity No. 4 Trust Funds		Entity No. 5 Cooley Loan Funds (PL 480)	
No.	Dr.	Cr.	Explanation				Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
75	Trust	Fund Cash on Deposit Trust Property		1. Bill of Sale 2. Bank Statement	1. Transaction Register	No. 76 No. 77							4104	4302		
76	Trust	Fund Investment - Property Trust Fund Investment - Cash		See SJE 75	1. Transaction Register	No. 75 No. 77							4505	4504		
77	Trust	Fund Available Receipts Unobligated Allotments - Trust Fund Receipts To record sale of trust fund property capitalized at inception of trust agreement and application of proceeds to cash investment of the trust fund.		See SJE 75	1. Allotment Led.	No. 75 No. 76							4904	4924		

DOCUMENTS AND RECORDS
AID FOREIGN CURRENCY PROGRAMS

NOTE:

Documents and Records as depicted in this chart apply to Mission foreign currency program operations for which funds are controlled in Mission allotments. For Counterpart funds, the extent of detailed accounts and records is determined by the Mission in accordance with management needs and requirements for servicing the cooperating country. On Cooley loan transactions, the accounts and records are maintained at the detail requisite for compliance with the controls and reports prescribed in this manual. See also procedures in Parts 5 through 9.



1. Source documents coded and vouchered
2. Recorded in appropriate Registers or other books of original entry.
3. Posted to subsidiary ledgers immediately after recorded in books of original entry.

Records of Original Entry
1. Transaction Register
2. Allotment Ledger 2

4. Summary postings made monthly to general ledger accounts. Adjustment vouchers prepared and entered in Transaction Register (or posted directly to the general ledger).

Source Documents/ Vouchers posted.

1. Project Ledger 3
2. Object Class Distribution Ledger

Detail for preparation of supporting schedules and fiscal reports.

Records of Secondary Entry

Tie in and provide -

General Ledger 5
1. Balance Sheet Accounts
2. Operating Accounts
3. Budgetary Accounts

Financial Statements 5
1. Statement of Financial Condition
2. Income Statement
3. Supporting Schedules

5. Financial Statements prepared at end of each quarter.

Source Documents/ Vouchers posted.

Supporting detail for general ledger accounts.

1. Property 3
2. Travel Advances
3. Quarters Allowances Advances
4. Contractor Advances
5. Accounts Receivable
6. Accounts Payable
7. Loan Ledgers
8. Cash Receipts and Disbursements Record

Fiscal Reports 6

U-106	Allotment - Quarterly
U-204	Project - Quarterly
U-108	Cash Status (MSA) - Qtrly
U-109	Cash Status (PL 480) - Qtrly
U-110	Cash Status (FAA) - Qtrly
U-111	Trust Fund Cash Status - Qtrly
U-205	Counterpart Trial Balance and Cash Trans.-Qtrly
U-207	Counterpart Withdrawals - Qtrly
U-421	Actual & Est. Overseas Exp ($ & FC) & FC Coll. & Bal.
U-756/2	Loan Disb./Collection
U-756/3	Schedules
U-756/4	Obl. by Obj. Class (US-Owned FC - Annual
U-770-1	Cable Rpt. of Obligations Trust Fund Oper. Exp.)-Monthly
U	PL 480, Title I Loan Forgiveness - Qtrly
Sch C	MOB - Obj. Class. (Trust Fund/ Other US-Owned FC)
1176	Report on Budget Execution (AID Allocation to DCD)

6. Fiscal reports prepared quarterly or annually.

Files 7
1. Unliquidated Obligation
2. Liquidated Obligation
3. Accounts Payable*
4. Paid Vouchers
5. Journal Vouchers
6. Batch Posting Memoranda

* File of detail documents supporting Accounts Payable Ledger

** Others as prescribed by PAIS

(Illustrative)

TRANSACTION DOCUMENTS *
AID FOREIGN CURRENCY PROGRAMS

Item	Document: Form No.	Document: Title	Standard Journal Entry (No. and Description)
1	SF1012	Journal Voucher	1 & 2 - Opening Balances 15 - Schedule of Expenses to be prepaid 19 - Payroll deductions withheld 24 - Prepaid expenses charged to current period 29 - Accrual for estimated expenses 31 - Reversal of accrual for estimated expenses 57 - Allocation of A.I.D. administrative expenses 58 - Prior year adjustments 59 - Close out of income and expense accounts 60 - Lapsed FC returned to Treasury 61 - Budgetary controls on SJE 60 62, 63, 64, 65, 66, 67, 68, 69, 71, 72 and 73 - Close out of budgetary accounts
2	Treas. Form BA 6901	Foreign Currency Transfer Authorization	3 - Allotments 40 - Allotments resulting from reimbursement collections 61 - Expired funds returned to Treasury 74 - Return of unused funds to Treasury
3	-	AID/W Notification of Disbursing Limitation	3 - Receipt of Disbursing Authority
4	-	Bank Statement/Receipted Memo of Deposit/ Advice of Deposit from Cooperating Country	3 - Deposits to Counterpart Special Accounts 9 - Transfer of Counterpart cash to Trust Fund account 37 - Collections credited to Trust Fund 38 - Collections (not billed) credited to Trust Fund 47 - Interest earned on Trust Fund acct. and FC depositary account 49 - Interest on Trust Fund account (budgetary controls) 52 - Deposits to Special Accounts 55 - Counterpart withdrawals or transfers 68 - Unused Counterpart transferred to other authorized uses 70 - Termination of trust agreement and return of trust fund to cooperating country 75/76 - Proceeds of sale of trust property
5	SF 219	Certificate of Deposit	3 - Deposit to Trust Fund account 9 - Deposit to Trust Fund from Counterpart 28 - Refund of travel and quarters advances 37 - Collection of amounts billed 38 - Collections not billed 45 - Principal repayment and interest transferred to Treasury
6	SF1166	Voucher and Schedule of Payments (Bureau Schedule)	5 - Transfer of Cooley loan funds to Agent Banks 17 - Payment of local payroll and misc. expenses 21 - Payments to vendors and suppliers 23 - Payment of prepaid expenses 25 - Advances for travel and quarters allowances 26 - Payment of travel reimbursement claim 33 - Advances to other Govt. agency or cooperating country 34 - Liquidation of advances in SJE 33 by no-pay voucher 42 - Mission loan disbursements 70 - Trust Fund balance returned to cooperating country
7	7-158	AID Request for an Advice of Allotment	7 - FC suballocation to AID
8	-	AID/W Letter of Suballocation to Other Government Agency	8 - AID suballocation to other Government agency
9	AID 7-7	Miscellaneous Obligation Document	13 - Estimated local salary and allowances (U.S. personnel) at beginning of month (Mission implementation of project agreement or direct obligation under Trust Fund operations

**Other documents prescribed by PAIS and related segments of PBAR (see Handbook 3, Chapters 9 and 10; also Mission Controller Guidebook).*

TRANSACTION DOCUMENTS
AID FOREIGN CURRENCY PROGRAMS

Item	Document: Form No.	Document: Title	Standard Journal Entry (No. and Description)
10	AID 1330-1	Project Agreement	13 - Funds obligated under local currency project agreement 14 - Funds obligated under suballocation from other Government agency
11	-	Purchase Order	13 - Orders for supplies, services and non-expendable property; or lease for office space (implementation of project agreement or direct obligation under Trust Fund operations)
12	AID 5-8	Request for and Authorization of Official Travel	13 - Travel orders issued (implementation of project agreement or direct obligation under Trust Fund operations)
13	SF1038	Application and Account for Advance of Funds	25 - Travel advance (see also Item 6 above)
14	-	Request for Advance Payment - Temporary Lodging or Living Quarters Allowances	25 - Quarters allowances advance (see also Item 6 above)
15	- (SF1103 -	Receiving Report B/L (Govt.) B/L (Other)	15 - Receipt of goods, property or services not paid for; or prepaid expenses scheduled for disbursement
16	AID 7-129	Bill for Collection	36 - Miscellaneous billings for amounts due for credit to AID FT accounts or FC Trust Fund account 50 - Sale of Trust Fund property and billing for proceeds
17	AID 7-126	Notice of Collection/Adjustment	37 - Collection of amounts previously billed 38 - Collection of amounts <u>not</u> previously billed
18	SF1034 -	Public Voucher for Purchases and Services other than Personal Invoices and other Vendors' Claims	15 - Receipt of goods, property or services for which payment due suppliers and vendors as shown on vouchers, invoices, claims, etc.
19	-	Payroll for Personal Services	17 - Payment of local payroll

TRANSACTION DOCUMENTS
AID FOREIGN CURRENCY PROGRAMS

Item	Document			Standard Journal Entry (No. and Description)
	Form No.	Title	Basic Instruction	
20	-	Voucher for Allowances at Foreign Posts of Duty	GAO Manual Standardized Regulations (GC,FA)	17 - Payment of miscellaneous vouchers 26 - Liquidation of quarters advances
21	AID 18-64 AID 18-65	Notice of Payment Due [Loans]	HB 19, 6	41 - AID/W billings for payment of principal installments and interest on foreign currency loans
22	-	Agent Bank "Debit" and "Credit" Advices	HB 19, 6	42 - Agent Bank disbursements of Cooley loans 45 - Agent Bank collections of Cooley loan principal repayments or interest
23	FS-488	Foreign Currency Statement of Transactions and Account Current	Treasury Circular 930	48 - Interest on depositary accounts
24	-	Agency Allocation Notification	(This accounting manual)	6 - Foreign currency suballocation from other Government agency
25	-	Release Agreement		54 - Authorized withdrawal of Counterpart funds

GUIDELINES ON MAINTENANCE OF RECORDS AND FILES

AID FOREIGN CURRENCY PROGRAMS

Records			Files		
Form No.	Title	Reference	No.	Description	Reference
-	Transaction Register	HB 19, Ch 5	1	Unliquidated Obligation File ***	Mission Controller Guide-book
SF 1015	Allotment Ledger	Mission Controller Guidebook	2	Liquidated Obligation File	" " "
AID 7-178	Project Ledger	" "	3	Accounts Payable/Implementation Action Status Record	" " "
SF 1016	Object Class Distribution Ledger	" "	4.	Journal Vouchers	" " "
SF 1014	General Ledger	HB 19, Ch 5	5	**Paid Vouchers	" " "
*SF 1014	Property Subsidiary Ledger	HB 19, Ch 10	6	Batch Posting Memoranda	" " "
SF 1038	Travel Advances Subsidiary Ledger	HB 22			
Request for Payment Advance	Quarters Advances Subsidiary Ledger	HB 26			
SF 1016	Status of Advances to Contractors Subsidiary Ledger	HB 19, Ch 10			
*SF 1014	Accounts Receivable Subsidiary Ledger	HB 19, Ch 7, & Mission Controller Guidebook			
*SF 1014 or Implementation Action Status Record	Accounts Payable Subsidiary Ledger	Mission Controller Guidebook			
*SF 1014	Loan Ledgers	HB 19, Ch 5, Ch 6, & Mission Controller Guidebook			

*Adapted to Mission's needs.

**May be combined with Liquidated Obligation File except for payments not charged to allotment (e.g., advances), pending liquidation of such amounts against allotment.

***Supplemented by FM Internal Operating Instructions adapted for Mission guidance.

(Illustrative)

A.I.D. FOREIGN CURRENCY PROGRAMS

TRANSACTION REGISTER (1)

AID Account 72FT

Line No.	Date	Description	Ref.	Project No.- Regular or T.S.	Funds with Treasury/ Cash on Deposit (Accts. 101 or 104)			Debits							
					Debit	Credit	Balance	Travel Advances (Acct.201)	Quarters Advances (Acct.202)	Prepaid Expenses (Acct.207)	Non-Exp. Property (Acct.301)	Accounts Payable (Acct.401)	Operating Expenses (Acct.801)	Miscellaneous Account	Miscellaneous Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
	July 1	Opening Entry	JV 77-1 (2)		585,000		585,000	2,000		500	25,000			X204 X205	8,500 200,000
					←				(3)				→	←	(4) →
		July Totals	(5)		xxxxxx	xxxxxx	xxxxxx	xxxx	xxxx	xxxx	xxxxx	xxxx	xxxx	X204 X205 X	xxxxx xxxxx xxxxx (6)
	August														
		August Totals	(7)		xxxxxx	xxxxxx	xxxxxx	xxxx	xxxx	xxxx	xxxxx	xxxx	xxxx	X204 X205 X	xxxxx xxxxx xxxxx (8)
		July Totals			xxxxxx	xxxxxx		xxxx	xxxx	xxxx	xxxxx	xxxx	xxxx		
		Cumulative thru August			xxxxxx	xxxxxx	xxxxxx	xxxx	xxxx	xxxx	xxxxx	xxxx	xxxx		
	September														
		September Totals	(9)		xxxxxx	xxxxxx	xxxxxx	xxxx	xxxx	xxxx	xxxxx	xxxx	xxxx	X204 X205 X	xxxxx xxxxx xxxxx (10)
		Cumulative thru August			xxxxxx	xxxxxx		xxxx	xxxx	xxxx	xxxxx	xxxx	xxxx		
		Cumulative thru September			xxxxxx	xxxxxx	xxxxxx	xxxx	xxxx	xxxx	xxxxx	xxxx	xxxx		

A.I.D. FOREIGN CURRENCY PROGRAMS

TRANSACTION REGISTER

AID Account 72FT

Line No.	Credits: Accounts Payable (Acct.401)	Travel Advances (Acct.201)	Quarters Advances (Acct.202)	Receivables Other (Acct.206)	Income (Acct.701)	U.S. Investment Allotted Funds (Acct.501)	Trust Fund Investment Cash (Acct.504)	Miscellaneous: Account	Miscellaneous: Amount	(Memo): Obligation Adjustments Minor	Remarks
	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)
	10,000					802,500		X512	8,500		July 1 Opening Entry (2)
				(3)					(4)		
									(6)	(11)	
(5)	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	X512 X X	xxxx xxxx xxxx	(xxxx)	July Totals
									(8)	(11)	
(7)	xxxx xxxx	xxxx xxxx	xxxx xxxx	xxxx xxxx	xxxx xxxx	xxxx xxxx	xxxx xxxx	X513 X X	xxxx xxxx xxxx	(xxxx)	August Totals July Totals
	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx				Cumulative thru August
									(10)	(11)	
(9)	xxxx xxxx	xxxx xxxx	xxxx xxxx	xxxx xxxx	xxxx xxxx	xxxx xxxx	xxxx xxxx	X513 X X	xxxx xxxx xxxx	(xxxx)	September Totals Cumulative thru August
	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx	xxxx				Cumulative thru September

TRANSACTION REGISTER

1 The format of this Exhibit A is used for activity in AID foreign currency accounts classified under program entities Nos. 1, 2, and 4. Refer to description in *5D4a*. The applicable AID 72FT account is shown in the heading.

2 Show the opening balances as documented by journal voucher, Exhibit H. Opening balances are not ruled as the amounts are posted to the general journal as part of the July totals. Show amounts under the appropriate debit or credit column with balances of accounts not specifically provided entered under "Miscellaneous." Entries to the same account under "Miscellaneous" during the month are totalled and a single posting made to the applicable account at the end of the month. See instruction 6 below.

3 Monthly activity is distributed to the appropriate general ledger account column or entered in "Miscellaneous." Include monthly accruals for estimated expenses.

4 "Miscellaneous" debits and credits are identified by the appropriate general ledger four-digit account number, i.e., "X204." The amount for the respective entry is included in the total for the general ledger account in 6 below.

5 Show total of July activity plus opening balances. No total is shown for col. (7), which is the running balance of the debits and credits in cols. (5) and (6), respectively. The total of each column is posted to the general ledger, including accruals for estimated expenses.

6 Total the amounts debited to the same account during the month and enter various general ledger account totals here at the end of each month. The total for each account is posted separately to the general ledger at the end of the month.

7 Total August activity and enter totals below ruled line following the last transaction for the month. On the following line, bring down July totals identified in 5 above. Rule and bring the cumulative totals down to the succeeding line and rule. Post only August activity totals, which reflect reversal at the beginning of the month of the July accruals for estimated expenses.

8 Total "Miscellaneous" entries to the same account during the month as in 6 above. Cumulative totals since the beginning of the fiscal year are <u>not</u> shown in this format but are obtainable from the cumulative totals in the applicable general ledger accounts.

9 Total September activity and post to general ledger accounts. Bring down cumulative totals through August and total the two to obtain cumulative through September.

10 Total "Miscellaneous" entries to the same account during the month as in 6 and 8 above and post the total for each account to the general ledger.

TRANSACTION REGISTER
(Continued)

11 **Post the total of the monthly obligation adjustments (minor amounts) to the Allotment Ledger at the end of each month.**

NOTE: (1) Detailed explanation of the nature of the entries in the Transaction Register is provided in *5D and 5E*. The nature of the documentation from which the entries are posted is described in *5D3* and *Exhibit 5D*. Detailed Transaction Documents - AID Foreign Currency Programs.

(2) Accruals with respect to goods and services received but for which invoices, claims or other documentation has not been received are included in the monthly activity totals as described in 5E3e

(Illustrative)

A.I.D. FOREIGN CURRENCY PROGRAMS

TRANSACTION REGISTER - COOLEY LOANS (1)

Line No.	Date	Description	Ref.	Disbursing Authority (Acct. 102)			Debits				Credits			
				Debit	Credit	Balance	Interest Receivable (Acct. 204)	Loans Receivable (Acct. 205)	Transfers to Agent Banks (Acct. 109)	F.C. Transferred to U.S. Treasury (Accts. 509/510)	U.S. Govt. Investment-Disbursing Authority (Acct. 502)	Loans Disbursed by Agent Banks (Acct. 110)	Interest Earned-Loans Receivable (Acct. 702)	Interest Earned-Depositary Acct. (Acct. 703)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
	July 1	Opening Entry (2)	W77-3	60,000		60,000		40,000	75,000	(509) 2,500 (510) 50,000	175,000	50,000	2,500*	
				←					(3)				*Balance opening entry in acct. 512	→
		July Totals	(4)	xxxxx	xxxxx	xxxxx	xxxxx	xxxxx	xxxxx	xxxxx	xxxxx	xxxxx	xxxxx	xxxxx
		August Totals	(5)	xxxxx	xxxxx	xxxxx	xxxxx	xxxxx	xxxxx	xxxxx	xxxxx	xxxxx	xxxxx	xxxxx
		July Totals		xxxxx	xxxxx		xxxxx	xxxxx	xxxxx	xxxxx	xxxxx	xxxxx	xxxxx	xxxxx
		Cumulative thru August		xxxxx	xxxxx	xxxxx	xxxxx	xxxxx	xxxxx	xxxxx	xxxxx	xxxxx	xxxxx	xxxxx
		September Totals	(6)	xxxxx	xxxxx	xxxxx	xxxxx	xxxxx	xxxxx	xxxxx	xxxxx	xxxxx	xxxxx	xxxxx
		Cumulative thru August		xxxxx	xxxxx		xxxxx	xxxxx	xxxxx	xxxxx	xxxxx	xxxxx	xxxxx	xxxxx
		Cumulative thru September		xxxxx	xxxxx	xxxxx	xxxxx	xxxxx	xxxxx	xxxxx	xxxxx	xxxxx	xxxxx	xxxxx

TRANSACTION REGISTER - COOLEY LOANS

This format is used for recording transactions under disbursing authority to the Mission or transfer of funds to Agent Banks as authorized by AID/W. The distribution of debits and credits as shown gives effect to the most frequently used accounts; however, additional columns may be provided for other high-volume general ledger controls. (1)

The opening entry reflects balances in the accounts for both Mission and Agent Bank activity. The journal voucher supporting the opening entry should identify separately the amounts applicable to each as, for example, in the following: (2)

Account	Mission		Agent Bank		Total	
No.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
X102	35,000		25,000		60,000	
X205	15,000		25,000		40,000	
X502		75,000		100,000		175,000
X109	-		75,000		75,000	
X110	-			50,000		50,000
X509	1,000		1,500		2,500	
X510	25,000		25,000		50,000	
X512		1,000		1,500		2,500
Totals	76,000	76,000	151,500	151,500	227,500	227,500

The balance in account X512 is shown in col. (13) of the exhibit which is identified to account X702, "Interest Earned - Loans Receivable," from which such balance would be closed to account X512, "Accumulated Net Income (or Loss) from Operations." However, the opening balance should be shown in a properly captioned column or under "Miscellaneous" as provided in *Attachment 5A*.

Monthly activity is distributed to the appropriate debit or credit account in accordance with the controls prescribed in 5C5. Account X205, "Loans Receivable," reflects activity with respect to both Mission disbursements and Agent Bank disbursements to borrowers. Accounts X509 and X510 for capital and interest in foreign currency, respectively, transferred to the U.S. Treasury may be shown under one column as illustrated and the respective amounts analyzed at the end of the month for posting to the general ledger; or, provision may be made for posting to separate columns for each control in the Transaction Register. (3)

Show total of July activity plus opening balances. No total is shown for column (6), which is the running balance of the debits and credits in columns (4) and (5), respectively. The total of each column is posted to the general ledger. Where provision is made for a "Miscellaneous" column, the total for each account reflected thereunder is posted to (4)

TRANSACTION REGISTER - COOLEY LOANS
(Continued)

to the general ledger as described in *Attachment* 5A.

5 Show August activity totals after the last transaction for the month. On the following line, bring down July totals in 4 above. Rule and bring the cumulative totals down to the succeeding line and rule. Post only August activity totals to the general ledger.

6 Total September activity and post to the general ledger. Bring down cumulative totals through August and total the two to obtain cumulative totals through September.

(Illustrative)

AID FOREIGN CURRENCY PROGRAMS

ALLOTMENT LEDGER

AID FT ALLOTMENT ACCOUNTS (1)

Sheet No. _____

DATE	REFERENCE NO.	DESCRIPTION	Net Disb. Vouchers (Accts. 941/944)	Unpaid Cont. & Orders Rec'd. (Accts. 936/938)	Administrative Reservations	Undel. Conts. & Orders (Obligations Incurred) (Accts. 931/934)	ALLOTMENTS (Accts. 901/904)	UNEXPENDED BALANCE (Accts. 921/924/950)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
July 1	JV771	Opening Entry (2)	215,500	10,000		467,000	803,500	335,500
		(3)						
July 31	JV779	Month-End Postings	Dr.X936 Dr.X938 Cr.X941 Cr.X944 (7)	Dr.X931 Dr.X934 Cr.X936 Cr.X938 (6)	—	Dr.X921/X950 Dr.X924 Cr.X931 Cr.X934 (5)	Dr.X901 or Dr.X904 (4)	Cr.X921 or X950 Cr.X924
August 1		Balance (8)		(xxxx)				xxxxxx

AID FT ALLOTMENT ACCOUNTS

1 A separate Allotment Ledger account is maintained for each AID foreign currency fund designated by an AID FT account symbol. Each account is maintained without regard to fiscal year.

2 The opening entry, is posted and ruled except for the unobligated balance in col. (9). The amount shown in col. (7), Undelivered Contracts and Orders (Obligations Incurred), is the total of the balances shown on the 2nd, 3rd and 4th lines of the credit to the budgetary controls. The opening entry is posted from the journal voucher to the general ledger.

3 Current month activity is posted in accordance with prescribed procedures. The illustrated format of Allotment Ledger is used for any AID designated FT account, including trust funds and suballocations from other Government agencies. The account numbers in the heading of respective columns show the alternative controls which apply to (1) U.S. owned funds held in AID FT accounts, (2) trust funds, or (3) suballocations. Only the unobligated balance under a suballocation is shown in a separate account (X950) as compared with the unobligated balance under AID allotments (X921). All other budgetary controls for suballocations and AID allotments are the same. As required, administrative reservations are reflected in col. (6). Entries in col. (5) reflect goods and services or invoices received during the month (for which payables are established in the Transaction Register) and estimates of accrued liabilities at the end of the month.

4 The total of each month's activity is shown in cols. (4), (5), (7) and (8). No total is posted for Administrative Reservations. A journal voucher is prepared for posting the totals to the general ledger. The balance shown in col. (9), Unobligated Balance of Allotment, is not posted since this balance amount will be reflected as the result of the posting of cols. (7) and (8) to the general ledger. Depending upon the funds involved, the debit and credit postings are:

(1) For AID allotments - Dr. X901 and Cr. X921
(2) For Suballocations - Dr. X901 and Cr. X950
(3) For Trust Funds - Dr. X904 and Cr. X924

5 The debit and credit postings from the journal voucher at the end of the month are:

(1) For AID allotments - Dr. X921 and Cr. X931
(2) For Suballocations - Dr. X950 and Cr. X931
(3) For Trust Funds - Dr. X924 and Cr. X934

6 The debit and credit postings from the journal voucher at the end of the month are:

A.I.D. FOREIGN CURRENCY PROGRAMS

TRANSACTION REGISTER - COUNTERPART SPECIAL ACCOUNTS (1) AND SPECIAL ACCOUNT "R" FOR CURRENCY USE OFFSET

Account Type : Currency Use Offset Cash on Deposit

Line No.	Date	Description	Ref.	Purpose/Activity/Project to Which Funds Applied By Cooperating Country	Counterpart Cash on Deposit Special Account _____ (Acct.103) Debits: Debit	Credit	Balance	Accounts Receivable (Acct.206)	Miscellaneous Debits: Account	Amount	Credits: Authorized Withdrawals and Transfers (Acct.403)	Counterpart Funds (Acct.503)*	Miscellaneous Credits: Account	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
	July 1	Opening Entry (2)	JV 77-		25,000		25,000	65,000			10,000	(Accts. 805 804) 80,000		
					←					(3)				→
		July Totals		(4)	xxxx	xxxx	xxxx	xxxx	X401	xxxx	xxxx	xxxx	X512	xxxx
	August													
		August Totals		(5)	xxxx	xxxx	xxxx	xxxx	X___	xxxx	xxxx	xxxx	X___	xxxx
		July Totals			xxxx	xxxx		xxxx			xxxx	xxxx		
		Cumulative thru August			xxxx	xxxx	xxxx	xxxx			xxxx	xxxx		
	September													
		September Totals		(6)	xxxx	xxxx	xxxx	xxxx	X___	xxxx	xxxx	xxxx	X___	xxxx
		Cumulative thru August			xxxx	xxxx		xxxx			xxxx	xxxx		
		Cumulative thru September			xxxx	xxxx	xxxx	xxxx			xxxx	xxxx		

*Includes Capital - Currency Use Offset

TRANSACTION REGISTER - COUNTERPART SPECIAL ACCOUNTS *AND SPECIAL ACCOUNT "R"*

A separate Transaction Register is maintained for each of the Counterpart Special Accounts as described in *5C2a(3)*. The account is shown in the heading. *A subsidiary Transaction Register is maintained for Currency Use Offset activity in Special Account "R."*

(1)

Opening entry is posted by journal voucher and distributed to the debit and credit columns which apply. Controls are prescribed in *5C3*.

(2)

Daily activity is recorded as described in *5D2a*.
Amounts are distributed to the debit and credit columns as identified by specific general ledger controls. If the Mission performs detailed accounting for project or other counterpart activity, additional controls may be appropriate. These are shown under "Miscellaneous" debits or credits. If other accounts appear necessary, guidelines for establishing controls over activity in program Entities Nos. 1, 2 and 4 apply. See also *Attachment 5A*.

(3)

The total of July activity and the opening entry is shown after the last transaction for the month. Columnar totals are posted to the general ledger. "Miscellaneous" activity is posted in total for each specific account; the total for each of these "Miscellaneous" controls is determined by worksheet analysis as necessary.

(4)

Activity for the month of August is totalled and posted to the general ledger. "Miscellaneous" accounts are posted as above. July totals are brought down below the August activity totals. Cumulative totals through August are shown below the ruled line. (For "Miscellaneous" accounts, cumulative totals for each are established by reference to the general ledger account.)

(5)

Activity for the month of September and cumulative totals through September are determined in (5) above.

(6)

NOTE: As warranted by Mission activity, general ledger account balances may be established periodically by analysis instead of postings from the Transaction Register to formal accounts. Missions determine the need for separate general ledger accounts in consideration of the volume and complexity of transactions and the availability of information from analysis of the Transaction Register for accurate and complete reporting as prescribed in the manual. An alternative to posting monthly totals is the posting of individual entries in the Transaction Register to the general ledger if required for full and complete accounting of activity fields, purpose, project or activity. In such case, monthly totals are checked and not posted. See also *5G6f and 5G7d*.

AID FT ALLOTMENT ACCOUNTS

(1) For AID allotments - Dr. X931 and Cr. X936
(2) For Suballocations - Dr. X931 and Cr. X936
(3) For Trust Funds - Dr. X934 and Cr. X938

7 The debit and credit postings from the journal voucher at the end of the month are:

(1) For AID allotments - Dr. X936 and Cr. X941
(2) For Suballocations - Dr. X936 and Cr. X941
(3) For Trust Funds - Dr. X938 and Cr. X944

8 Show Unobligated Balance, col. (9), beginning of the next month. Reverse estimate of accrued liabilities.

NOTE: Allocations from AID to other Government agencies, controlled only in proprietary account X506, are not posted to the Allotment Ledger. These transactions are recorded in the Transaction Register as a decrease in Funds with Treasury, account X101. Pending advice of charges incurred by the other agency, a notation is made in col. (6) of the Allotment Ledger for the account from which the suballocation was made to earmark such amount and assure against overobligation for Mission requirements.

Loan repayments and lapsed foreign currencies transferred to the Treasury (Accounts 909 and 910) are recorded in the Allotment Ledger in additional columns provided for the purpose (see SJE No. 61) or, alternatively, may be posted directly from supporting Journal Voucher to the budgetary general ledger accounts.

(Illustrative)

A.I.D. FOREIGN CURRENCY PROGRAMS

ALLOTMENT LEDGER - COUNTERPART SPECIAL ACCOUNTS AND SPECIAL ACCOUNT "R"

(1) (In Units) FOR CURRENCY USE OFFSET

FC: _____

Type: _____

Date	Ref.	Description	Used Counterpart Receipts (Disbursements)* (Acct. 943)	Counterpart Available Receipts ** (Acct. 903)	Unused Counterpart Receipts (Acct. 923) ***
(1) July 1	(2) JV 77-2	Opening Entry (3) (2)	(4) 368,800	(5) 534,500	(6) 165,700
July 31	JV 77-10	Month-End Postings	Dr. X923 Cr. X943 (4)	Dr. X903 Cr. X923 (3)	
August 1		Balance (5)			

* Currency Use Offset Disbursements (947) in comparable column.
** Currency Use Offset Per Agreement (945) in comparable column.
*** Undisbursed Currency Use Offset (946) in comparable column.

ALLOTMENT LEDGER - COUNTER PART SPECIAL ACCOUNTS *AND SPECIAL ACCOUNT "R" FOR CURRENCY USE OFFSET*

A separate Allotment Ledger is maintained for each of the Special Accounts "A," "B," "C," and "D" which apply. *"B" and "D" are liquidating accounts.* Each account is maintained without regard to fiscal year. The ledger is maintained in units of foreign currency. *A separate allotment ledger is maintained for Special Account "R" for currency use offset under P.L. 480, Title I.*

(1)

(2) **The opening entry is based on a journal voucher posting. Cols. (4) and (5) are ruled; col. (6) is not ruled and carried as a running balance of unused receipts. Activity is recorded on a daily basis.**

(3) **The total of the monthly activity in each Special Account is posted to the equivalent budgetary control for that account. In some cases, where the Mission is capable of developing the amounts by analysis of the activity in the Transaction Register, a formal Allotment Ledger may not be necessary. The use of the illustrative format assures the establishment of the required controls. The general ledger is posted from a journal voucher. The activity in col. (5) is reflected as follows:**

Dr. X903 and Cr. X923 *For applicable currency use offset entries, see 5G7d(3)(d).*

(4) **The total in col. (4) is posted to the general ledger as above with the balance in account X923 resulting from the following posting:**

Dr. X923 and Cr. X943 *For applicable currency use offset entries, see 5G7d(3)(d).*

(5) The Unused Counterpart Receipts *or Undisbursed Currency Use Offset* balance, col. (6), is carried down as the first line entry for the following month.

(Illustrative)

A.I.D. FOREIGN CURRENCY PROGRAMS

1 ALLOTMENT LEDGER - COOLEY LOANS
(In Units)

FC:

Date	Ref.	Description	Transfers to Treasury (Acct. 910)	Loan Repayments & Lapsed F.C. Transferred to Treasury (Acct. 909)	Used Disbursing Limitation (Disbursements) (Acct. 942)	Disbursing Limitation (Acct. 902)	Unused Disbursing Limitation (Acct. 922)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
July 1	JV 77-3	Opening Entry			90,000	175,000	85,000
3 5	C.D. #—	Principal Repayment/Interest	2 65,400	65,400			
10	FETA(6401)	Lapsed Cooley Funds	7,650	7,650			
July 31	JV 77-4	Month-End Postings	Cr. X910 6	Dr. X909	Dr. X922 Cr. X942 5	Dr. X902 Cr. X922 4	
August 1		7 Balance					

ALLOTMENT LEDGER - COOLEY LOANS

1 An Allotment Ledger is maintained for Cooley loans disbursed either by the Mission or an Agent Bank as authorized by AID/W. The Ledger is maintained in units of foreign currency without regard to fiscal year.

2 The opening entry is supported by a journal voucher. Cols. (6) and (7) are ruled; col. (8) is not ruled and carried as a running balance of unused receipts. Activity is posted on a daily basis and the unused disbursing limitation computed and shown after each disbursement. Disbursements by Agent Banks are supported by debit advices; disbursements by the Mission, by SF 1166.

3 Principal repayments and interest transferred to the U.S. Treasury as documented by Certificates of Deposit and credit advices from Agent Banks are entered on a current basis in cols. (4) and (5). Lapsed funds are similarly recorded in the ledger as transferred to the U.S. Treasury, supported by a Foreign Currency Transfer Authorization (Form 6901) furnished by AID/W.

4 The total activity for the month in col. (7) is posted to the general ledger on the basis of a journal voucher. The amount for the period is reflected in the general ledger as follows:

Dr. X902 and Cr. X922

5 The total activity for the month in col. (6) is posted to the general ledger from the journal voucher and reflected as follows:

Dr. X922 and Cr. X942

6 The monthly activity in cols. (4) and (5) is posted to the general ledger from the journal voucher and reflected as follows:

Dr. X909 and Cr. X910

7 The balance in the Unused Disbursing Limitation account, col. (8), is carried down as the first line entry for the following month.

GENERAL LEDGER
Standard Form No. 1014
9 GAO 1020
M14-102

AID FOREIGN CURRENCY PROGRAMS

Sheet No.

DATE OF ENTRY	REFERENCE NO.	DESCRIPTION	DEBIT	CREDIT	BALANCE	MEMORANDUM

AID FOREIGN CURRENCY PROGRAMS

AID 7-179 (4-69) LEFT

PROJECT LEDGER

1

FC . Fund Symbol and Title:

Project No. and Title:

Line No.	Date (1)	Reference (2)	Description (3)	OBLIGATIONS Current Year Funds (4)	OBLIGATIONS Adjustments Prior Year Funds (5)	EXPENDITURES All Year Funds (6)	OBLIGATIONS (Current Year Funds) AND EXPENDITURES (All Year Funds) COMPONENT BREAKDOWN U.S. PERSONNEL COSTS Obligation (7)	Code	Expenditure (8)	Code	LOCAL AND TCN PERSONNEL COSTS Obligation (9)	Code	Expenditure (10)	Code
1		2	ANNUAL BUDGET PLAN			XXXXX			XXX				XXX	
2														
3														
4														
5														
6							3							
7														
8														
9														
10														
11							4				4			
12														
13														
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15														
16														
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30														

The foreign currency project ledger conforms with the PAIS specifications when implemented. Cost distribution is by project input, modified cost component or other basis as prescribed in PAIS project *implementation* activity is controlled by new techniques *for PIO's or PIL's*, where appropriate, and by specific commitments thereunder for contracts, purchase orders, PASA agreements, etc. Distribution by method of implementation is discontinued. Accruals are reflected on the flexible accrual basis as developed in PAIS.

M.O.I. CODES

U.S. AGENCIES
D = Direct AID
P = P A S A

OTHER
C = Contract
Country Implemented

AID FOREIGN CURRENCY PROGRAMS

AID 7-170 (4-66) RIGHT

PROJECT LEDGER

1

FC Fund Symbol and Title:

Project No. and Title:

Line No.	OBLIGATIONS (Current Year Funds) AND EXPENDITURES (All Year Funds) COMPONENT BREAKDOWN: PARTICIPANTS Obligation (11)	Code	Expenditure (12)	Code	COMMODITIES Obligation (13)	Code	Expenditure (14)	Code	OTHER Obligation (15)	Code	Expenditure (16)	Code	Name Local Currency Costs Charged to $ Accts. (17)	Name Bal Pay Add'l Impl Doc CY & PY Fds (18)	REMARKS (19)
1			XXX				XXX				XXX				ANNUAL BUDGET PLAN 2
2															
3															
4															
5															
6															
7															
8															
9															
10											5				
11															
12															
13															
14															
15															
16			6				6				6				
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28															
29															
30															

See overlay note on page 1 of Attachment 5D.

M.O.I. Codes

U.S. Agencies	Other
D = Direct AID	C = Contract
P = PASA	D = Country Implemented

PROJECT LEDGER

1 HB 19, 5D1b and 5D4d, describe the general features and underlying concept of the Project Ledger, which is used for AID foreign currency funds, trust funds, and counterpart funds (the last as practical and feasible). The Project Ledger is not used for Cooley Loans.

2 The Annual Budget Plan, described in HB 19. 5D1b and 5D4d is shown as a first line entry at the beginning of each fiscal year by expenditure amounts and by component breakdown. The entry is ruled and actual activity during the fiscal year is shown below.

3 When a project is implemented by the Mission, cols. (7) through (16) apply. If the cooperating country is implementing the project, activity distribution is the same as for Mission implemented projects based on detailed documentation furnished by the country to the extent information can be provided from its accounts and records in an acceptable form.

4 Show separately the component breakdown for "U.S. Personnel Costs" and "Local and TCN Personnel Costs." "U.S. Personnel Costs" include allowances (but not pay of direct hire American employees), travel, transportation, contract services and related costs. "Local and TCN Personnel Costs" include pay and allowances, travel, transportation and related items.

5 When the project is implemented by the cooperating country and the component breakdown for cols. (7) through (16) cannot be provided in a manner satisfactory to the Mission, cols. (15) and (16) are captioned "Country Implemented" and the other columns for component costs are not used.

6 Include under "Expenditure" columns monthly accruals as provided in HB 19, 5E3e(2). "Carried Forward" figures for prior months do not include prior month accruals except at the beginning of the following fiscal year, when the June 30 accruals are reversed in the Project Ledgers for the new fiscal year.

NOTE: These instructions for the maintenance of the foreign currency project ledger are modified to conform with specifications for implementing PAIS at Missions. See also overlay note on the project ledger format, Attachment 5D.

AID FOREIGN CURRENCY PROGRAMS

DISTRIBUTION LEDGER

Standard Form No. 1016
GAO 1220
Rev. 1-66

AID FT

SYMBOL ____ UNIT ____ ACTIVITY ____ SHEET NO. ____

DATE OF ENTRY	REFERENCE NO.	
Fiscal Year Disb.		
Add: Accruals, June 30		
Total Accrued Exp.		

1 2 3 4 5 6 7

DISTRIBUTION LEDGER

1 The Distribution Ledger is maintained for each AID FT allotment account. The ledger supports the preparation of the *Monthly and* Annual Object Class Reports *(U-770-1 and U-756/4, respectively)* for U.S.-owned foreign currency and the foreign currency trust fund. *Also, the Distribution Ledger provides object class data for Schedule C of the Mission Operating Expenses Budget on U.S.-owned and trust fund foreign currency.*

2 Show the applicable AID FT account and allotment symbol.

3 Identify the applicable program or activity for which foreign currency is controlled in the allotment.

4 These columns reflect object class distribution of expenditures by by allotment. Appropriate subcodes under each basic code are shown in the distribution of detailed expenditures.

5 The Distribution Ledger is posted as a sequence to the distribution of expenditures in the Project Ledger. The project number of the related project expenditures is shown for each posting.

6 Total expenditures for the fiscal year by allotment are shown plus June 30 accruals, by object class, to arrive at accrued expenditures by object class as of June 30. The accruals are in agreement with related amounts shown in the Allotment Ledger and Project Ledger as of the same date.

7 "Total Accrued Expenditures," by object class, is ruled and the Distribution Ledger for the fiscal year closed.

NOTE: The Distribution Ledger includes distribution on an obligation basis for compliance with current reporting requirements for budget formulation and presentation purposes and for development of the Agency's operating expenses classification prescribed by regulatory and congressional authority.

(Illustrative)

A.I.D. FOREIGN CURRENCY PROGRAMS

P.L. 480, TITLE I PROGRAMS
SECTION 104 (f) LOANS
(BY LOAN AGREEMENT)

Borrower _____ (In Local Currency Units) Loan No. _____

Sales Agreement				Funds Deposited (2)			Funds Allotted (3)			Loan Agreement (4)		Obligated (5)					
	Date																
No.	Signed	Amended	Funds Expire For Use	Date	Ref.	Amt.	Date	Ref.	Amt.	Author-ized	Amt.	Project Activity No.	Description	Final Cont. Date	Date Obligated	Ref.	Amount
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
			(1)														

Disbursed (6)			Unliquidated Obligations	Unobligated Allotments	Cumulative Principal Repayments	Loans Outstanding	Interest Collected
Date	Ref.	Amt.					
(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)
			(7)	(8)	(9)	(10)	(11)

MSA Loans	
Purpose of $ Appm. which Financed Commodity Sales	Other Purpose

P.L. 480, TITLE I PROGRAMS

SECTION 104(f) LOANS
(BY LOAN AGREEMENT)

(1) Date that funds allocated under the original sales agreement or an amendment thereto expire. For MSA loans, show purpose of dollar appropriation financing sales or other purpose. See insert.

(2) Amount of local currency, generated under commodity sales, deposited with the USDO and transferred to the AID program account 72FT740 for Section 104(f) loans.

(3) Funds allotted by the missions and available for the Section 104(f) loan concerned in accordance with AID/W program approval.

(4) Underlying loan agreement between the U.S. and the cooperating government.

(5) Local currency obligated by project agreement or other implementing document providing for the definite use of funds in a stated amount. The total amount obligated must always be less than the amount of the loan agreement or cumulative amount allotted, whichever of the last two amounts is the lesser.

(6) Local currency disbursed for Section 104(f) loans, whether implementation of specific projects are administered directly by the cooperating government or by the Mission.

(7) Equivalent to cumulative amount in col. (18) minus cumulative amount in col. (21).

(8) Equivalent to cumulative amount in col. (10) minus cumulative amount in col. (18).

(9) In agreement with Loan Collection Schedules (U-756/3) submitted to AID/W and reconciled with data in the W-224, "Status of Loan Agreements," report.

(10) Equivalent to loan disbursements, col. (21), minus principal repayments, col. (24); and reconciled with the W-224 report.

(11) In agreement with Loan Collection Schedules (U-756/3) submitted to AID/W and reconciled with the W-224 report.

P.L. 480, TITLE I PROGRAMS

(Continued)

NOTE: Exhibit F is applicable to other P.L. 480 loans under sections 104(e), (g), and 104(h). The format is used for loans covered in program entities 1 and 5. Future application to loans under program entity 2 depends on provision for loan financing thereunder. For Cooley loans use only those columns which apply to the program (entity 5).

AID FOREIGN CURRENCY PROGRAMS

IMPLEMENTATION ACTION STATUS RECORD

METHOD OF IMPLEMENTATION			DOCUMENT NO.
☐ Direct A.I.D.	☐ PIO/T	$ _____	PROJECT NO.
☐ Other Participating Agency	☐ PIO/P	$ _____	ALLOTMENT
☐ Contract	☐ PIO/C	$ _____	
☐ Country Implemented	☐ Purchase Order	$ _____	
	☐	$ _____	

REFERENCE	U.S. PERSONNEL	LOCAL & TCN PERSONNEL	PARTICIPANTS	COMMODITIES	OTHER	UNLIQUIDATED BALANCE

This record is adapted to the uses and techniques set forth in the PAIS controls in the Commitment Liquidation/Control Record when implemented at Missions.

(To be Reproduced Locally)

Stock Form 1017-G
Title 9, GAO Manual
1017-807

JOURNAL VOUCHER

J. V. No. 69 - 1

* 72FT740 (Loans)
72FT745 (Grants)

Date July 1, 1968

REFERENCE	EXPLANATION	DEBIT	CREDIT
Undisbursed allotments	Funds with Treasury	585,000	
SF 1038s	Travel Advances Outstanding	2,000	
* Notices of Payment Due	Interest Receivable	8,500	
* Loan Ledgers	Loans Receivable	200,000	
Schedule	Prepaid Expenses	500	
Property records	Non-Expendable Property	25,000	
Documents on goods & services recd. and invoices	Accounts Payable		10,000
Allotments - * 6901s	U. S. Government Investment - Allotted Funds		602,500 (grants)
	U.S. Government Investment - Allotted Funds		*325,000 (loans)*
Difference between assets and liab. and * investment	Accumulated Net Income from Operations		8,500
	Principal Repayments in FC Transf. to Treas.	*100,000*	
	Int. Receipts in FC Transf. to Treas.	*25,000*	
Princ. & Int. credits to FC loan	To record opening balances in the general ledger proprietary (real) accounts pertaining to AID 72FT740 funds upon implementation of double-entry controls		
Allotment Ledger and files	Allotments	802,500	
	Unobligated Allotments - AID Funds		335,500
	Undelivered Contracts and Orders (Obligations Incurred) - AID Funds		241,500
	Unpaid Contracts and Orders Received - AID Funds		10,000
	Disbursed Allotments - AID Funds		215,500
	To record opening balances in the general ledger budgetary accounts pertaining to AID 72FT740 funds. Undelivered Contracts and Orders (Obligations Incurred) includes travel ($2,000) and undisbursed loans ($239,500).		
	TOTAL,		

* *Separate JV for opening balances of foreign currency loans.*

Prepared by ..... (Signature)

..... (Title)

Approved by ..... (Signature)

..... (Title)

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JOURNAL VOUCHER

J. V. No. 69-4

72FT800

Date July 1, 1968

REFERENCE	EXPLANATION	DEBIT	CREDIT
Verified Cash Balance 6/30/68	Trust Fund Cash on Deposit	475,000	
SF 1038s	Travel Advances Outstanding	5,000	
Book Inventory	Trust Property	20,000	
Documents showing value and amount of goods and services received but unpaid	Accounts Payable		21,250
	(Local Payroll 14,000 (Allownaces 7,000 (Travel Expense 250 21,250		
Difference between assets (excl. prop.) and liabilities	Trust Fund Investment - Cash		458,750
Property donated by coop. cty.	Trust Fund Investment - Property		20,000
	To record opening balances in the general ledger proprietary (real) accounts pertaining to AID 72FT800 trust funds upon implementation of double-entry controls.		
Cumulative deposits with USDO, outstanding unliquidated obligations and bal.	Allotments	480,000	
	Unobligated Allotments - Trust Fund Receipts		453,750
	Undelivered Contracts and Orders (Obligations Incurred) - Trust Fund Receipts		5,000
	Unpaid Contracts and Orders Received - Trust Fund Receipts		21,250
	To record opening balances in the general ledger budgetary accounts pertaining to AID 72FT800 trust funds. Cumulative contributions deposited by the cooperating country do not include $20,000 in property donations.		
	TOTAL,		

Prepared by ..... (Signature)

..... (Title)

Approved by ..... (Signature)

..... (Title)

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JOURNAL VOUCHER

J. V. No. 69 - 3

72FT760

Date July 1, 1968

REFERENCE	EXPLANATION	DEBIT	CREDIT
AID/W Advices	Disbursing Authority	60,000	
Subsidiary Loan Ledgers on Mission and A/B Disbursements	Loans Receivable	40,000	
Paid SF 1166s	Transfers to Agent Banks	75,000	
CDs and USDO Account	Capital in Foreign Currency Transferred to U.S. Treasury	50,000	
CDs and USDO Account	Earnings in Foreign Currency Transferred to U.S. Treasury	2,500	
Cumulative Amounts per AID/W Advices	U.S. Government Investment - Disbursing Authority		175,000
Subsidiary Loan Ledgers and A/B Debit Advices	Loans Disbursed by Agent Banks		50,000
Difference between debits and credits	Accumulated Net Income (or Loss) from Operations		2,500
	To record the opening balances in the general ledger proprietary (real) accounts pertaining to AID account 72FT760 upon implementation of double-entry controls for Cooley loan funds controlled in Mission memorandum accounts.		
Cumulative Disb. Authority Advices from AID/W; disbursements (Mission & A/B); balance	Disbursing Limitation	175,000	
	Unused Disbursing Limitation		85,000
	Used Disbursing Limitation		90,000
	To record the opening balances in the general ledger budgetary accounts pertaining to AID account 72FT760.		
	TOTAL		

Prepared by ..... (Signature)

..... (Title)

Approved by ..... (Signature)

..... (Title)

*Balance undisbursed by Mission or balance available for transfer to Agent Bank.

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(Illustrative)

A.I.D. FOREIGN CURRENCY PROGRAMS

P.L. 480, TITLE I PROGRAMS

CASH RECEIPTS AND DISBURSEMENTS RECORD

ACCOUNT 72FT _____

Currency: _____

Date	Description	Receipts	Disbursements and Transfers	Balance	Distribution of Disbursements and Transfers			
					Mission Allotment	Other Allottees	Transfers	Advances
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1976								
7/15	Treasury Form BA No. 6901, #	600,000		600,000				
7/22	Bur. Schedule No. FC-2		300,000	300,000	300,000			
	Totals through July	600,000	300,000	300,000	300,000			
8/17	Treasury Form BA No. 6901, #	450,000		750,000				
8/29	Treasury Form BA No. 6901, #	200,000		950,000				
8/31	Bur. Schedule No. FC-4		350,000	600,000	350,000			
	Totals for month of August	650,000	350,000	600,000	350,000			
	Totals through July	600,000	300,000	-	300,000			
	Totals through August	1,250,000	650,000	600,000	650,000			
9/12	Treasury Form BA No. 6901, #	700,000		1,300,000				
9/15	Bur. Schedule No. FC-6		500,000	800,000		500,000		
9/26	Bur. Schedule No. FC-9		250,000	550,000	250,000			
	Totals for month of September	700,000	750,000	550,000	250,000	500,000		
	Totals through August	1,250,000	650,000	-	650,000			
	Totals through September	1,950,000	1,400,000	550,000	900,000	500,000		
	1	2			←		3	→

P.L. 480, TITLE I PROGRAMS

CASH RECEIPTS AND DISBURSEMENTS RECORD
ACCOUNT 72FT____

1 2 For Receipts in col. (3) show amounts credited to AID 72FT program account as evidenced by the Treasury Form No. 6901, Foreign Currency Transfer Authorization; or amounts available for credit based on advance notification from the USDO, under special arrangements between the Mission and the USDO for expeditious notice of receipts - whether or not officially credited to the applicable 72FT account. Receipts in col. (3) include amounts for use under Mission allotments as well as amounts for allotments outside the generating country controlled under the same AID 72FT account symbol. Col. (3) includes also suballocations from other agencies based on AID/W letter notification.

3 The maintenance of cols. (6) through (9) for the distribution portion of the record is at the discretion of the mission. In most instances only cols. (6) and (7) are used with identical data being recorded in the allotment accounts and related records of the Mission. If the distribution portion of this record is not used, transfer and advance transactions are clearly identified in col. (2), following bureau schedule number, for ready summarizations at the end of the month for reporting purposes.

NOTE: This record applies to program entities Nos. 1, 2 and 4 and is prescribed for interim use to support the preparation of the fiscal Status of Cash Report (U-108, U-109, U-110 and U-111) pending complete implementation of prescribed general ledger controls and submission of financial statements to AID/W. Modification or discontinuance will be effected only as instructed by AID/W.

(Illustrative)

P.L.480, TITLE I SALES AGREEMENTS

SUMMARY OF COMMODITY ELEMENTS AGREED UPON BETWEEN
GOVERNMENTS OF U.S. AND_____
(BY COMMODITY)

As of _____

Currency: U.S. Dollars

Commodity	Sales Agreements (1)														
	FY 1976			FY 1977			FY 1979			FY 1980			Totals		
	Planned	Actual		Planned	Actual		Planned	Actual		Planned	Actual		Planned	Actual	
	Amt.	Units	Amt.	Amt.	Units	Amt.	Amt.	Units	Amt.	Amt.	Units	Amt.	Amt.	Units	Amt.
(1)	$ (2)	(3)	$ (4)	$ (5)	(6)	$ (7)	$ (8)	(9)	$ (10)	$ (11)	(12)	$ (13)	$ (14)	(15)	$ (16)
(2)	(3)		(4)										(5)		(6)
Totals															

P.L. 480, TITLE I SALES AGREEMENTS

SUMMARY OF COMMODITY ELEMENTS AGREED UPON BETWEEN
GOVERNMENTS OF U.S. AND _____
(BY COMMODITY)

1. Sales agreements as amended. Show by fiscal year in which original agreement was signed. For multiyear agreements, show amounts for each agreement by years of planned deliveries.

2. Title I commodity or commodity groups include U.S.-financed ocean transportation as provided in the sales agreement.

3. U.S. dollar value of commodities as provided in original agreement or amendment thereto.

4. Actual shipments in physical units and U.S. dollar value.

5. Cumulative U.S. dollar value of each commodity pursuant to underlying sales agreements signed through the last fiscal year to date.

6. Cumulative actual shipments, by quantity and U.S. dollar value, of each commodity shipped through the last fiscal year to date.

(Illustrative)

P.L. 480, TITLE I SALES AGREEMENTS

SUMMARY OF ESTIMATED AVAILABILITY, DEPOSITS, TRANSFERS AND BALANCES
UNDER AGREEMENTS BETWEEN GOVERNMENTS OF U.S. AND_____
(BY SALES AGREEMENT)

As of _____

FY	Sales Agreements (1)		Cumulative Deposits		Estimated Additional Deposits		Cumulative Amount Transferred				Balance of Deposits Available for Transfer			
	Estimated Availability						To AID 72FT a/cs		Other U.S. Uses		To AID 72FT a/cs		Other U.S. Uses	
	Per Sales Agreement	Amount of Est. Generation	U.S. $ Equiv.	L.C. Units	U.S. $ Equiv.	L.C. Units	U.S. $ Equiv.	L.C. Units	U.S. $ Equiv.	L.C. Units	U.S. $ Equiv.	L.C. Units	U.S. $ Equiv.	L.C. Units
(1)	$ (2)	$ (3)	$ (4)	(5)	$ (6)	(7)	$ (8)	(9)	$ (10)	(11)	$ (12)	(13)	$ (14)	(15)
		(2)				(3)	(4)		(5)			(6)		(7)

Estimated Additional Transfers			
To AID 72FT a/cs		Other U.S. Uses	
U.S. $ Equiv.	L.C. Units	U.S. $ Equiv.	L.C. Units
$ (16)	(17)	$ (18)	(19)
(8)		(9)	

Usage limited to availabilities, deposits, transfers and balances from Currency Use Payments (CUP) deposited as exceptions to dollar credit or convertible local currency credit basis prescribed in P.L. 480, Section 103(b).

NOTE: Average exchange rates at which deposits were made:
1976 $1.00 =
1977 $1.00 =
1978 $1.00 =
etc.

P.L. 480, TITLE I SALES AGREEMENTS

SUMMARY OF ESTIMATED AVAILABILITY, DEPOSITS, TRANSFERS AND BALANCES
UNDER AGREEMENTS BETWEEN GOVERNMENTS OF U.S. AND _____
(BY SALES AGREEMENTS)

(1) Sales agreements as amended. Show by fiscal year in which original agreement was signed. For multiyear agreements, show amounts for each agreement by years of planned deliveries.

(2) Estimated generation to be revised periodically as estimates are adjusted upward or downward.

(3) Amount estimated to be generated but not yet realized and deposited to credit of U.S.-owned foreign currency accounts. Col. (6) represents the difference between col. (3) minus col. (4). Col. (7) is this difference converted at the applicable exchange rate.

(4) Amount transferred to AID 72FT program accounts for "country" use in U.S. dollar equivalent value and local currency units. *No longer applies under CUP provision of P.L. 480, Section 103(b).*

(5) Represents balance in Treasury sales account 20FT400 available for other P.L. 480, Section 104 "U.S." uses.

(6) Deposit in U.S.-owned foreign currency accounts not yet transferred to AID 72FT program accounts pursuant to allocations based on sales agreements. Cols. (12) and (13) represent the difference, in U.S. dollar equivalent value and local currency, between cols. (4) or (5) minus cols. (8) or (9).

(7) Same as cols. (10) and (11). Deposits earmarked for other P.L. 480, Section 104 "U.S." uses remain in Treasury sales account 20FT400 until sold or disposed of.

(8) Estimated additional deposits which will be available for transfer to AID 72FT program accounts pursuant to allocations based on sales agreements.

(9) Estimated additional deposits which will be available for other P.L. 480, Section 104 "U.S." uses as provided in underlying sales agreements.

NOTE: *See overlay note on format of Attachment 5L.*

(Illustrative)

P.L. 480, TITLE I PROGRAMS

SUMMARY OF ESTIMATED AVAILABILITY, DEPOSITS, TRANSFERS AND BALANCES
UNDER AGREEMENTS BETWEEN GOVERNMENTS OF U.S. AND_____
(BY SALES AGREEMENT AND PURPOSE)

As of _____

Sales Agreements (1)																	
No. and Date	Estimated Availability	Distribution in Accordance with Provisions of Agreements												Cumulative Deposits	
		Section 104 U.S. Uses		104 (c) **		104(e) Loans		104 (f) *** Loans		104 (h)* Grants					
		U.S. $ Equiv.	L.C. Units	U.S. $ Equiv.	L.C. Units	U.S. $ Equiv.	L.C. Units	U.S. $ Equiv.	L.C. Units	U.S. $ Equiv.	L.C. Units	U.S. $ Equiv.	L.C. Units	U.S. $ Equiv.	L.C. Units
(1)	$ (2)	$ (3)	(4)	$ (5)	(6)	$ (7)	(8)	$ (9)	(10)	$ (11)	(12)	$ (13)	(14)		

(3) (4)

Cumulative Transfers (6)												
Section 104 U.S. Uses		To AID 72 FT a/cs										Continued
		104 (c)		104 (e) Loans		104 (f) Loans		104 (g)* Grants				
U.S. $ Equiv.	L.C. Units	U.S. $ Equiv.	L.C. Units	U.S. $ Equiv.	L.C. Units	U.S. $ Equiv.	L.C. Units	U.S. $ Equiv.	L.C. Units			
$ (15)	(16)	$ (17)	(18)	$ (19)	(20)	$ (21)	(22)	$ (23)	(24)			

(2) (5)

Usage limited to Currency Use Payments (CUP) deposits pursuant to P.L. 480, Section 103(b), for U.S. uses only. Distribution by purpose is limited to (1) U.S. Uses (other than AID administered programs; (2) 104(e) Loans; and (3) 104(h) loans and grants. Other distribution columns do not apply.

NOTE: Show additional breakdown for other Section 104 purposes, i.e., 104 (d), 104 (f) grants and 104 (h).

* Show section 104(h) grants and loans separately.
** *Section 104(c) program terminated.*
*** *Not included under CUP uses.*

P.L. 480, TITLE I PROGRAMS

SUMMARY OF ESTIMATED AVAILABILITY, DEPOSITS, TRANSFERS AND BALANCES
UNDER AGREEMENTS BETWEEN GOVERNMENTS OF U.S. AND_____
(BY SALES AGREEMENT AND PURPOSE) (Cont.)

As of_____

Balance of Deposits Available For Transfer										Estimated Additional Transfers									
Section 104 U.S. Uses		To AID 72 FT a/cs								Section 104 U.S. Uses		To AID 72 FT a/cs							
		104 (c) **		104(e) Loans		104 (f) *** Loans		104 (h)* Grants				104 (c) **		104 (e) Loans		104(f) *** Loans		104(h)* Grants	
U.S.$ Equiv.	L.C. Units	U.S.$ Equiv.	L.C. Units	U.S.$ Equiv.	L.C. Units	U.S.$ Equiv.	L.C. Units	U.S.$ Equiv.	L.C. Units	U.S.$ Equiv.	L.C. Units	U.S.$ Equiv.	L.C. Units	U.S.$ Equiv.	L.C. Units	U.S.$ Equiv.	L.C. Units	U.S.$ Equiv.	L.C. Units
$(25)	(26)	$(27)	(28)	$(29)	(30)	$(31)	(32)	$(33)	(34)	$(35)	(36)	$(37)	(38)	$(39)	(40)	$(41)	(42)	$(43)	(44)
7		←				8			→	9		←				10			→

See overlay note on page 1 of Attachment 5M.

NOTE: Show additional breakdown for other Section 104 purposes, i.e., 104(d), 104(f) grants and 104(h).

* Show section 104(h) grants and loans separately.

** *Section 104(c) program terminated.*

*** *Not included under CUP uses.*

P.L. 480, TITLE I PROGRAMS

SUMMARY OF ESTIMATED AVAILABILITY, DEPOSITS, TRANSFERS AND BALANCES UNDER AGREEMENTS BETWEEN GOVERNMENTS OF U.S. AND _____ (BY SALES AGREEMENT AND PURPOSE)

(1) Sales agreements as amended. Show by fiscal year in which original agreement was signed. For multiyear agreements, show each agreement by years of planned deliveries.

(2) Estimated availability based on estimated generation are revised periodically. Same as col. (3), Exhibit L.

(3) Amount in col. (2) earmarked for other P.L. 480, Section 104 "U.S." uses as provided in the underlying agreement.

(4) Amounts in col. (2) earmarked for AID programs funded by the 72FT accounts for "country" use purposes; distributed by specific AID program as provided in the underlying agreement. *"Country" uses no longer apply under CUP provision of P.L. 480, Section 103(b).*

(5) Deposits in U.S.-owned foreign currency accounts but not transferred to AID 72FT program accounts. Cols. (13) and (14) are the same as cols. (4) and (5), Exhibit L. Show average exchange rates at which deposits were made.

(6) Amounts transferred to AID 72FT program accounts for "country" use and balance in Treasury sales account 20FT400 for other P.L. 480, Section 104 "U.S." uses. Distributed by specific AID Program pursuant to underlying agreement. *"Country" uses no longer apply under CUP provision of P.L. 480, Section 103(b).*

(7) Same as cols. (15) and (16). Deposits earmarked for other P.L. 480, Section 104 "U.S." uses remain in Treasury sales account 20FT400 until sold or disposed of.

(8) Deposits earmarked for AID programs not yet transferred to AID 72FT program accounts. Distributed by specific AID program pursuant to underlying agreement. Cols. (27) through (34) are the same as cols. (12) and (13), Exhibit L.

(9) Estimated additional deposits which will be available for other U.S. uses as provided in underlying agreement. Cols. (35) and (36) same as cols. (18) and (19), Exhibit L.

(10) Estimated additional deposits which will be available for transfers to AID 72FT program accounts pursuant to allocations provided in underlying agreement. Distributed by specific AID program. Cols (37) through (44) are the same as cols. (16) and (17), Exhibit L.

NOTE: Estimated Additional Transfers," cols. (35) through (44) are based on "Estimated Additional Deposits," cols. (6) and (7), Exhibit L. Show local currency units at the average deposit rate or other realistic rate and identify wherever different from the average deposit rate.

NOTE: See overlay note on format of Attachment 5M.

(Illustrative)

P.L. 480, TITLE I PROGRAMS

CUMULATIVE AID PROGRAM ACTIVITY
SECTION 104 (f) LOANS

As of _____

AID Program Account 72FT740
Local Currency:

No. and Date	1 Sales Agreements: Distributions Per Agreements: U.S. $ Equiv.	Sales Agreements: Distributions Per Agreements: L.C. Units	Cumulative Transfers to 72FT740 for 104 (f) Loans L.C.	Obligated L.C.	Disbursed L.C.	Unliquidated L.C.	Unobligated L.C.	Balance of Deposits Available for Transfer for 104 (f) loans L.C.	Balance Estimated to be Deposited For Use for 104 (f) Loans L.C.
(1)	$ (2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
		2	3	4				5	6

Maintained for liquidating foreign currency loan funds and for such additional loan funds made available under CUP deposits prescribed in P.L. 480, Section 103(b), for programs authorized and administered by AID pursuant to Sections 104(e) and 104(h).

NOTE: The above format applies to other loan programs authorized under PL 480, sections *104(e)*, 104(g), and 104(h).

P.L. 480, TITLE I PROGRAMS

CUMULATIVE AID PROGRAM ACTIVITY
SECTION 204(f) LOANS

1. **Sales agreements as amended. Show by fiscal year in which original agreement was signed. For multiyear agreements, show each agreement by years of planned deliveries.**

2. **Distributions based on estimated generation as revised periodically.**

3. **Deposits transferred to AID 72FT740 account for use for Section 104(f) loans in accordance with the distribution shown in** *Att 5M*, col. (22).

4. **Activity reflected in the mission allotment account with respect to the program.**

5. **Deposits available for the program but not yet transferred to the AID 72FT740 account. See** *Attachment 5M*, col. (32).

6. **Estimated amount of additional deposits which will be available for transfer to AID 72FT740 account for Section 104(f) loans. See** *Attachment 5M*, col. (42).

NOTE: *See overlay note for usage for liquidating foreign currency loan funds and funds from CUP deposits for AID administered programs authorized in P.L. 480, Section 104(e) and (h).*

(Illustrative)

P.L. 480, TITLE I PROGRAMS

SOURCE AND GENERATION OF P.L. 480, TITLE I LOCAL CURRENCY

(IN LOCAL CURRENCY UNITS)

As of _____

Source	Treasury Account To Which Deposited	Proposed Use	To Be Allotted By	In Local Currency: Unobligated Deposits As of ____	Projected Generation: FY 1978	Projected Generation: FY 1979	Projected Generation: FY 1980
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
I. DIRECT GENERATION							
Deposits by Cooperating Government for Commodities Received under P.L. 480	20FT680 - "country" uses 20FT400 - "U.S." uses						
II. GENERATION - U.S.-OWNED							
Interest and principal on loans to private enterprises, P.L. 480 - Cooley Loans - section 104(e)	20FT402	1	2	3	←	4	→
Interest and principal on loans to foreign governments, P.L. 480 - section 104(f)	20FT404						

Section I. is limited to liquidation balances for "country" uses for AID administered programs, balances in prior "U.S." uses programs, and new funds generated for "U.S." uses from CUP deposits pursuant to P.L. 480, Section 103(b).

Note: Basis for projections: (a) prior years' experience in ____, ____, ____, and ____; (b) country estimates; (c) loan agreement provisions; (d) other.

P.L. 480, TITLE I PROGRAMS

SOURCE AND GENERATION OF P.L. 480, TITLE I LOCAL CURRENCY (IN LOCAL CURRENCY UNITS)

1. For specific purposes for "country" or U.S. uses as provided in underlying sales agreements. Loan repayments are available for country programs when allocated by the *Office of Management & Budget*. Missions indicate any known requirements for use of loan repayments.

2. Funds allotted automatically by the mission for all P.L. 480, section 104 programs, except Cooley loans under section 104(e), for which AID has responsibility.

3. Includes both transfers to AID and balances in Treasury accounts.

4. Explain in note basis for projections, e.g., prior year experience, estimates of cooperating government, or loan agreement provisions.

NOTE: *See overlay note for information applicable to Section I. of format shown in Attachment 5-O.*

(Illustrative)

P.L. 480, TITLE I PROGRAMS

STATUS OF LOCAL CURRENCY FUNDS FOR AID PROGRAMS
(BY SOURCE AND PURPOSE)

(In Local Currency Units)

Source	Section 104 (c)	Section (104 (e) Loans	Section (104 (f) Loans	Section 104 (g) Grants
	(1)	(2)	(3)	(4)
1. Undistributed Local Currency in Treasury Account 20FT680				
2. Unobligated Local Currency in A.I.D. 72FT accounts				
3. Total Unobligated (1) (1. + 2.)				
4. Expired Amounts (2)				
5. Balance Available (3. - 4.)				
6. Commitments (3)				
7. Uncommitted Balance (5. - 6.)				
8. Potential Generation for Remainder of FY (4)				
9. Potential Generation for Following FY (5)				
10. Total Potential Availability of Uncommitted Funds through (6) (7. + 8. + 9.)				

Usage limited to liquidation balances for "country" use programs and, as applicable, to ongoing "U.S." use programs administered by AID from CUP deposits pursuant to P.L. 480, Section 103(b).

NOTES: 1. Show additional breakdown for other PL 480, section 104 purposes, i.e., 104(d), 104(f) grants and 104(h) loans and grants.
2. Show section 104(g) grants and loans separately.
3. *Section 104(c) program terminated.*

P.L. 480, TITLE I PROGRAMS

STATUS OF LOCAL CURRENCY FUNDS FOR AID PROGRAMS
(BY SOURCE AND PURPOSE)

1 Deposits not transferred to AID 72FT program accounts and amounts in AID 72FT accounts not obligated. See col. (5), *Attachment* 5-0.

2 Amounts which have expired for use for AID programs

3 Includes Section 104(f) loan agreements for which obligating project agreements or other implementing documents have not been executed; loan authorizations for Section 104(e) loans; and Program Assistance Approval Documents (PAADs) or the equivalent approval documents for other Section 104 "country" programs.

4 Compatible with projections in *Attachment* 5-0.

5 Compatible with projections for next succeeding fiscal year only as shown in *Attachment* 5-0.

6 Total of lines (7), (8), and (9) for potential generation through the end of the next succeeding fiscal year only.

NOTE: *See overlay note for usage under liquidating foreign currency programs and programs administered with "U.S." use currencies.*

(Illustrative)

AGENCY FOR INTERNATIONAL DEVELOPMENT

P.L. 480, TITLE I CURRENCY USE OFFSET
AVAILABILITY CONTROL REGISTER FOR FY

Title I Sales Agreement Signed Or Amendments				15% of Cumulative FY Total	Loan Forgiveness Provided in Sales Agreements		Balance Available for Loan Forgiveness
Country	Date	Amount	Cumulative FY Total		Amount	Cumulative FY Total	

(Illustrative)

AGENCY FOR INTERNATIONAL DEVELOPMENT

P.L. 480, TITLE I CURRENCY USE OFFSET
AVAILABILITY CONTROL REGISTER FOR FY

Title I Sales Agreement Signed Or Amendments					Currency Use Offset Provided in Sales Agreements		
Country	Date	Amount	Cumulative FY Total	15% of Cumulative FY Total	Amount	Cumulative FY Total	Balance Available for Currency Use Offset

(Illustrative)

Agency for International Development
Quarterly Report on P.L. 480, Title I Currency Use Offset

Country: _____ Currency: _____

P.L. 480, Title I Agreement: Date: _____ Loan Value: _____

	U.S. Dollar Equivalent
A. Amount Agreed to be Offset (Net of Lapsed Amounts)	_____
B. Cumulative Disbursements Previously Reported	_____

C. Disbursements Current Quarter:

	Date Disbursed	Local Curr. Disbursed	Exchange* Rate to $1	U.S. Dollar Equivalent
1.				
2.				Total

D. Cumulative Disbursements to date (B+C)	_____
E. Unused Balance Available for Offset (A-D)	_____

F. Brief Description of Activity Status:

Certified Correct

_____
(Name)

_____
(Title)

_____
(Date)

* Use rate of exchange on date of disbursement.

QUARTERLY REPORT ON P.L. $', TITLE I LOAN FORGIVENESS
(Report Control Symbol U-)

This report is prepared on letter-size paper and submitted in an original and duplicate with the Mission Counterpart "Special Account" reports on the date shown above in Appendix 5D. Distribution is made by the Central Accounting Division, SER/FM/CAD. Instructions for each line entry, designated by capital letters, follows:

Line A. Amount Agreed to be Offset (Net of Lapsed Amounts) - Balance of Account 945, Currency Use Offset per Agreement.

Line B. Cumulative Disbursements Previously Reported - The balance of Account 947, Currency Use Offset Disbursements, at the beginning of the reporting period.

Line C. Disbursements Current Quarter -

1. List each individual disbursement recorded in Account 947, Currency Use Offset Disbursements, during the reporting period giving date disbursed; local currency units disbursed; exchange rate determined pursuant to 5G7c(3)(b); and U.S. dollar equivalent amounts from Accounts 803 and/or 804.

2. Show U.S. dollar equivalent of total disbursements during the reporting period.

Line D. Cumulative Disbursements to Date - The balance of Account 947, Currency Use Offset Disbursements, at the end of the reporting period.

Line D is equal to Line B plus Line C2.

Line E. Unused Balance Available for Currency Use Offset - Balance of Account 946, Undisbursed Currency Use Offset, at the end of the reporting period. Line E is equal to Line A minus Line D.

Line F. Brief Description of Activity Status - Brief narrative description of activity implementation, problems, and results.

The report is certified by the Mission Director or his/her designee.

(Illustrative)

AUTHORITIES UNDERLYING A.I.D. FOREIGN CURRENCY PROGRAMS

I. STATUTORY

Authority	Purpose
A. Agricultural Trade Development and Assistance Act of 1954, as Amended (P.L. 480), Title I	Prescribes the purposes for which local currency generated under Section 104, P.L. 480 can be used and the limitations which must be observed; also authorizes use of sales proceeds for currency use offset.
B. Foreign Assistance Act of 1961, as Amended, Sections 609, 612 and 613	Prescribes deposit by cooperating country of proceeds of sales of commodities furnished on a grant basis in a Special Account; prescribes uses of excess foreign currency; and assigns responsibility for valuation and central accounting for U.S.-owned foreign currencies to the Secretary of the Treasury.
C. Section 1311 of the Supplemental Appropriation Act, 1955 (P.L. 663, 83rd Congress)	Establishes criteria for incurring, recording, and reporting obligations. See HB 19, 1.
D. Anti-Deficiency Act, Section 3679, Revised Statutes (31 USC 665)	Prescribes the establishment of a system of administrative controls over Agency funds to preclude the overobligation or overexpenditure of available funds. See also HB 19, 4.
E. Section 1415 of the Supplemental Appropriation Act, 1953 (P.L. 547, 82nd Congress)	Applies to foreign currencies which accrue under P.L. 480, Title I sales agreements used for, or involving, grants under Sections (f) and (g) for which A.I.D. has program responsibility. The requirement for dollar reimbursement to Treasury for value of foreign currencies received by A.I.D. for these programs is waived by Executive Order 10900, as amended by Executive Order 11036. Waiver authority under Section 104(g) is delegated to the Director of OMB. Waiver authority under Section 104(f) is delegated to the Secretary of State and redelegated to the Administrator of A.I.D. and then to the Coordinator, Food for Peace.
F. Mutual Security Act of 1951 and 1954, as Amended	Economic assistance.

II. EXECUTIVE ORDERS

A. Executive Order 10900, January 5, 1961, as Amended by	1. Assigns responsibility to Department of State for administering local currency programs under P.L. 480, Section (c), (d), (e), (f) and (g). 2. Makes P.L. 480, Title I currencies available generally in accordance with the terms of the agreements. 3. Provides authority to waive Section 1415 of the Supplemental Appropriation Act, 1953 (requiring the purchase of U.S.-owned foreign currencies with funds provided for annually in appropriation Acts) to the Secretary of State with respect to Section 104(f) grants; and to the Director of the Bureau of the Budget in all other respects, including Section 104(g).
B. Executive Order 11036, July 11, 1962	See above.

III. DELEGATIONS OF AUTHORITY

A. Department of State DA 104, as Amended	Redelegates to A.I.D. authority assigned to the Department of State by Executive Order 10900, as Amended, for administering all "country use" programs under P.L. 480, Section 104.
B. A.I.D. DA 23, December 28, 1962 as Amended	Delegates functions and assigns responsibilities to Regional Assistant Administrators and the Assistant Administrator for Material Resources (subsequently Assistant Administrator, War on Hunger) for programs authorized under P.L. 480, with authority to redelegate to certain subordinate personnel.

AUTHORITIES UNDERLYING A.I.D. FOREIGN CURRENCY PROGRAMS

III. DELEGATIONS OF AUTHORITY (cont.)

Authority	Purpose
C. A.I.D. DA 69, March 23, 1967, as Amended	Amends DA 23 by substituting Coordinator, Food for Peace, for Assistant Administrator, War on Hunger.
	IV. REGULATORY REQUIREMENTS
A. Treasury Circular No. 930, Revised, "Regulations Governing Foreign Exchange Operations," October 20, 1961, and "Procedures Memorandum No. 1 - Regulations Governing Foreign Currency Reporting and Accounting," October 20, 1961	Prescribes procedures for Treasury's administration of Section 1415 as it applies to P.L. 480, including the purchase, custody, deposit, transfer, sale and reporting of foreign currencies.
B. OMB Circular A-20, Revised, May 21, 1966, "System of Control Over Use of Foreign Currencies"	Sets forth a system of control over the use of foreign currencies received by the U. S. without payment of dollars.
C. OMB Circular A-34, July 1957, "Instructions Relating to Apportionments and Reports on Budget Status"	Prescribes the annual apportionment of foreign currency funds designated by Treasury "FT" symbol.
D. OMB Circular A-11, July 31, 1963, Revised, "Instructions for the Preparation and Submission of Annual Budget Estimates"	Prescribes submission of schedules for accounts which relate to foreign currencies made available for use without purchase with U.S. dollars.
E. OMB Bulletin No. 68-10, "Reporting accrued revenues and expenditures to Treasury and the Bureau of the Budget," April 26, 1968	Prescribes agency systems of accrued accounting and reporting, including foreign currency accounts.

(Illustrative)

SUMMARY OF ACTIVE A.I.D. FOREIGN CURRENCY PROGRAMS

Program	Authorizing Statute	AID Account	Currency Owned BY	
			U.S.	Country
1. Commodities for Other Countries	PL 480, Title I, Section 104(g)	72FT520	X	
2. Emergency Relief Assistance	PL 480, Title I, Section 104(d)	72FT540	X	
3. American Schools and Hospitals Abroad	FAA of 1961, as Amended	72FT550	X	
4. Sale of Surplus Agricultural Commodities	MSA, Section 402	72FT720	X	
5. Loans for Economic Assistance and Population Planning	PL 480, Title I, Sections 104(f) and 104(h)	72FT740	X	
6. Grants for Economic Assistance and Population Planning	PL 480, Title I, Sections 104(f) and 104(h)	72FT745	X	
7. Economic Assistance - Special Account	PL 480, Title I, Section 104(f)	72FT750	X	
8. Loans to Private Enterprises	PL 480, Title I, Section 104(e)	72FT760	X	
9. Trust Account - Technical Assistance	FAA of 1961, as Amended, Section 625(h) and 636(h)	72FT800		X
10. Counterpart - Special Account "A"	FAA of 1961, as Amended, Section 609			X
11. Counterpart - Special Account "B" (liquidating)	FAA of 1961, as Amended			X
12. Counterpart - Special Account "C"	PL 480, Title II, Sections 201 and 202			X
13. Counterpart - Special Account "D" (liquidating)	PL 480, Title I, Section 106(b)			X
14. Loan Forgiveness, Special Account "R"	P.L. 480, Section 106(b)			X
15. Grants for Program Assistance	FAA, Sections 612(a) and 614(a)	72FT535	X	

ADMINISTRATIVE SUBDIVISION OF FOREIGN CURRENCY FUNDS
A.I.D. FOREIGN CURRENCY PROGRAMS

Generation	Program					Allotted	
	Description	Loans	Grants	Authority	AID Account	By	To
1. Funds Obtained without Reimbursement	Mutual Security Program						
	Sales of Suplus Agricultural Commodities	X	X	MSA, Section 402	72FT720	Mission	Mission
	PL 480						
	Commodities for Other Countries	X	X	PL 480, Title I, Section 104(g)	72FT520	Mission	Mission
	Emergency Relief Assistance		X	PL 480, Title I, Section 104(d)	72FT540	Mission	Mission
	Economic Assistance and Population Planning	X		PL 480, Title I, Sections 104(f) and 104(h)	72FT740	Mission	Mission
	Economic Assistance and Population Planning		X	PL 480, Title I, Sections 104(f) and 104(h)	72FT745	Mission	Mission
	Economic Assistance - Special Account		X	PL 480, Title I, Section 104(f)	72FT750	Mission	Mission
	Loans to Private Enterprises	X		PL 480, Title I, Section 104(e)	72FT760	AID/W	AID/W
	FAA of 1961, as Amended						
	Grants for Program Assistance		X	FAA, Section 614(b)	72FT535	AID/W	Mission
2. Funds Obtained from Foreign Currency Appropriations	Various Appropriation Acts						
	American Schools and Hospitals Abroad		X	FAA, Section 214(d)	72FT550	AID/W	Mission
	Grants for Program Assistance		X	FAA, Section 612(a)	72FT535	AID/W	Mission
3. Cooperating Country Counterpart Deposits	Special Accounts						
	Grant Aid - Special Account "A"			FAA, Section 609			
	Commodity Program Assistance - Special Account "B" (liquidating)			FAA of 1961, as Amended			
	Agricultural Commodity - Special Account "C"			PL 480, Title II, Sections 201 and 202			
	Dollar Credit Sales - Special Account "D" (liquidating)			PL 480, Title I, Section 106(b)			
4. Foreign Currency Trust Fund Deposits by Cooperating Country	FAA of 1961, as Amended			FAA, Sections 625(h) and 636(h)	72FT800	Mission	Mission
5. Disbursing Authority for Cooley Loans	PL 480						
	Loans to Private Enterprises	X		PL 480, Title I, Section 104(e)	72FT760	AID/W	Mission or Agent Bank

APPENDIX 5D

FOREIGN CURRENCY REPORTS

1. General

This appendix contains general information relative to the preparation and submission to AID/W of periodic financial reports developed from Mission-foreign currency accounting records. *Detailed instructions for each of the reports are provided in the Mission Controller Guidebook, including* instructions pertaining to the preparation of the report, source of data, verification requirements, and an illustrative attachment showing the required report format.

2. Preparation and Submission of Reports

a. Report Appearance

In order to facilitate the handling and analysis of the reports by AID/W, all reports, except the *Project Financial Activity Report (Foreign Currency), Report Control Symbol U-750/3,* are prepared on legal size (8-1/2" X 14") lightweight paper. *For preparation of the PFAR (Foreign Currency), see Chapter 9F6 of this Handbook.*

b. Accounting Cutoff

In view of the urgency for prompt and effective financial reporting, Missions are authorized to arrange an accounting cutoff before the close of the reporting month. The cutoff date is to be coordinated with the U.S. Disbursing Officer in order that payments processed through the accounting records of the Mission and reported as disbursements are paid by the Disbursing Officer in the same month. However, the September account should include all activity through September 30, with special attention given to the inclusion of all valid obligations and adjustments thereto, which are to be covered by the Section 1311 Certification.

c. Due Dates

The reports *in the attached checklist* are submitted to reach AID/W on the dates indicated. Six additional working days are allowed for reports covering U.S.-owned accounts for Missions serviced by a Centralized Disbursing Officer. Due dates for reports for fiscal year periods ending September 30 may be extended to October 15. However, Missions are to submit all reports as early as possible in advance of prescribed deadlines.

2

d. Distribution and Mailing Reports

(1) Missions assemble the original and copies of the reports for mailing with the following AID/W distribution schedule:

AID/W Distribution Schedule

Report No.	Frequency	No. of Copies	SER/FM Central Accounting Division	SER/FM Support Planning Division	Geographic Bureau Development Planning	Country Desk
U-106	Quarterly	4	Original	Copy	Copy	Copy
U-108	"	4	"	"	"	"
U-109	"	4	"	"	"	"
U-110	"	4	Original	"	"	"
U-111	"	4	"	"	"	"
U-204	"	2	*Orig/Copy*			
U-205	"	4	Original	"	"	"

(2) The reports are assembled into sets with distribution slips attached. They are then enclosed and pouched in a single envelope addressed to:

Chief, Central Accounting Division
(SER/FM/CAD)
Office of Financial Management
Agency for International Development
Washington, D.C. 20523

The envelope will bear the following legend in large letters:

"ATTENTION: AID/W MAIL ROOM
CONTAINS FISCAL DOCUMENTS,
DELIVER TO ADDRESSEE UNOPENED."

Note: Missions submit monthly schedules covering reporting of Loan Disbursements and Collections - Foreign Currency Transactions, in original and four copies; the distribution is made by SER/FM/CAD. The Quarterly Report on P.L. 480, Title I Currency Use Offset, is submitted in duplicate with the Counterpart "Special Account" reports; distribution of the former is also made by SER/FM/CAD.

2

e. *Section 1311 Certification*

The U-106 Reports for the month of September of each fiscal year must bear the Section 1311 Certification prescribed in Chapters 1A11 b and 9B3(c)(5) of this Handbook. Reports prescribed for use in developing and monitoring obligations by object class for foreign currency trust funds and, if applicable, U.S.-owned foreign currencies in connection with the Agency's Operating Expenses Budget are submitted in accordance with specific instructions from AID/W, including the monthly telegram and annual report of obligations, and Schedule C of the Mission Operating Expenses Budget. (See also Chapter 11 of this Handbook.) The annual Report of Overseas Expenditures and Foreign Currency Availabilities is submitted as provided in the Mission Controller Guidebook. See the attached checklist.

f. Informal Reporting

In order that the Office of Financial Management may be currently advised of the status of U.S.-owned foreign currencies, Missions furnish the following information, monthly, by informal memo (original only) for months of January, February, April, May, July, August, October, and November.

Subject: Monthly Activity - U.S.-Owned Foreign Currency Accounts
Country:
Month Ending:
Type of Currency:

Account Symbol	Deposits	Obligations	Disbursements	Unexpected Balance
72FT520				
72FT535				
72FT540				
72FT550				
72FT720				
72FT740 104(f) Loans				
72FT740 104(h) Loans				
72FT745 104(f) Grants				
72FT745 104(h) Grants				
72FT750				
72FT800				

The above memoranda are airmailed to SER/FM/CAD.

3. Summary of Reporting Requirements

The attached checklist lists the required Mission reports covering all foreign currencies, whether U.S. or country-owned and their frequency.

4. Other Reports

Additional financial reports may be prescribed by AID/W (or Mission) officials for management uses or the requirements of an agreement with a cooperating country. Financial statements are submitted to AID/W only if prescribed.

5. Preparation and Reconciliation of Fiscal Reports

The details of preparation and reconciliation of the Mission reports are treated separately in the *Mission* Controller Guidebook.

CHECKLIST OF FOREIGN CURRENCY REPORTS

Report No.	Title of Foreign Currency Report	AID/W Due Date
U-106	Summary of Allotment Ledger Transactions and Reconciliation with Disbursing Officer's Account	Quarterly - Not later than 8th calendar day after close of quarter being reported
U-108	Status of Cash Report, Sections 402, 550, & 502(a) MSA (Foreign Currency)	"
U-109	Status of Cash Report, P.L. 480, Title I, As Amended (Foreign Currency)	"
U-110	Status of Cash Report, Foreign Currency Funds Appropriated or Otherwise Generated with AID Dollars Authorized Under the F.A.A. (Foreign Currency)	"
U-111	Status of Cash Report, Foreign Currency Trust Fund	"
U-205	*Counterpart Fund "Special Account" - Trial Balance and Related Summaries (Cash Transactions and Release Approvals)*	*Quarterly - Not later than 18th calendar day after close of quarter being reported*
U-750/3	*Project Financial Activity Report (PFAR) (Foreign Currency)*	"
U-756/4	*Quarterly Report on P.L. 480, Title I Currency Use Offset*	"

CHECKLIST OF FOREIGN CURRENCY REPORTS

Report No.	Title of Foreign Currency Report	AID/W Due Date
U-756/2	Schedule of Loan Disbursement - Foreign Currency	Monthly - Not later than 8th calendar day after close of month being reported
U-756/3	Schedule of Loan Collections - Foreign Currency	"
U-770/1	Operating Expenses by Object Class (Trust Fund Operating Expenses segment)	As provided in specific instructions from AID/W
U-756/4	Report of Obligations by Object Class (U.S.-Owned Foreign Currency segment)	As provided in specific instructions from AID/W (See AIDTO Circ A-432, 8/7/76)
Schedule C	Mission Operating Expenses Budget - Object Classification (Trust Fund and/or Other U.S.-Owned Foreign Currency segment)	As provided in specific instructions from AID/W (See AIDTO Circ A-202, 4/6/76)
U-421	Annual Report of Overseas Expenditures and Foreign Currency Availabilities	Not later than October 15

APPENDIX 5E

(Reserved)

** LIST OF THE TYPES OF EXPENDITURES WHICH DO NOT REQUIRE A SECTION 612(b) CERTIFICATION AS TO THE REASON FOR DOLLAR PAYMENTS

A. AID, Contractor (AID and AID-financed contracts), and PASA Employee

1. Salary, U.S. nationals.

2. Per diem for travel to, from, and within the United States.

3. Storage and packing in the United States.

4. Authorized medical costs in the United States and in U.S. Government facilities abroad.

5. Transportation on U.S. carriers within the United States.

NOTE: Disbursements to U.S. direct-hire employees for education, transfer, separation, and cost of living allowances, post differential, and transportation of vehicles may be effected with dollars without certification. It is the practice in some 612(b) countries or areas to pay these obligations with local currencies. In effecting payment, the ACO shall continue to be guided by determinations made by the Mission Director. The Mission Director shall redetermine, at least semiannually, the continued need to use dollars in meeting such obligations.

B. Participants

1. All participant costs within the United States excluding that portion of transportation purchased as part of international travel.

C. Program Assistance

1. Commodities and commodity-related services which have their source and origin in the United States.

2. Authorized dollar cash transfers.

D. Project Assistance

1. Commodities and commodity-related services which have their source and origin in the United States.

2. Fee, overhead, and direct home office costs of U.S. contractors.

3. The agreed amount or percentage of dollar payment under AID-approved fixed-price contracts with U.S. contractors. **

** New Material

* *

E. Other

1. Transportation charges for shipments on U.S. flag carriers.

2. U.S. Source Letters of Credit against a/c 72X6121 - Irrevocable Letters of Credit (see Handbook 15).

3. Special Letters of Credit against a/c 72X6117 - Irrevocable Letters of Credit (see Handbook 15).

4. Barter Transactions against a/c 72X6122 - Dollar Deposits by Barter Contractors - Agency for International Development (see Handbook 15).

5. Purchase of any goods, equipment, and services in the United States.

* *

* * New Material

Regulations Governing Foreign Exchange Operations

1961
Department Circular No. 930, Revised

Treasury Department
Office of the Secretary
Washington 25, D.C.

Fiscal Service
Bureau of Accounts

October 20, 1961

TO HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES, AND OTHERS CONCERNED:

281.1 Authority. By virture of the authority vested in the Secretary of the Treasury by Section 114 of the Budget and Accounting Procedures Act of 1950, 64 Stat. 836, 31 U.S.C. 66b; Section 613 of the Act of September 4, 1961, 75 Stat. 443; Executive Order No. 10488, 18 F.R. 5699, 3 CFR 1949-1953 Comp.; and Executive Order No. 10900, 26 F.R. 143, the following regulations are prescribed for administration of the purchase, custody, deposit, transfer, sale and reporting of foreign exchange (including credits and currencies) by executive departments and agencies (hereinafter referred to as agencies).

281.2 [Reserved]

281.3 Collections. Foreign exchange collected by agencies shall be delivered promptly into the custody of accountable officers for credit to accounts of the Secretary of the Treasury (hereinafter referred to as the Secretary) unless otherwise directed by the Secretary. The term "collections," for the purpose of these regulations, does not include foreign exchange acquired by the United States by purchase with dollars. The accountable officer shall maintain records showing the collections, by source, and indicating the miscellaneous receipt accounts or other accounts in the Treasury to be credited with dollar proceeds from sale of the foreign exchange, and such further classifications as may be needed to indicate exchange which can be used only for restricted purposes. Accountable officers shall be advised by the collecting agencies of the source of collections and any restrictions on the use of the foreign exchange in order that the foregoing records may be maintained.

281.4 Guaranty funds. These regulations are applicable to all foreign exchange acquired by the United States under guaranty provisions of Section 1011 of the United States Information and Educational Exchange Act of 1948, as amended (22 U.S.C. 1442) except that receipts of such foreign exchange shall be deposited in the foreign exchange accounts of the Treasurer of the United States referred to in Section 281.5(c).

281.5 Depositaries.

(a) Except as provided in paragraph (b) of this section, foreign exchange which is held by accountable officers for account of the Secretary and foreign exchange acquired by accountable officers by purchase or otherwise, which is not immediately disbursed but is held by such officers for their own account or for the account of any agency, shall be maintained only in depositaries designated by the Secretary. Unless otherwise directed by the Secretary, accountable officers are not required to have separate depositary accounts for foreign exchange held for the Secretary's account.

(b) Accountable officers may carry foreign exchange as cash outside depositaries only pursuant to authority granted in accordance with Treasury Department Circular No. 1030 dated July 24, 1959, as amended.

(c) Deposits in and withdrawals from foreign exchange accounts maintained with depositaries in the name of the Treasurer of the United States will be made only as directed by the Secretary.

281.6 Withdrawals from Treasury accounts. Foreign exchange shall be withdrawn from accounts of the Secretary on the books of accountable officers or from the foreign exchange accounts carried with depositaries in the name of the Treasurer of the United States, only for the purpose of a) sale for dollars or b) transfer to agencies for authorized purposes, without reimbursements to the Treasury, as provided by or pursuant to law. Such transfers, as well as transfers between foreign exchange accounts of the Secretary and between foreign exchange accounts in the name of the Treasurer of the United States, shall be made only by direction of the Secretary. An agency requiring foreign exchange from the Treasury Department shall make request of the Secretary, indicating the amount of exchange required, in units of foreign currency, and the name and location of the accountable officer to receive the exchange. To the extent practicable and desirable, standing authorizations will be given for withdrawals from accounts of the Secretary. The following conditions apply to the sale of foreign exchange and to the requisition of foreign exchange without dollar payment:

(a) Sales. The dollar proceeds realized from the sale of exchange shall be credited to the appropriate miscellaneous receipt account or other account in the Treasury. With respect to the sale of foreign exchange by the Treasury Department, the payment in dollars shall be calculated at the rate of exchange that would otherwise be available to the United States for the acquisition of the foreign exchange for its official disbursements. When such rate is not readily ascertainable, the Treasury will determine the rate in consultation with the agencies concerned. The dollar payment for foreign exchange purchased shall not be charged as an appropriation expenditure until the foreign exchange is disbursed.

(b) Transfers without reimbursement. When foreign exchange is to be obtained from the Treasury Department without payment of dollars, the agency concerned shall furnish written certification that the exchange may be used without reimbursement to the Treasury, citing the relevant legal authority. In cases where international agreements or Bureau of the Budget allocations specify the programs for which foreign exchange may be used, the Secretary may transfer exchange to agencies without requiring a certification.

281.7 Limitations. The following limitations apply to the purchase and holding of foreign exchange:

(a) Unless otherwise authorized by the Secretary, no agency or accountable officer shall purchase, or direct the purchase of, foreign exchange from any source outside the Government of the United States, except when exchange for the purpose intended is not available for purchase from within the Government.

(b) All foreign exchange acquired by agencies by transfer from the Treasury Department, without payment of dollars, for the purpose of making authorized expenditures, shall be placed with accountable officers for account of the agencies concerned.

(c) Unless otherwise authorized by the Secretary, no accountable officer shall purchase foreign exchange which, together with the balance on hand at the time of purchase, would exceed estimated requirements for a thirty-day period.

(d) Agencies shall return promptly to accountable officers, for credit to accounts of the Secretary, any amounts of foreign exchange obtained without purchase with dollars, which the agencies determine to be in excess of their needs.

281.8 Reporting and accounting. The Treasury Department will maintain a system of central accounting and reporting for the purpose of providing information on foreign exchange operations to the President, the Congress, and the public. The Treasury Department will also prescribe rules to enhance consistency in the reporting of foreign exchange operations by all agencies. Agencies shall furnish such reports and information as may be required for the administration of the provisions of this circular.

281.9 General provisions.

(a) Nothing contained in this circular shall be construed as having the effect of superseding or amending the provisions of any regulations issued or approved by the Secretary pursuant to the Act of December 23, 1944, as amended (67 Stat. 61).

(b) The Secretary may waive, withdraw, or amend at any time or from time to time any or all of the provisions of the regulations of this circular.

(c) Implementing regulations within the framework of this circular will be issued by the Fiscal Assistant Secretary of the Treasury. All communications pertaining to the administration of the provisions of this circular shall be directed to the Fiscal Assistant Secretary.

/s/ Robert V. Roosa

Under Secretary for Monetary Affairs

* *

TREASURY DEPARTMENT
WASHINGTON

REGULATIONS GOVERNING FOREIGN EXCHANGE OPERATIONS

1964
Department Circular No. 930, Revised
Amendment No. 1

Treasury Department
Office of the Secretary
Washington, D. C.

Fiscal Service
Bureau of Accounts

August 3, 1964

TO HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES, AND OTHERS CONCERNED:

1. Exchange rates applicable to the sale of foreign currencies. To cover special cases where the exchange rate applicable to the acquisition of foreign currencies is not suitable for application to sales of currencies held in Treasury accounts, Section 281.6(a) of Treasury Department Circular No. 930, Revised, is amended to read as follows:

281.6 Withdrawals from Treasury accounts.

(a) Sales. With respect to the sale of foreign exchange held in accounts of the Secretary, the payment in dollars shall be calculated at the rate of exchange that would otherwise be available to the United States for the acquisition of the foreign exchange for its official disbursements unless otherwise determined by the Treasury Department in consultation with the agencies concerned. When the rate that would otherwise be available to the United States is not readily ascertainable, the Treasury Department shall be consulted. The dollar proceeds realized from the sale of exchange shall be credited to the appropriate receipt, appropriation or fund account on the books of the Treasury. The dollar payment for foreign exchange purchased shall not be charged as an appropriation expenditure until the foreign exchange is disbursed.

2. Funded foreign currency accounts. Pursuant to Section 508 of Public Law 88-257, approved December 31, 1963, Procedures Memorandum No. 2 under Treasury Department Circular No. 930, Revised, was issued to establish a procedure for the reservation of foreign currencies on an unfunded basis. As a result, the Treasury has closed out most funded "FT" program accounts where the currencies were held in Treasury accounts. Remaining on a funded basis are certain Treasury accounts in which currencies are being held for sale or transfer to agencies for use in connection with specific programs (mostly "U.S. use" currencies), and all agency program accounts not requiring appropriations (mostly "country use" currencies). These accounts have been kept on a funded basis temporarily to allow time to review the inter- * *

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national agreements and understandings pertaining to the use of the currencies. The following amended Section 281.7(d) of Treasury Department Circular No. 930, Revised, states the policy for the review of funded accounts and for the release of currencies by program agencies.

281.7 Limitations.

(d) To the maximum extent possible, foreign exchange accounts which are earmarked for specific programs shall be maintained on an unfunded basis. Each agency responsible for administering international agreements pertaining to the use of foreign exchange held in funded accounts shall review the agreement and other considerations relevant to each such account at least annually to determine if the account can be placed on an unfunded basis, and shall initiate appropriate action to accomplish the objective of minimizing the number of funded program accounts and the amounts therein. The resulting determinations and the status of actions undertaken shall be furnished in writing to the Treasury Department within 60 days from the date of this Regulation, and each time thereafter that there is a change of status of a particular account, or as requested by the Treasury Department. Exchange which becomes eligible for removal from a funded status either as a result of the foregoing determinations, or because of the expiration of the period of availability for restricted use under the terms of international agreements, or for other reasons, shall be released promptly by the program agency for transfer to a nonrestricted Treasury sales account.

Attached to this amendment is a list, by responsible program agency, of funded accounts. * *

John K. Carlock
Fiscal Assistant Secretary

Attachment

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LIST OF FUNDED PROGRAM ACCOUNTS BY RESPONSIBLE PROGRAM AGENCY
(Attachment to Amendment No. 1, Treasury Circular 930)

Old foreign currency symbols as of 6/30/64	New foreign currency symbols and titles effective July 1, 1964	
Agency for International Development		
20FT3043	20FT112(721)	United States portion of counterpart funds, restricted
*20FT527	*20FT601	Collections of interest on loans, Foreign Assistance Act of 1961
*20FT528	*20FT602	Collections of principal on loans, Foreign Assistance Act of 1961
72FT438	72FT700	Development Loan Fund liquidation account, Agency for International Development
72FT571	72FT710	Sale of surplus agricultural commodities, available for economic assistance, Section 502(a), Mutual Security Act of 1954, Agency for International Development
17FT571	17-72FT710	Transfer to Navy
97FT571	97-72FT710	Transfer to Defense
72FT575	72FT720	Sale of surplus agricultural commodities, available for economic assistance, Section 402, Mutual Security Act of 1954, Agency for International Development
17FT575	17-72FT720	Transfer to Navy
19FT575	19-72FT720	Transfer to State
47-72FT575	47-72FT720	Transfer to General Services Administration
57FT575	57-72FT720	Transfer to Air Force
97FT575	97-72FT720	Transfer to Defense
72FT576	72FT730	Commodities and services, Section 505, Mutual Security Act of 1954, Agency for International Development
72FT580	72FT740	Loans and grants for economic assistance, P.L. 83-480 Agency for International Development
72FT580G	"	"
21-72FT580	21-72FT740	Transfer to Army
72FT580.1	72FT750	Loans and grants for economic assistance, P.L. 83-480 (Special Account), Agency for International Development
72FT587	72FT760	Loans to private enterprises, P.L. 83-480, Agency for International Development
72FT588	72FT520	Purchases of commodities for other countries, P.L. 83-480, Agency for International Development
21-72FT588	21-72FT520	Transfer to Army
Department of Defense		
FT1080	20FT220(972)	Programs for military assistance, repayments of principal, restricted, proceeds to appropriation "Military Assistance"

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Old foreign currency symbols as of 6/30/64	New foreign currency symbols and titles effective July 1, 1964	
Department of Defense (continued)		
20FT3046	20FT115(971)	Recoveries of military assistance (MAAG), restricted
20FT508	20FT620	Collections of military assistance, repayments of principal
20FT508G	"	"
20FT508G.2	"	"
20FT576.2	20FT630	Collections from military commodities, and services, Sec. 505, Mutual Security Act of 1954
97FT580	97FT770	Grants for military assistance, P.L. 83-480, Defense
21-97FT580	21-97FT770	Transfer to Army
57-97FT580	57-97FT770	Transfer to Air Force
57-97FT580G	"	" " " "
72-97FT580	72-97FT770	Transfer to Agency for International Development
97FT581	97FT530	Military Family Housing, Defense
97FT581G	"	" " " "
17-97FT581G	17-97FT530	Transfer to Navy
21-97FT581	21-97FT530	Transfer to Army
57-97FT581	57-97FT530	Transfer to Air Force
57-97FT581G	"	" " " "
Department of State		
20FT1481B	20FT105(191)	Interest on depositary balances, restricted
20FT3024	20FT109(191)	Recoveries under military occupation, restricted
20FT3051	20FT117(191)	Recoveries transferred from Informational Media Guarantee Fund, restricted
19FT561	19FT510	Expenses of Congressional committees, State
19FT561G	"	" " " " "

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TREASURY DEPARTMENT
WASHINGTON

REGULATIONS GOVERNING FOREIGN CURRENCY REPORTING AND ACCOUNTING

1961
Department Circular No. 930, Revised
Procedures Memorandum No. 1

Treasury Department
Office of the Secretary
Washington, D. C.

Fiscal Service
Bureau of Accounts

October 20, 1961

TO HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES, AND OTHERS CONCERNED:

1. Purpose. These regulations establish procedures, pursuant to Section 281.8 and 281.9 of Treasury Department Circular No. 930-Revised, concerning the Treasury's central accounting and reporting for foreign currency operations and the related activities of executive agencies.

2. Terminology. The terms "foreign currency" and "foreign currencies" as used herein are synonomous with the term "foreign exchange" as used in Treasury Department Circular No. 930-Revised. The term "agency" refers to all departments and establishments in the Executive Branch. The term "accountable officer" refers to disbursing officers and others required to render statements of accountability pertaining to foreign currencies. The word "translate" is used to describe the act of determining U.S. dollar equivalents of foreign currency amounts.

3. Uniform reporting. In order to achieve comparability and consistency between reports with similar coverage, this section establishes rules governing certain aspects of foreign currency reporting by agencies. The rules apply to reports distributed outside the reporting agency.

a. Consistency with accountable officers' statements. Foreign currency reports shall be consistent with the amounts shown in official statements of accountability and transactions rendered by accountable officers.

b. Uniform exchange rates. Translations of foreign currency units to United States dollar equivalents shall be made at exchange rates which are uniform throughout the Government with respect to specified categories of accounts or transactions and with respect to given periods of time. (See Section 4 below).

c. Consistency with Treasury reports. Foreign currency reports prepared by agencies shall be consistent with regularly published Treasury foreign currency reports as to amounts stated in foreign currency units and United States dollar equivalents.

d. Disclosure of departures from rules. The foregoing rules are not intended to place prohibitive limitations on the content of agency reports. The Treasury Department recognizes that reports must be adapted to the specific purposes they serve and will not object to modification of prescribed bases by means of special columns, explanatory notes, or other devices, provided the integrity of the basic data is maintained and the nature, extent, and purpose of departures from the foregoing rules are fully disclosed. However, the Treasury Department should be consulted in cases where the modified bases would differ materially from those prescribed. * *

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4. Translating foreign currencies to U. S. dollar equivalents. This section applies to all foreign currencies in which the United States has an interest, including receivables and country-owned "counterpart" funds, except currencies held under the dollar accountability of accountable officers. Foreign currencies held under dollar accountability shall continue to be reported at the exchange rates prescribed for computing charges and credits to dollar receipt, appropriation and fund accounts.

a. Exchange rates: Definitions and sources.

(1) Agreement Rates. Agreement Rates are the rates provided in international agreements regarding the number of units of foreign currency corresponding to a given dollar amount for the purpose of effecting collections of currencies. To the extent such rates are not otherwise available to the Treasury Department, collecting agencies shall furnish them promptly after the close of each month for purposes of translations under Section 4c(1) of these regulations.

(2) Treasury Selling Rates. Treasury Selling Rates are the rates at which disbursing officers sell foreign currencies to agencies pursuant to Section 281.6(a) of Treasury Circular No. 930-Revised. They are generally the rates at which the United States could otherwise acquire currencies for its official disbursements on any given date.

(3) Treasury Reporting Rates. Treasury Reporting Rates are the rates at which most foreign currencies are to be translated under provisions of these regulations. In general, the rates will be published by the Treasury Department on the first working day of each quarter and will represent the latest available Treasury Selling Rate in each country. Except as provided in subsection c below, the rates published at the beginning of a quarter will be applicable to closing balances of the preceding quarter and to transactions and balances in the ensuing quarter, but not to balances at the close of such quarter. For example, the rates published on April 1 would be applicable to balances as of March 31, to transactions for April, May, and June, and to balances as of April 30 and May 31. The rates published on July 1 will govern the balances as of June 30. Balances as of the close of a month and opening balances of the succeeding month must always be in agreement. The published rates will usually be rounded to four significant digits. For countries where fluctuations in Treasury Selling Rates are minimal, par or mean rates may be prescribed.

b. General rule for translations. For reporting purposes, financial transactions and balances for which the basic value measure is foreign currency units shall be translated to United States dollar equivalents at Treasury Reporting Rates, as defined in Section 4a(3). Unless otherwise provided, this rule applies to all types of transactions and balances including, for example, receipts and disbursements, accrued revenues and accrued expenditures, authorizations, obligations and receivables and payables. Refunds and similar reverse-transaction items shall be translated for reporting purposes at Treasury Reporting Rates prescribed for the period when the refunds occur without regard to the rates applied to the original transactions. Adjustments shall be shown as necessary to record the effects of exchange rate fluctuations.

c. Exceptions to the general rule for translations.

(1) Collections. Foreign currency collection transactions which are generated under international agreements shall be translated at Agreement Rates unless otherwise determined by the Treasury Department in consultation with the agencies concerned. Refunds (return) of collections shall also be translated at Agreement Rates if the related collections had been stated on that basis. (Adjustments shall be shown as necessary to record the effects of differences between the Agreement Rates applicable to collections and the Treasury Reporting Rates applicable to balances.)

(2) Sale for dollars. In the case of foreign currencies sold for dollars, the sales transactions shall be stated at the actual selling rates; that is, the dollar equivalents of reported sales shall equal the dollar proceeds of the sales.

(3) Third country conversions. In the case of the conversion of one foreign currency to another, the Treasury Reporting Rate shall be applied to the payment side (the currency released) and the same dollar equivalent shall be used for the currency acquired, thereby "washing" the dollar effect of the conversion transaction. (An adjustment shall be shown as necessary to record the * *

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difference between the dollar equivalent so derived for the currency acquired and the dollar equivalent derived by translating the acquired currency at the Treasury Reporting Rate for the country of acquisition.)

d. Loans and certain other receivables. This subsection applies to loans and to other receivables with original maturities of one year or more (hereinafter referred to as loans) which (1) are denominated in currency units; or (2) are repayable exclusively in foreign currencies; or (3) are repayable optionally in foreign currencies if the option rests with the debtor. Basically, the current values of balances of such loans shall be stated in accordance with the general rule of Section 4b.

(1) For loans denominated in currency units or otherwise fixed as to the number of currency units receivable, the current value should equal the fixed number of units receivable translated at the Treasury Reporting Rate prescribed for the date of the balance. For loans denominated in dollars under a maintenance of value agreement, the current value should equal the outstanding dollar denominated amount multiplied by the ratio of the Agreement Rate to the Treasury Reporting Rate, both rates as of the date of the balance; however, if the difference between the Agreement Rate and the Treasury Reporting Rate in a particular instance is not material, the dollar denominated amount may be stated as the current value.

(2) In addition to current values, statements of loans outstanding shall generally show historical values which relate the balances to the transactions which generated the loans. The differences between historical values and current values shall be shown as valuation adjustments. Because of the diversity in types of loans and in past valuation practices, more specific rules for deriving historical values will be developed in the near future in cooperation with the agencies at interest. In the meantime agencies should compute current values in accordance with the foregoing and historical values on a basis consistent with past practices for the particular report involved.

5. Central accounting.

a. General. The Treasury Department, Bureau of Accounts, will maintain central summary accounts for foreign currencies held by accountable officers outside their dollar accountability. In general, these accounts will be maintained at the level of individual "FT" account symbols. These summary accounts are neither designed nor intended to substitute for agency accounts, and the provisions of this section shall not be construed as modifying the authority and responsibility of executive agencies for the maintenance of administrative accounting systems for foreign currency operations. It is expected that integration of Treasury-agency accounting data will be accomplished on the common ground of accounting for transactions as they affect the foreign currency accountability of accountable officers. In general, this means that foreign currency receipts should be recorded on the basis of collections or deposits recognized in the official accounts of accountable officers; and disbursements should be recorded on the basis of payments made by disbursing officers (by check or currency).

b. Accountable officers' statements. For central accounting purposes there shall be submitted monthly statements of transactions and balances of foreign currencies held outside dollar accountability as recorded in the accounts of accountable officers. Amounts of foreign currencies shall be stated in foreign currency units at the level of individual "FT" accounts. Transactions shall be classified or coded to provide for separate identification of receipts, disbursements, sales for dollars, transfers, conversions to third country currency, and other transaction classes if needed. Ordinarily, a copy of the regular monthly statements prepared by accountable officers will meet this requirement. The statements shall be transmitted to reach the Treasury Department, Bureau of Accounts, Division of Central Reports, Foreign Currency Branch, as soon as possible after the close of the reporting month, but not later than twenty calendar days thereafter.

6. Other reports to Treasury. Reports required by this section shall be submitted to the Treasury Department, Bureau of Accounts, Division of Central Reports, Foreign Currency Branch, as specified below.

a. Purchased currencies.

(1) Purchases from outside sources. There shall be submitted consolidated quarterly reports stating the amounts (cumulative for the fiscal year through the end of the reporting quarter)

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of foreign currencies purchased with dollars from sources outside the United States Government. The amounts reported shall include acquisitions of currencies through accommodation exchange transactions as well as purchases from banks and other exchange dealers. The report shall be in the form of a listing under the following headings: "Country of currency," "Monetary unit," "Number of units purchased," "Total dollar outlay" and "Memorandum - Dollar outlay for accommodation exchanges." The reports shall be submitted within forty-five calendar days after the close of each quarter.

(2) Balances held. There shall be submitted quarterly reports of the balances of foreign currencies on hand at the end of each quarter under the dollar accountability of accountable officers. The report shall be in the form of a listing under the following headings: "Country of currency," "Monetary unit," "Number of units," "Dollar equivalent," and "Exchange rate." This report shall be submitted at the same time as the report on outside purchases required by the preceding subsection and may be combined with that report. A copy shall be submitted simultaneously to the Balance of Payments Division, Office of Business Economics, Department of Commerce.

b. Semiannual statement of balances. For the purposes of semiannual reports required by Section 613 of the Act of September 4, 1961, 75 Stat. 443, the Treasury Department will compile semiannually, from its central accounts, a statement of foreign currency balances (in currency units and dollar equivalents) held by accountable officers for the account of agencies, excluding currencies held under dollar accountability. Two copies of the statement, or segment thereof, will be furnished to each agency for which balances are held. Each such agency shall review the statement for agreement with its records. Discrepancies which appear to exist in the statement shall be adjusted in cooperation with the Treasury Department. One copy of the accepted or adjusted statement, which shall be construed as the report required of agencies by Section 613, shall be returned to the Treasury Department under cover of a letter referring to the fact that the statement has been reviewed and, as adjusted, is a complete statement of the foreign currency balances held by accountable officers for the account of the agency and agrees with the records and reports of the agency. The review and return should be accomplished within ten working days following receipt from the Treasury Department. The first statement under this subsection will cover balances as of June 30, 1961.

c. Country-owned currencies. Each agency which administers the United States interest in foreign country-owned "counterpart" funds shall submit a semiannual report, as of June 30 and December 31, of the unexpended balances of such funds. The report shall be stated in currency units and dollar equivalents and shall be submitted on or before the date of return of the adjusted statement described in the preceding subsection. The first report under this paragraph shall cover balances as of June 30, 1961.

7. Prior year data. General revision of prior year data to bases consistent with those prescribed herein is not contemplated. However, adjustment of selected series of data will be undertaken on a case by case basis, as the needs arise, in order to achieve consistency in current reports which contain data for periods prior to July 1, 1961.

8. Waiver of regulations. If compliance with particular provisions of these regulations does not appear feasible or advisable, a request for waiver will be considered and should be directed to the Fiscal Assistant Secretary of the Treasury.

9. Effective date. These regulations shall be effective immediately. For purposes of reports issued after the date of these regulations, the provisions concerning valuation of foreign currencies shall be applicable to balances as of June 30, 1961, and to transactions beginning July 1, 1961. * *

W. T. Heffelfinger
Fiscal Assistant Secretary

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TREASURY DEPARTMENT
BUREAU OF ACCOUNTS

Procedure for distributing foreign currency collections and reporting foreign currency transactions and balances under Title I, Public Law 480 agreements.

1. Purpose

This procedure explains the method used by the Treasury Department for distributing foreign currency collections and reporting foreign currency transactions and balances under Title I, Public Law 480 Commodity Sales Agreements.

2. Types of Agreements

There are two basic types of agreements: (1) The percentage or pro rata agreement permits the distribution of collections on a percentage basis; and (2) the shortfall agreement gives priority to some program uses over others. The priority programs are funded from collections up to the agreed amount first, and the shortfall programs receive the balance.

These basic agreements are further classified for collection and distribution purposes under three categories; "Dollar Denominated," "Exchange Guaranteed," and "Non-Guaranteed." The first two categories of agreements include maintenance of value clauses and the latter does not. All active agreements except those in Poland are non-guaranteed.

3. Definition of an Agreement

A complete agreement may consist of a basic agreement, an amendment and/or a supplemental agreement. (1) The basic agreement states the dollar amount of commodities to be sold and the percentage or amount of commodity sales proceeds to be distributed. (2) An amendment to the basic sales agreement may either increase or decrease the basic dollar value of commodity sales or increase or decrease the basic distribution amounts or ratios. (3) A supplemental agreement, unless the various ratios are the same as those in the basic agreement, must be processed as a basic agreement and for reporting purposes may be combined with the basic agreement.

4. Method of Crediting and Withdrawing Currencies from Bank Accounts

The United States Disbursing Officer's bank, in accordance with the terms of the "Dollar Denominated" agreements, denominates the currencies credited to the DO's account in the same U. S. dollar equivalent disbursed by Commodity Credit Corporation and maintains the account in U. S. dollar equivalents. When withdrawals are made, the 104(g) loan portion is withdrawn at the original collection rate, but for U. S. use purposes withdrawals are made at the guaranteed rate, which may differ from the collection rate. With respect to dollar denominated accounts, the amounts on transfer authorizations Form No. 6901, formerly TF 848, are stated in U. S. equivalent with the bank effecting payments in foreign currency, as defined above. * *

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With respect to "Exchange Guaranteed" agreements, the bank credits and maintains the USDO's special account in foreign currency. At the time withdrawals are made, the 104(g) loan amount is transferred at the original collection rate. In the case of U. S. use purposes, withdrawals on a depreciated market are supplemented by the host government by depositing the difference between the collection and guaranteed rates, but withdrawals on an appreciated market are reduced by the difference between the collection and guaranteed rates, with Treasury authorizing a refund of the difference to the host government. In the case of exchange guaranteed accounts, the amounts on Transfer Authorizations (Fm.6901) are also stated in U. S. equivalents with the bank effecting payments in foreign currency, as defined above.

With regard to the "Non-Guaranteed" agreements, the bank credits and maintains the USDO's account in foreign currency, and transfer authorizations (Fm.6901) are stated in foreign currency with the bank effecting both U. S. use and loan payments without maintenance of value.

5. Distribution Procedure

Since there are only a few active guaranteed agreements, we will describe the distribution procedure for non-guaranteed agreements.

a. Percentage and Pro Rata Non-Guaranteed Agreements

To distribute foreign currency received under percentage and pro rata agreements, the percentages shown or implied in the agreements are applied to the net total available collections (net meaning gross collections less actual refunds and reserves) to obtain each program amount. To develop the implied individual percentages in a pro rata agreement, divide the specific program amounts in the agreement by the total amount of the agreement.

b. Shortfall non-guaranteed agreements

To distribute foreign currency received under this type of agreement, it is first necessary to develop a weighted average collection rate by dividing the cumulative sum of the currency received less actual refunds from inception of the agreement to date of distribution by the cumulative sum of the U. S. equivalent disbursed by Commodity Credit Corporation less actual refunds. This weighted average rate is then applied to each U. S. equivalent, that is not subject to the shortfall clause of the agreement, to determine the amount of foreign currency available for each program. The sum of these currencies is then deducted from the net total available collections (net meaning gross collections less actual refunds and reserves), the remainder is available for the shortfall programs. * *

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6. Transfer Authorization (Fm.6901) Notations

Transfer authorizations pertaining to Title I, Public Law 480 foreign currency funds contain a phrase in the lower left-hand side identifying the type of agreement, e.g., "Percentage agreement," or "Shortfall agreement."

7. Procedure for effecting transfer authorizations

Transfer authorizations are issued by the Foreign Currency Branch of the Treasury only after a thorough administrative examination has been performed. Such examination, as a rule, is completed within thirty-six days after the close of business; at which time transfer authorizations are issued to fund (1) Treasury non-restricted U. S. use sales accounts, (2) country use accounts, e.g., sec. 104(e) P. L. 480 grants, section 104(g) P. L. 480 loans, etc., and (3) special agency requests within the purview of appropriation acts and Bureau of the Budget allocations.

8. Reserve for refunds and rate fluctuation

New agreements contain provisions to pay future refunds from the most recent agreement, after a stipulated period of time, two or more years.

Accordingly, a refund reserve is maintained until the end of the stipulated number of years and is released provided foreign currency is available from a subsequent agreement. This reserve is maintained at a minimum of 2 per cent of net collections (net meaning gross collections less actual refunds) for the first two years, and if not released, 1 per cent for any period thereafter.

With respect to older agreements not containing a refund clause, the Department of Agriculture has notified most of the host governments of our desire to close such agreements and effect refunds from the most recent agreement. As of this date, most countries have agreed to the proposal.

In the event of unusual circumstances such as rate fluctuations involving agreements, Treasury may increase the reserve above the minimum 1% and 2%.

9. Reporting

For reporting collections received under Title I, Public Law 480 Commodity Sales Agreements, Treasury reports the actual foreign currencies received and the related U. S. dollar equivalent representing reimbursement to the exporter's bank in the United States by Commodity Credit Corporation. Withdrawals and expenditures are valued at the beginning of the quarter disbursing officer's market rate, sales are reported in the U. S. dollar value shown on the USDO's account current, and the closing balances are valued at the end of the quarter disbursing officer's market rate. Differences resulting from the variation of rate valuations of collections, transfers, sales and balances are reported as "Exchange rate adjustments" either gains or losses whichever the case may be. * *

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Note: The above procedure was transmitted under a letter of July 20, 1964, from the Commissioner of Accounts, Department of the Treasury, to the Director of the Budget Division, AID.

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** EXECUTIVE OFFICE OF THE PRESIDENT
BUREAU OF THE BUDGET
WASHINGTON, D.C. 20503

May 21, 1966

CIRCULAR NO. A-20
Revised

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: System of control over the use of foreign currencies

1. Purpose. This Circular continues the system of control over the use of foreign currencies received by the United States without payment of dollars. It supersedes Circular No. A-20 of September 10, 1962. This revision:

a. Defines a sub-group, "near-excess" currencies, within the non-excess category (paragraph 2), and incorporates more specific policies on the utilization of excess and near-excess currencies previously announced in Bureau of the Budget Bulletins (paragraph 3). Countries designated as excess and near-excess will continue to be announced in Bureau of the Budget Bulletins. (See Bulletins Nos. 66-1 and 66-5)

b. Provides for consultation with the Treasury Department when established selling rates for excess or near-excess currencies would result in increased charges to appropriations, as compared with the expenditure of dollars. (paragraph 8)

c. Refers to the advisory committee established by the Agricultural Trade Development and Assistance Act of 1954, as amended (Public Law 480). (paragraph 7)

2. Definitions. The following definitions apply to the terms used in this Circular:

a. "Country-use" currencies are those which are required to be used only for loans and grants (in cash or in kind) for economic development or the common defense in foreign countries, including loans to private enterprise, by either (1) the terms of the international agreement under which they were received or (2) a determination by the Director of the Bureau of the Budget.

b. "U.S.-use" currencies are those which are available for the payment of U. S. obligations and for U. S. agency programs.

** New Material

c. Excess currencies are the currencies of those countries in which the Treasury Department has determined that the supply of currencies, from all sources, owned by the United States for U. S. use, is excess to the normal requirements of the United States.

d. Non-excess currencies are those of all other countries. Within this category, there are some near-excess currencies, which are those for which Treasury has determined that the supply, from all sources, owned by the United States for U. S. uses, is for the time being above our immediate needs but not sufficient to be declared excess.

3. Utilization of excess and near-excess currencies. Every effort should be made to see that obligations in excess and near-excess currency countries are made payable in the currencies of those countries rather than in U. S. dollars, no matter what appropriation or fund is to be used for payment. This should include contracts with American contractors, to the extent that the contractor may be expected to require such currencies for necessary expenses in the country involved. Provision should be inserted in contracts requiring that U. S. dollars not be expended in the country concerned and that the foreign currency requirements to carry out the contract be obtained solely from the U. S. disbursing officer.

Allowances to employees, uniformed personnel, and others under U. S. Government sponsorship located in any of the excess or near-excess currency countries should be paid in local currency to the extent possible under existing law. In order to obtain sufficient currency for their personal needs, personnel should be encouraged to have a portion of their salaries paid in local currency, and to use accommodation exchange facilities of the U. S. Government to the maximum extent feasible. Accommodation exchange facilities should be provided in a convenient manner for U. S. Government personnel in such countries. They should be discouraged from spending dollars in the country.

Provision has been made in a number of sales agreements under Public Law 480 for the use of local currencies received under that Act for payment to U. S. or foreign carriers for transportation to, from, or through the country concerned. Advances for travel expenses, including subsistence, for travel within such countries should be

made in local currencies, or the traveller should be required to obtain local currencies through the accommodation exchange system. This applies to travel of consultants, grantees, and others whose travel is reimbursed by the Government, as well as travel of employees, uniformed personnel and their dependents. It applies to travellers whose official station is elsewhere, as well as those stationed in the country.

The State Department issues a series of "Foreign Currency Bulletins" on travel, which provide information on procedures for making payments in foreign currencies for transportation of persons and things to, from, and through these countries, and on the use of personal funds, including per diem, while in the countries.

All current and planned dollar obligations in these countries should be closely examined to provide for use of local currencies, so far as possible, as a substitute for dollars.

4. Relation to international agreements. The Secretary of State is generally responsible for the negotiation of international agreements, and has been specifically delegated the function of negotiating and entering into international agreements under Public Law 480. With respect to those agreements, proposed terms to be negotiated by the Department of State are developed by an interagency staff committee, chaired by a representative of the Department of Agriculture. Public Law 480 sales agreements specify the portion of total sales proceeds to be available for U. S. uses and for country uses. The present policy is to avoid any restrictions, formal or informal, on currencies available for U. S. uses.

5. Policies with respect to U. S. uses. As a general rule, foreign currencies will be made available for U. S. uses only through charges to U. S. dollar appropriations. Non-excess currencies, whether received directly or through conversion from excess currencies, will be available only when charged to regular agency appropriations and funds, and the use of such currencies will be subject to the normal budgetary and appropriation criteria. These appropriations and funds may also be used to purchase foreign currencies through banking channels, if the currencies are not available from the Treasury.

In order to promote the utilization of excess foreign currencies, lower priority programs may be financed through separate "special foreign currency program" appropriations, which will be limited to expenditures in excess foreign currencies purchased from the Treasury.

The Director of the Bureau of the Budget has been delegated authority under Executive Order No. 10900, as amended, to fix amounts of Public Law 480 currencies to be used for the various purposes set forth in section 104, to the extent he deems it necessary. It is anticipated that such action will be needed only for (a) non-excess currencies which, under the terms of old agreements, are not available for payment of regular obligations; (b) the diversion of excess currencies from U. S. uses to loans or grants; and (c) exceptions to the usual rules in unique circumstances to meet emergencies or situations involving the national security. Requests for such determinations should be set forth in a letter to the Bureau of the Budget and must be fully justified.

In cases where an agency is authorized to reimburse its appropriations with collections from specific sources, collections in foreign currencies from those sources are also available for purposes of the appropriation. To the maximum extent possible, the currencies should be converted to dollars, through the disbursing system, and the dollars credited to the appropriation.

6. Policies with respect to trust funds. When agencies are authorized by law to accept foreign currencies under trust agreements, the currencies may be expended without charge to appropriations in accordance with the terms of the trust agreements.

7. Policies with respect to country uses. Country-use currencies will be made available for expenditure without charge to appropriation. Public Law 480 provides that grants under section 104(e) of that law will be subject to the provisions of section 1415 of the Supplemental Appropriation Act, 1953, unless action is taken to waive this requirement. Waiver authority has been delegated to the Secretary of State. Public Law 480 also requires consultation with an advisory committee established under the legislation and with the House and Senate agriculture committees for some transactions involving country-use currencies.

8. Procedure for Treasury sales to appropriations. The Treasury Department will maintain such accounts as may be needed for sales to appropriations generally and to appropriations for special foreign currency programs. "Sales" to appropriations are accomplished by charging the appropriation the dollar value of the foreign currencies at the time they are disbursed, with an equal credit to the fund owning the currencies or to miscellaneous receipts.

The Treasury Department will establish "selling rates" for charges to appropriations, generally based on rates at which the currencies would have to be purchased through commercial channels. Agencies should consult with the Treasury Department in cases where the use of this rate for excess or near-excess currencies would result in materially increased charges to the using agency's dollar appropriations, as compared with the expenditure of dollars. Where it is determined to be of benefit to the U. S. balance of payments, special arrangements may be made to provide additional foreign currencies in amounts necessary to avoid the increased appropriation charge to the using agency. In excess currency countries, such special arrangements may also be made when justified for other reasons.

Executive Order No. 10900, as amended, makes all U. S.-use currencies under Public Law 480 available for sale by Treasury to any appropriation, except as may be inconsistent with the law or agreements. In cases where the agency head is authorized by law to make determinations with respect to the use of currencies available under the Act, the Treasury Department should be advised directly of the determination, with a copy furnished to the Bureau of the Budget. The Treasury Department will act on such determinations in the order in which received unless otherwise advised by the Bureau of the Budget. Transfers to accounts for sale to appropriations generally will be made in accordance with the terms of the agreements. The Treasury Department should be advised directly by the agencies of excess currencies which are planned for use under the appropriations for special foreign currency programs.

Separate accounting and reporting is not required for foreign currency transactions which are charged to appropriation accounts. Policies and instructions with respect to budget submissions for special foreign currency program appropriations are contained in Bureau of the Budget Circular No. A-11.

9. Procedure for expenditure without charge to appropriations. Currencies available for expenditure without charge to appropriations will be transferred to agency expenditure accounts. Generally, transfers will be made in accordance with the terms of the sales or other agreements involved. Request for priority transfers under special circumstances should be directed to the Treasury Department when the request involves merely expediting the transfer of currencies which would otherwise be transferred in the normal course of operations. However, requests which involve a preference for one program over another should be directed to the Bureau of the Budget. Obligations must be limited to the amount in the agency account or the amount apportioned, whichever is smaller.

Whenever it appears that the balance in an agency account will not be needed for the purpose for which it was made available, or when it is no longer available for its original purpose the agency should return the currencies to the appropriate Treasury (20FT---) account.

Foreign currencies available without charge to appropriations are subject to requirements of Bureau of the Budget Circulars No. A-11 and No. A-34 and to certain Treasury Department requirements.

CHARLES L. SCHULTZE
Director

ATTACHMENT 5I

RESERVED

A.I.D.

POLICY DETERMINATION

PROGRAMMING PL 480 LOCAL CURRENCY GENERATIONS[1/]

I. Introduction

In 1972, AID changed its policy with respect to programming country-owned local currency proceeds generated by the sale of PL 480 Title I commodities ("sales proceeds"). This change was designed to reduce direct U.S. involvement in the affairs of AID recipient countries and to simplify program procedures; it also was prompted because of the problems associated with monitoring a fungible resource. Thus, recipient governments were no longer required to deposit the sales proceeds into separate accounts, and Missions could no longer participate in programming their uses, except in special cases.

In 1976, AID concluded that in most (but not necessarily all) country situations, more active AID participation in the programming of these sales proceeds could enhance our ability to influence a recipient government's policies, thereby improving the quality and quantity of the recipient's development effort. Accordingly, AID policy was modified to require Missions to examine the merits of more active AID participation in the programming of local currency generated from PL 480 Title I sales and to encourage its use as another aid tool in those countries where it promised to be effective.

Title I legislation does not require formal AID involvement in programming the expenditure of these proceeds, nor does it require recipient countries to deposit sales proceeds into special accounts. Nevertheless, it contemplates some degree of AID involvement, since AID must monitor the use of the sales proceeds and assure that they are allocated to support economic

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1/ Although this paper focuses on Agency policy with respect to programming local currency proceeds generated by the sale of commodities under the Agricultural Trade, Development and Assistance Act of 1954, as amended, ("PL 480"), it also provides examples of other ways by which food assistance can be integrated with non-food assistance, thereby enhancing the developmental impact of all external resources.

development objectives.2/ AID involvement can range from one extreme where the recipient government assumes primary responsibility for allocating its own budgetary resources to the other extreme where AID plays a more active role in such allocation decisions, including, inter alia, detailed programming prior to signing the agreement, the establishment of a special account, Mission concurrence on disbursements from the account, or periodic reporting and monitoring on the status of financial accounts and individual projects.

II. AID Policy

Enhancing the developmental impact of PL 480 resources is a major objective of AID. There is a broad consensus within AID that we should have a major interest in the policies pursued by AID recipient countries which govern the allocation of domestic resources. Accordingly, Agency policy explicitly encourages AID participation in the programming of country-owned local currency generated by the sale of PL 480 Title I commodities when such involvement promises to help in achieving developmental objectives. Agency policy also encourages the integration of PL 480 food aid resources with non-food aid resources (primarily those from Development Assistance and the Economic Support Fund) to help achieve specific program and policy objectives and to enhance the developmental impact of all external resources.

When it is determined that AID should become more actively involved in the programming of local currency, the following policy guidelines apply:

2/ Article II-F of Part I of all Title I agreements requires that an amount of local currency equal to the sales proceeds but not less than the dollar value of CCC disbursements for the commodities (less any Currency Use Payment) be used to support the economic development objectives (including "self help" measures) set forth in Part II of the agreement. It also stipulates the appropriate exchange rate to be used to determine the amount of local currency available (thereby discouraging the subsidized sale of the commodities); that subsidized interest rates are prohibited for any of the local currency loaned to the private sector or non-governmental organizations; and that an annual (or more frequent) report must be submitted to the U.S. indicating how the local currency was used. Missions with Title I programs should review their present monitoring procedures to determine if changes or improvements are needed in order to fulfill the requirements of this Article more effectively.

- The Mission and the host government should agree on the specific uses of the sales proceeds as well as on appropriatepolicy reforms as much as possible before the Title I agreement is signed.

- The specific activities which will be funded with the local currency and the specific amount of funding available for each activity -- as well as specific activities that will not be eligible for funding -- should be explicitly stated. The local currency may be used, as appropriate, to help meet the legal requirement that the recipient government contribute at least 25 percent of the total cost of activities financed by Development Assistance.

- The Mission should systematically monitor the recipient government's overall budget allocation decisions. This will help to ensure that local currency generated from Title I commodity sales actually finances a net relative expansion of important development-oriented activities and/or supports appropriate policy reforms above and beyond what otherwise would have occurred; that is, it will help to ensure that the recipient government does not allocate fewer budgetary resources to support these activities and reforms, thereby offsetting the expansion made possible by the Title I sales proceeds.

- Missions should consider using the sales proceeds to support activities implemented by private voluntary organizations (PVOs), particularly under Title II and with operational program grants (OPGs). Missions should also encourage expansion of the private sector. Opportunities may exist to help develop capital markets and, through private financial institutions or other development mechanisms for on-lending, to finance viable private enterprises, including agribusiness activities.

- The sales proceeds should be spent as closely as possible to the time the PL 480 imports are used in order to minimize the net inflationary or deflationary effects of the agreement.

- Missions should consider depositing the sales proceeds into an interest bearing commercial bank account established to help finance development activities not agreed upon during negotiations or not yet ready for implementation; both the principal and the interest can later be used for funding such activities.

- The negotiating opportunity should be used to discuss key

macroeconomic and sectoral policy issues, including subsidized food prices. If the Title I commodities are sold below market prices, this not only will generate less revenue for the government but also can have an adverse effect on domestic food production by lowering the overall price structure. The capacity to engage the host government in such discussions is likely to be enhanced when both PL 480 food aid and non-food aid resource levels are discussed at the same time.

Missions should review with the recipient government the specific procedures for programming, releasing, and controlling the sales proceeds, and for monitoring and evaluating the implementation of the specific activities (including reporting requirements). Missions should entrust the recipient country with as much of the work of utilizing and accounting for the country-owned local currency as possible.

AID participation in programming local currency is not an end in itself, but rather a tool for moving toward the more important goal of an overall host country budget that represents a sound, development-oriented allocation of budgetary resources. AID participation in local currency programming is appropriate in those circumstances where it will help achieve the overall goal.

III. Past Experience

These policy guidelines are based on the analysis cited above as well as a review of more recent country experience (summarized below). These analyses show varying results in using Title I sales proceeds to influence domestic resource allocation. This influence can vary across countries as well as within one country over time, because of: (a) differences in the competence of recipient country officials to handle difficult macroeconomic policy concerns and to solve serious public finance problems; (b) differences in the magnitude of U.S. assistance relative to domestic resources and external resources provided by other donors; and (c) shifts in government leadership and in the relative importance of U.S. assistance. AID's past experience should be taken into consideration in determining whether or not the advantages of our exercising greater influence over the disposition of counterpart funds (local currency generations) outweighs the disadvantages.

A. Early Experience. In countries where our active participation in the programming of the local currency proved to

be effective, the major reasons were:3/

- The local currency was readily available in a special account specifically earmarked for development projects (including AID projects). This prevented project implementation from being stalled as the result of red tape, slow and inefficient techniques for releasing normal budgetary revenues, or non-availability of promised revenues.

- Government officials or development-oriented ministries could resist pressures to divert local currency resources to finance politically motivated "pork barrel" projects, poorly planned development projects, or non-development projects simply by pointing out the necessity for AID to concur in the use of the resources.

- The volume of the local currency generations relative to total development resources was relatively significant. When the local currency resources were less substantial, AID could influence only the choice and implementation of individual projects, rather than resource allocation decisions.

- AID participation in the programming of the local currency constituted a vehicle not only for policy dialogue but also for providing technical assistance to public officials of the recipient government, thereby helping to modernize and upgrade project appraisal and budgeting procedures and to deal more effectively with macroeconomic policy and resource allocation issues.

- A relevant part of the host government shared AID's goals for the country's development and there was agreement concerning the best approach for achieving those goals.

- AID participation in the programming of the local currency was not viewed as unjustified interference by foreigners in domestic affairs.

3/ In some countries, although our active participation in the programming of local currency seemed effective, this was perhaps partly because our participation was not needed. For example, the host country already had an effective project appraisal, budgeting, and financial control system; met its commitments to support development projects; and had a good development program overall.

In countries where our participation in the programming of local currency has proved to be ineffective, the major reasons were:

- AID's involvement in programming country-owned local currency was regarded as a highly visible, unjustified, and intolerable interference in domestic affairs.

- The establishment of a separate account for the local currency, subject to special rules, frustrated the Finance Ministry in carrying out its normal budgetary procedures.

- The government feared that AID's participation in the programming of local currency would stimulate other donors to follow this precedent, resulting in conflicting advice and confusion within the government concerning how its development priorities should be ordered.

- The government feared that AID's motivation may be to promote the commercial interests of the U.S. rather than the welfare of its country.

- Joint programming of the local currency required additional AID and host country manpower and management resources which did not produce results commensurate with the added administrative costs.

- Activities financed by the local currency were sometimes unsuccessful due to inadequate management, and AID became associated with these shortcomings.

B. Recent Experience. Of the 25 Title I agreements negotiated in FY 1982, Missions participated in programming the local currency for 20 of them (80 percent), including 5 for which there was no special account; 2 Missions participated in project selection; only 3 Missions did not participate at all.

As stated above, special accounts in which the country-owned local currency is deposited are not required under Title I agreements. This may reflect the fact that special accounts do not guarantee that appropriate budget allocation decisions will be made, nor are they essential for a Mission to be able to influence budget decisions. Nevertheless, an increasing number of Missions have determined that country conditions warrant the establishment of such accounts, partly to facilitate monitoring the uses of the local currency and also because interest bearing accounts increase the total funds available. Of 25 Title I agreements signed in FY 1980, only 8 had special accounts (32 percent); of 25 agreements signed in FY 1981, 11 had special accounts (44 percent); and of 25 agreements signed in FY 1982,

15 had special accounts (60 percent). The number of special accounts increases to 21 (68 percent) if the 6 existing Title III agreements (all of which require special accounts) are added to the Title I agreements.4/

Geographically, in FY 1982, 10 out of 13 Title I programs in Africa had special accounts; 1 out of 3 in Asia; 4 out of 6 in Latin America and the Caribbean; and none out of 3 in the Near East.

IV. Program Examples

Examples of ways in which local currency generations can be programmed, and food aid can be integrated with non-food aid resources, are provided below.

Coordinated programming of food aid and non-food aid resources can facilitate politically difficult policy changes. For example, the reduction or elimination of consumer subsidies is likely to cause serious domestic economic and political problems because of the adverse impact of the higher food prices on the poor. In such circumstances, non-food aid programs can support projects aimed at increasing food production and improving food distribution while well designed food aid programs provide a temporary "cushion" for the poor. For example, relatively less expensive "self targeting" staples can be supplied and the local currency can be used to fund income producing projects that benefit the poor.

Local currency generations can be used to fund in-country training (for example, in the management of grain stabilization programs supported by PL 480 food aid) while Development Assistance can finance the foreign exchange costs associated with such training (U.S. technical assistance). Local currency generations can also support discrete projects (such as health centers or irrigation systems) which may be directly linked to and partially funded by Development Assistance (or ESF).

Food distribution centers can be funded by a combination of dollar assistance and local currency generations and can be used for family planning activities, the provision of health care services and community development -- as well as for food distribution.

4/ There are currently 2 Title III programs in Africa; 1 in Asia; 2 in Latin America and the Caribbean; and 1 in the Near East.

It may be desirable to use local currency to reduce the loan repayment burden associated with Housing Guarantee programs financed at U.S. market interest rates as a means of supporting a change in host country policy with regard to subsidized housing for low income beneficiaries. Local currency generations can also be used to support other housing and urban development activities, such as small enterprise loans, training and community facilities, which might be difficult to undertake at U.S. market interest rates.

There are, of course, constraints to increased integration of food aid and non-food aid resources in specific projects. There is sometimes a reluctance on the part of the host government to depend on a resource (food, or the local currency generated from the sale of the food) -- whose availability is not always certain or reliable from year to year. The actual transfer of local currency to those entities charged with implementing specific agreed upon activities is not always timely. Finally, the timing of the resource flow is less flexible in the case of food aid than non-food assistance, and therefore its phasing with other development activities becomes more difficult. Nevertheless, these examples indicate that a greater developmental impact can be achieved when food aid and non-food aid resources are integrated and when the local currency generations are carefully programmed.

M. Peter McPherson
Administrator

22 FEB 1983
Date

CHAPTER 6 - LOAN FINANCIAL MANAGEMENT

CHAPTER 6

LOAN FINANCIAL MANAGEMENT

6A. Scope

This chapter deals with the financial aspects of the administration of AID's loan portfolio. It encompasses all the accounting techniques, methods, procedures, and controls required in the administration of loans authorized under the various foreign aid legislations and serves management by providing the financial information required to effectively, economically, and efficiently implement the foreign economic assistance loan program in the best interest of the United States Government, and for reporting thereon to the U.S. Congress and other external authority.

6B. AID Accountability for the Loan Programs

1. Delegation of Authority

Responsibility for the performance of the loan financial management function was delegated by the AID Administrator to the Assistant Administrator for Administration in Delegation of Authority No. 36, effective September 16, 1963. The Assistant Administrator for Administration redelegated this responsibility to the AID Controller on April 8, 1964. The AID Controller has implemented the authority delegated to him by assigning basic operational responsibilities to organizational units within the Office of Financial Management (SER/FM). The Loan Division in SER/FM maintains the official accounts comprising the loan portfolio. The Loan Division has a coordinate relationship with other organizational units in SER/FM having collateral accounting and budgetary control responsibilities in the overall management of the AID loan program.

2. Accounting Systems for Loan Operations

a. The accounting system for loan operations of AID is established and maintained by the Loan Division (FM/LD) and is entirely computerized under two systems:

(1) General Ledger Accounting and Reporting System, referred to as GLARS, which records all dollar and local currency transactions in the accounts of the general ledgers, maintained for each of the loan funding sources.

(2) Loan Accounting Information System referred to as LAIS, which records against each loan implementation data, repayment terms and all dollar or local currency financial transactions.

b. The General Ledger Accounting and Reporting System is based upon the application of generally accepted accounting principles and provides for appropriate annual and other periodic reporting of loan-program financial condition and operating results for both internal management and external purposes. The establishment and maintenance of financial controls and accounts for AID loans in accordance with commercial accounting practices is authorized in Section 635(g) of the Foreign Assistance Act of 1961, as amended. It is also in compliance with the financial management legislation contained in Section 112(b) of the Budget and Accounting Procedures Act of 1950, P.L. 81-784.

c. This general ledger system provides a set of self-balancing proprietary accounts that reflect the actual financial condition of each funding source and results of its operations. In addition, this information is also provided on a consolidated basis.

d. The Loan Accounting Information System (LAIS) maintains AID's official loan accounts and is based on controls reflecting generally accepted commercial and banking principles and practices. This system utilizes about 200 to 250 data fields for each loan for both implementation and amortization phases. From this data a series of reports are developed for AID/W and Mission uses, as well as external uses.

6C. Financial Administration - AID/Washington

1. Service to AID Management

a. SER/FM administers all fiscal aspects of the AID loan portfolio. It provides management with information on all financial aspects of the AID loan program which encompasses every loan made by AID and predecessor agencies since the inception of U.S. foreign economic assistance in 1948. Financial administration of the loan program is based on the official AID loan accounts maintained in the computerized Loan Accounting and Information System of FM/LD. The effectiveness of this function is dependent upon the input of transactions affecting the status of AID loans which originate with the Geographic Bureaus. Capital Development offices and other responsible offices of the Geographic Bureaus share with SER/FM the responsibility for assuring the integrity of the official loan accounts by furnishing timely, complete, accurate, and uniform documentation of the entire range of AID loan activity which affects these accounts. The status of the loan program is provided by SER/FM in periodic reports to the Geographic Bureaus and other offices in AID. These reports focus on special loan aspects and conditions needed by the various loan officials to effectively carry out the substantive program.

b. Uniformity in AID financial administration of all loan activity is an important factor in maintaining the integrity of AID controls in a systematic and economic manner.

2. Financial Responsibilities and Requirements During the Loan Process

This section covers briefly the SER/FM participation and financial requirements of each phase of the loan process; i.e., (1) program or project planning, (2) approval, (3) agreement, (4) implementation, and (5) reporting and evaluation on AID development loans financed from U.S. dollar appropriation or fund. Financial requirements of loans financed from U.S.-owned foreign currency funds are excluded since new foreign currency loans are currently not being made.

a. Program or Project Planning

Country or Capital Assistance Paper sets forth the categories of program assistance or the specific project design and is based on appropriate financial, economic, and technical analyses. These analyses are prepared by the AID Mission through negotiations with the cooperating country (the borrower). Representatives of SER/FM or the Mission Controller participates as financial advisor in the planning exercises conducted to arrive at recommendations with respect to funding levels and financial controls and procedures to be incorporated. This participation occurs mostly in the AID Missions.

Data Input for LAIS

At the present time only the amount planned for local-cost financing is abstracted from the Capital Assistance Paper for input into the computerized loan system by FM/LD.

b. Approval

(1) The formal approval document, signed by the Administrator or the Geographic Bureau Assistant Administrator, is the loan authorization or the Program Assistance Approval Document (PAAD), which sets forth the nature, amount, purpose, terms, and conditions governing the negotiations and conclusion of the program or project assistance. The signed loan authorization or the PAAD is recorded as a commitment in the AID's official loan accounts maintained by the FM/LD.

(2) The Loan authorization or the PAAD is cleared with SER/FM for the availability of allotted funds, financial terms and conditions, and the assignment of a loan number before it is submitted by the Geographic Bureau to the Geographic Bureau Assistant Administrator or the Deputy Administrator for signature.

Data Input for LAIS

The data abstracted for input to the computerized loan system from the loan authorization or the PAAD are:

(3) Loan number assigned above, in addition to other numbering requirements (i.e., project number), is a three segment number comprised of:

Region and Country	Type of Loan	Serial Number
XXX (three digit numeric code)	X (one digit alpha or numeric code)	XXX (three digit numeric code)

Data Input for LAIS

The data abstracted for input to the computerized loan system from the PAF or PAAD are:

(a) Loan number

(b) Date and amount of the authorization

(c) Name of the borrower

(d) Title

(e) Category of assistance

(f) Project number for the project assistance only

(g) Repayment terms

(h) Terminal date for signing (execution).

Any extension of the terminal date for the signing or execution of the loan agreement or, conversely, the deauthorization of the loan by the Geographic Bureau Assistant Administrator, the Deputy Administrator, or the Administrator is furnished promptly in written form to *FM/LD* for recording in the LAIS. The amount deauthorized is restored to the fund or appropriation from which the loan was financed.

c. The Loan Agreement

The loan agreement under either prior agreements or as set forth in the Project Agreement for loans funded on and after October 1, 1976 (HB 3, Chap 10), or as documented in the Nonproject Assistance Agreement (HB 4, Chap 4) when signed on behalf of AID and the borrower, obligates AID funds for the purposes described and establishes the respective rights and obligations of the borrower and AID. A loan agreement may be signed at AID/W or at the Mission. The Geographic Bureau notifies *FM/LD* in writing as soon as the loan agreement is executed with respect to those signed at AID/W. For agreements signed at the Mission, telegram notification is furnished immediately to the responsible Geographic Bureau with a copy to *FM/LD* for use in establishing interim control in the Loan Accounting Information System pending receipt of the signed loan agreements. The Mission assures that the telegram identifies the (1) loan number, (2) amount, (3) date signed, and (4) terminal date for meeting conditions precedent for initial disbursement. The Mission telegram confirms whether or not the signed loan agreement conforms with the provisions of the PAF or PAAD or amendment thereto. The loan obligation recorded by *FM/LD* is confirmed by receipt of the signed loan agreement. The signed loan agreement is the basis for reporting AID obligations pursuant to the criteria in Section 1311 of the Supplemental Appropriation Act, 1955, P.L. 663, 83rd Congress. The Mission sends the original and one conformed copy of the signed loan agreement promptly to *FM/LD* for the Archive and Accounting files. (For input to the Project Accounting Information System (PAIS) upon signing of a loan-funded project agreement, see Chapter 9F2 of this Handbook.)

Data Input for LAIS

Input data abstracted from the loan agreement:

(a) Date and amount of loan

(b) Purpose

(c) Terminal dates for Conditions Precedent, Disbursing Authorizations, and Disbursement

(d) Final repayment terms and amortization

(e) Conditions and covenants.

d. Extension of Terminal Dates for Conditions Precedent, Disbursing Authorization, Projection Completion and Disbursement

The extension of terminal dates of a loan agreement is approved by the Geographic Bureau or the Deputy Administrator, depending on the time limits set forth *in HB 3*, App 3C. A copy of the approved document is furnished to *FM/LD*. The Geographic Bureau formalizes the approved extension by issuing an implementation letter to the borrower in

6C2d

accordance with the following paragraph. For disapprovals, refer to paragraph 6C2j.

e. Implementation Letters

(1) Implementation letters are used by AID as a means of transmitting to the borrower detailed instructions, guidance, information, and documents on implementing the loan project or activity, including extensions of terminal dates of a loan agreement (Project Agreement or Nonproject Assistance Agreement). For project loan assistance, the Project Implementation Letter (PIL) is used as the official channel through which AID communicates with the borrower on all matters relating to project implementation in accordance with the unification of Agency implementation and documentation procedures. (See Chapter 8, Attachment 8G.) In addition to the foregoing uses, the PIL is also a means of confirming mutual agreements and understandings reached by AID and the borrower on specific details for implementing project inputs against funds earmarked in the loan. (Project inputs are described in Chapter 8E4d of this Handbook.)

(2) PIL's or other implementation letters are sequentially numbered for each loan by the issuing Mission or in some cases the responsible Geographic Bureau. Adherence to serialization of PIL's or other implementation letters, by loan, is essential for control in both the program office and in the AID accounting system. A copy of the PIL or other implementation letter is transmitted promptly to *FM/LD* for recording.

(3) When the PIL or other implementation letter is issued in the field, concerning extension of a terminal date, the Mission promptly notifies the responsible Geographic Bureau, with an information copy to *FM/LD*, by telegram advice. The telegram advice provides the loan number, type of terminal date, new terminal date, and the date and number of the PIL or other *implementation letter.*

f. Compliance with Conditions Precedent to Initial Disbursement

Certain conditions precedent (CP's) to initial disbursement must be met by the borrower before disbursements may begin. The Geographic Bureau notifies *FM/LD* promptly of the date on which conditions precedent were met for recording in the computerized loan system (LAIS). If the Mission determines the borrower's compliance, a telegram advice is sent immediately to the responsible Geographic Bureau, with an information copy to *FM/LD*, indicating the date CP's were met. Failure of borrower to comply with the condition precedent requirements within the time specified in the loan agreement may invalidate the obligation. Refer to paragraph 6C2j for deobligation procedures.

g. Disbursing Authorizations

(1) Disbursing Authorizations (DA's) are issued by AID as authority or warrant for the payment of a definite sum of the proceeds of a loan, based on procurement or other substantive performance in accordance with the loan agreement. The method of payment or financing in U.S. dollars or local currency charged to dollar funds is prescribed in the agreement. More than one method of financing may be provided. Each method of financing is documented by a specific type of disbursing authorization, such as: (a) letters of commitment issued to U.S. banks, (b) AID/W or Mission direct reimbursement authorization for payment to the borrower or on behalf of the borrower (includes Fixed Amount Reimbursements (FAR's) and Special Letters of Credit (SLC's) for local cost financing); (c) letter orders for Section 608 excess property, and (d) project implementation orders (PIO's) *(see Ch. 8, Att 8F)*. Other financing methods, as appropriate, may be prescribed. Detailed financing procedures and techniques applicable to the foregoing types of disbursing authorization are set forth in AID Handbooks 3, Appendix 3F; 4, Chap 5; 15, Chap 9; and 16, Chap. 6. *FM* offices responsible for issuance of Disbursing Authorizations are *FM/BFD* for Letter of Commitments and *FM/LD* for Direct Reimbursement Authorizations.

(2) Disbursing authorizations establish predetermined levels of disbursing activity for the amount obligated by the loan agreement. Each disbursing authorization identifies and reserves in the official loan accounts, maintained by *FM/LD* a portion of the total amount provided in the loan agreement. The aggregate of all disbursing authorizations

6C2g(2)

issued for financing a specific loan cannot exceed the amount obligated by the loan agreement. All disbursing authorizations are cleared with the SER/FM/LD for the availability of funds and for the assignment of a disbursing authorization number before the expiration of the terminal date for the issuance of the disbursing authorization. A copy of the disbursing authorization is furnished SER/FM/LD for recording. Failure to issue disbursing authorizations or amend the amounts provided thereunder may preclude the full utilization of funds obligated by the loan agreement, that is, the uncommitted balance of the loan agreement may be withdrawn on or after the terminal date for requesting disbursing authorizations, when such terminal date is specified in prior agreements, or upon project completion. Undisbursed balances of disbursing authorizations remaining after the terminal date for disbursement, as extended where justified, are also subject to withdrawal. See HB 3, Chap 10, on establishment of terminal date for requesting disbursement for project loans, and HB 4, Chap 4, for terminal disbursement date for nonproject loans.

h. Loan Disbursements

Under the LAIS system, goods and services, procured under one or more method of financing as set forth above, are recorded under the loan on a cash basis. However, participant training costs are recorded on an accrual basis.

i. Followup on Undisbursed Loan Balances

(1) Geographic Bureau, through Missions, maintain active and continuing surveillance of each loan agreement to assure that the funds obligated therein do not exceed the monetary value of the goods and/or services which AID agreed to finance. The status of disbursing authorizations receive continuing scrutiny and followup to verify that: (a) unrequired funds are promptly deobligated and (b) methods of implementation and of financing are revised, as necessary, to insure timely delivery of goods and services and the payment therefor prior to expiration of the terminal disbursement date (TDD) as specified in prior project loan agreements or as provided in nonproject assistance loan agreements; or for project loan agreements funded on and after October 1, 1976, in accordance with the Project Assistance Completion Date (PACD) and period thereafter for final disbursement as provided in HB 3, Chap 10.

(2) When the final delivery of goods and services has been made, the Geographic Bureau promptly provides SER/FM/LD with a written notice of the project completion. The loan will be classified in the LAIS system as a completed loan. SER/FM/LD will perform the reconciliation of DA balances with the disbursing agents and deobligate the unused balance of the loan.

j. Underlying Circumstances for Deobligating Funds for Loan Agreements

(1) Downward adjustment in the amount of loan agreement may result from the following:

(a) Passage of terminal dates provided in the agreement and request for extension of such date(s) disapproved.

(b) Noncompliance with conditions precedent specified in the agreement.

(c) Completion of the project or purpose of the loan for less than the estimated costs.

(d) Reduction of fund requirements which results from a change or amendment of the scope of the project financed by the agreement.

(e) An act or omission by the borrower which constitutes a default.

(f) Refund from the borrower to AID as provided in the agreement.

(g) Other circumstances determined by AID to permit the termination of disbursements under the agreement.

(2) If the borrower has failed to discharge his obligations for one or more of the above reasons and the downward monetary adjustment is appropriate, the responsible Geographic Bureau may submit a written request to SER/FM/LD to deobligate the unutilized funds. Deobligation is a positive AID management decision embodied in a written notice to the borrower except for deobligation of unused loan funds upon completion and closing of the loan. See HB 3, Chap 10.

(3) For other downward obligation adjustments, SER/FM/LD periodically prepares various loan status reports as a basis for review and initiation of appropriate obligation adjustment action by the responsible Geographic Bureau.

6C2j

(4) A copy of the notification letter to the borrower of obligation adjustment is furnished promptly by the Geographic Bureau to SER/FM/LD as a source document from which to record the reduction of the amount of the loan agreement after expiration of the notification period or applicable extension.

(5) When the amount of a Loan Agreement is adjusted and the terms of the loan agreement so require, a revised amortization schedule is prepared by SER/FM/LD and transmitted with the letter of notification to the borrower.

(6) All deobligated funds are restored to the appropriation or fund which initially financed the loan as reprogrammable resources. Deobligations of prior-year funds are available for reprogramming only if authorized in an appropriation Act.

k. Refunds

(1) Completed Loans

Refunds received after the full disbursement of the loan serve to reduce the amount of the agreement. The amount of the refund is deobligated by SER/FM/LD.

(2) Active Loans

(a) Refunds from suppliers or banks are available for completing the purpose of the loan, as needed, if such provision is set forth in the loan agreement.

(b) Refunds from the borrower under a project assistance loan are available for use if so provided in the agreement; otherwise, they are subject to determination by AID/W if funds are needed for use on the related project. Under nonproject assistance, loan refunds from the borrower are not available for use and are deobligated by SER/FM/LD.

l. Reporting

During the implementation and monitoring phases of the loan process, SER/FM/LD furnishes AID management, at periodic intervals, various loan status and "management by exception" reports to assist them in the administration of the loan portfolio. These reports are listed and explained in 6E of this chapter.

3. Loan Servicing Responsibilities

a. Scope

In addition to providing financial services to AID management during the implementation phase of the loan, SER/FM/LD performs specific servicing functions as provided herein on every U.S. dollar and foreign currency loan authorized by AID and predecessor agencies, including Section 104(e), P.L. 480 Cooley Loans. Also included are dual-term arrangement loans, referred to as "Two-Step Loans." Responsibilities include:

(1) Control and maintenance of AID's official loan accounts in accordance with the terms of the loan agreements for disbursing and servicing.

(2) Assurance that the system of control is adequate to provide for prompt issuance of notices of payment due and timely repayment of amounts due the United States.

(3) Technical assistance to the Geographic Bureaus on the fiscal and accounting procedures for rescheduling AID loans.

(4) Control and maintenance of AID's loan archive files.

(5) Preparation of various loan reports for AID management and regulatory agencies on loan receivables, delinquencies, reschedulings, and writeoffs.

b. Servicing Responsibilities

(1) Maintenance of Official Loan Accounts

(a) Loans disbursed in U.S. dollars or foreign currencies and charged to AID dollar appropriations are maintained in U.S. dollars, whereas loans made from AID foreign currency funds are recorded in either U.S. dollar equivalents or units of foreign currency.

(b) Foreign currency disbursed loans with provision for maintenance of value (MOV) are stated in U.S. dollar equivalents and repayable in U.S. dollars or foreign currencies. The borrower assumes the risk of exchange fluctuations or currency revaluations.

6C3b(4)(a)

based on one of several methods of amortization provided in the loan agreement. These methods include equal, level, sum of the digits, and others.

1. Under equal method, the loan is amortized using equal installments of principal, and interest installments will vary depending on the amount of principal balance outstanding.

2. Under level method, the loan is amortized using equal installments of principal and interest. The amount of principal is determined by subtracting the interest amount from the total amount due under each installment.

3. Under the sum-of-the-digits method, the loan is amortized using principal installments determined by the application of the loan of a fraction the numerator of which is the number of the principal installment and the denominator, the sum of all such numbers. Thus, if the loan is to be repaid in ten installments, the initial principal installment would be 1/55 of the loan, and the final installment 10/55 of the loan.

4. Under other method, the loan is amortized using principal installments determined by geometrical progression or arbitrarily.

(b) New loan agreements currently executed provide for equal or level method of amortization.

(c) Refunds and deobligated funds are applied to the remaining principal installments on a prorated basis or in the inverse order of their maturity, depending on the terms of the loan agreement.

(5) Administrative Procedure on Computation of Interest

(a) Interest on Balances Outstanding

For balances outstanding on the previous bill, interest is computed at the annual rate for annually billed loans and for the proper fraction of the annual rate for the for the more frequently billed; i.e., one-half the annual rate for semiannual billing, one-fourth for quarterly and one-twelth for monthly.

(b) Interest on Transactions

Interest on all transactions affecting outstanding balances, including disbursements, refunds, and principal repayments, is computed for the proper number of days in accordance with the basis specified in the loan agreement, except as to principal repayments received within the period of 3 days before or 3 days after the due date, which will be treated as collected on the due date. The interest on principal repayments credited on the due date will be computed on the same basis as the interest on the outstanding balance of the previous bill, as stated above.

(c) Interest on Interest Payments

1. For loan agreements specifying that interest is to be charged on delinquent interest payments:

a. No additional interest is charged for payments received within ten days after the due date.

b. For payments received more than 10 days after the due date, interest is charged from the due date for the number of days in accordance with the basis specified in the loan agreement.

2. For loan agreements not specifying that interest is to be charged on delinquent interest payments, no additional interest is charged on delinquent payments.

3. For all loans, no interest is credited for early receipt of interest payments.

(d) Final Payment of Principal and Interest

1. Payment of final installment of principal received within a period of 10 days after the due date will be treated

6C3b(5)(d)1

as collected on the due date. No credit is allowed for payment of final installment of principal before the due date.

2. Payment of interest received with the final installment of principal within a period of 10 days after the due date of final payment will be treated as collected on the due date.

(e) Change in Receipt Date

If there is evidence of delay within AID in the establishment of the receipt date of collections of principal and/or interest, beyond the grace period stated in (b) and (c) above, the Chief, FM/LD, is authorized to adjust the receipt date of such collection so as to preclude the charging of penalty interest for delays beyond the control of the borrower.

(6) Followup on Delinquency

If the evidence of payment is not obtained from the borrower or an agent bank within 10 calendar days following the due date of the delinquent principal and interest, FM/LD sends a telegram request to the Mission or U.S. Embassy to confirm the nonpayment. FM/LD also submits a monthly advice of delinquent loans entitled "W-242, Schedule of Loan Repayment Delinquencies," to the AID management for their followup actions. This schedule includes delinquencies that are actually or potentially in violation of Section 620(q) of the FAA of 1961, as amended.

(7) Capitalization of Interest

(a) The official loan accounts of AID maintained by FM/LD, reflect the following interest due and unpaid as an additional loan of principal:

1. Capitalization of interest on due date, as provided by the loan agreement.

2. Formal deferral of interest payment 90 days or more.

(b) Capitalized or deferred interest, which becomes part of the outstanding principal, is normally subject to the interest charges at the same rate or higher rate pursuant to an agreement. There are few cases where the interest was capitalized with no additional interest charge.

(c) The accounting treatment for these transactions is to increase the loan receivable and decrease accrued interest receivable by the uncollected interest installment that is due. This treatment is consistent with the requirements of OMB Circular A-11.

(8) Financial Implementation of the Rescheduling of Loan Payments

(a) Technical Assistance

1. FM/LD advises and consults with the Geographic Bureaus on the fiscal and accounting implementation of proposals for rescheduling AID loans. As requested by the Geographic Bureau, FM/LD develops and prepares revised payment schedules as a basis for approval by appropriate AID authority of the rescheduling of the loan concerned.

2. FM/LD retains original payment schedules which are superseded by authorized reschedulings for future administrative review purposes as required.

(b) Issuance of AID Billings to Borrowers

1. Pending authorization of the rescheduling of an AID loan, FM/LD continues to issue normal AID billings to borrowers for periodic payment of interest and/or principal installments.

2. When advised by the responsible Geographic Bureau of the authorization of the rescheduling by appropriate AID authority, the FM/LD initiates revised billings in accordance with the terms of the approval, including changes in (a) the grace period for exemption of principal installment, (b) the amortization period for the liquidation of the outstanding balance of the loan, (c) both the grace and amortization periods, including extension of the total term for payment of the loan, or (d) interest rate during part or all of the term for payment on the loan.

6C3b(8)(b)

3. Authorizations effecting changes in interest rates or extension of the payment period originally prescribed in the loan agreement must be documented in the Geographic Bureau's advice to FM/LD by evidence of DCC and NAL concurrence therein or other appropriate review action.

4. The Geographic Bureau assures that required amendments to the loan authorization and loan agreement are furnished to FM/LD to support the new billings to the borrower in accordance with the authorization for rescheduling the loan.

5. The Office of the General Counsel clears the Geographic Bureau advice to FM/LD of the authorization for the rescheduling of loan payments for compliance with applicable provisions of the FAA and other governing statutes.

6. The Geographic Bureau's advice of an approved rescheduling and supporting documentation, as above, are forwarded to SER/FM, Attention: Chief, Loan Division.

(c) Suspension of Billings

Pending action for approval of the rescheduling of an AID loan the Geographic Bureau having jurisdiction may request FM/LD to suspend billings to the borrower. The period of suspension terminates upon completion of negotiations with the borrower for rescheduling of the AID loan concerned or other disposition of the unpaid balance and notification thereof by the Geographic Bureau to FM/LD as the basis for the resumption of new billings under the revised payment schedule, as appropriate.

(d) Loan Accounting Controls

1. FM/LD initiates new billings with the first effective date for compliance with the terms of the approved rescheduling for the loan concerned and assures that action is taken promptly after notification of the authorization of the rescheduling to make the required changes in the official loan accounts of AID.

2. Where the rescheduling covers a continuing indebtedness of the borrower pursuant to a compromise or other settlement of the loan under Section 635(g)(2) of the FAA, the FM/LD assures that documentation has been received from the Geographic Bureau for the writeoff against the applicable AID appropriation in the official accounts of any amount for which collection action is waived and for adjustment of the individual loan account in the amount of the writeoff. In these cases billings are resumed for the recovery of the balance of the loan due AID pursuant to the compromise or settlement.

(9) Writeoff of Uncollectible Principal and Interest Due

(a) In accordance with the Deputy Administrator's authorization and as requested by the Geographic Bureau, FM/LD writes off from the official accounts of AID a loan which is administratively uncollectible, or that portion of loan for which collection is waived pursuant to (1) compromise under Section 635(g)(2) of the FAA or (2) settlement by the Department of Justice. The writeoff is reflected in the general ledger controls for the AID appropriation which financed the loan as a reduction in loans and interest receivable and, also, in the individual loan ledger account. The loan ledger account is closed and maintained as a memorandum record for possible subsequent administrative review purposes.

(b) When only part of the loan is written off as uncollectible, FM/LD initiates new billings to the borrower based on the documentation received from the Geographic Bureau.

(c) When action by the Department of Justice results in agreement with the borrower to liquidate the obligation to AID under the outstanding loan, FM/LD reinstates normal billings to the borrower for payment of principal installments and interest as requested by the responsible Geographic Bureau.

(d) For loans which are serviced by AID Missions, as prescribed in 6D2, FM/LD prepares a letter for the signature of the AID Controller advising the Mission Director of the writeoff authorized by the

6C3b(9)(d)

Deputy Administrator and the effect thereof on the AID loan account concerned.

(e) FM/LD advises the Banking and Finance Division (FM/BFD) of the writeoff as the basis for action by FM/BFD to reduce the outstanding balances of Letters of Committment under the AID loan.

(f) AID loans which are written off the official accounts of AID as administratively uncollectible as reported by FM/LD to GAO. The following classes of loans are not required to be reported to GAO:

1. Loans which have been referred to the Department of Justice for consideration even though the Department of Justice may have advised AID that its files have been closed without full collection.

2. Loans which have been compromised pursuant to the authority contained in Section 635(g)(2) of the FAA.

(10) Sale of Loan Maturities

(a) Authorization

Sale of an interest in AID's loan portfolio is effected in accordance with authorization and approval by concerned central agencies of the U.S. Government, legal opinion of the AID General Counsel, and appropriate agreement with the purchaser. Under existing authority, sales of AID loan maturities are limited to foreign national governments as provided in intergovernmental agreements between AID and the purchasers. "Loan maturities" refer to installments of principal due from the borrower in accordance with the terms and conditions, including amortization schedule, of the AID loan.

(b) Terms and Conditions of Sale

The sale of an interest in the AID loan portfolio to an outside purchaser applies to selected loan maturities of the underlying AID loan. The terms and conditions of sale are specified in the applicable intergovernmental agreement between AID and the purchaser. Current authority for these sales stipulates certain minimum conditions which affect the financial assets of the AID loan program as follows:

1. Only selected maturities (principal installments) of specified AID loan(s) are to be included in the agreement of sale with the purchaser.

2. The U.S. Government retains its ownership interest in the remaining maturities of the loans concerned, including entitlement to principal and interest payments due from the borrower.

3. The U.S. Government does not indemnify the purchaser against loss arising from default of the borrower in payment of the principal and interest due under the maturities sold from the AID loan portfolio.

4. The sale is evidenced by an Instrument of Transfer between the U.S. Government and the purchaser executed without recourse or guaranty by the U.S. Government.

5. The U.S. Government reserves the right to inform the borrower under each AID loan concerned of the sale before consummation. AID notifies the borrower that Notices of Payment Due will continue to be submitted in accordance with the original loan amortization schedule and that AID as agent for the purchaser, will collect and remit to the purchaser amounts due under the maturities sold.

6. AID continues to administer and service the entire loan due from the borrower, including the maturities sold, until final repayment.

(c) Effect on Financial Assets of Loan Program

The sale of AID loan maturities results in a reduction in the loan receivable balance and an increase in cash.

(11) Collection of Maintenance of Value (MOV) Loans at Disputed Exchange Rates

(a) Loan Agreement Rate

Principal installments and interest payments in foreign currency under MOV loans are processed in the official Agency loan

6C3b(11)(a)

accounts on the basis of the exchange rate prescribed in the loan agreement (referred to as the "AID rate"). Where the rate applied by the borrower in making payment to AID on an MOV loan varies from the AID rate, subsequent Notices of Payment Due on semiannual billings for collection of amounts due under the loan reflect the balance outstanding in the loan account after giving effect to prior collections at the AID rate.

(b) Action on Variances in Exchange Rates

1. Collections of principal installment and interest on MOV loans computed at the AID rate are processed for input to the official controls over the AID loan portfolio and the computerized loan accounts. Where the variance between the AID rate and the rate used by the borrower is 5 percent or less, the collection is processed in full satisfaction of the amount due under the AID billing. In accordance with the loan system, variances in excess of 5% are subject to review by appropriate authority in FM/LD for a determination as to whether to accept or dispute the borrower's rate.

2. When the borrower's rate is not accepted, the disputed collections are credited to the loan ledgers at the AID rate.

3. A work supplemental billing in the amount of the underpayment is sent to the borrower through the Mission in the country in which the borrower is located. The Mission is responsible for the release of the supplemental billing to the borrower. A copy of the billing is furnished to the responsible loan officer in the Geographic Bureau. FM/LD pursues followup with the loan officer on the deficiency, including analysis of action on reports as furnished below.

(c) Reports on Deficiencies

The deficiencies on MOV loans in dispute are reported in the SER/FM Schedule of Loan Repayment Delinquencies, Deferrals, Reamortizations and Write-Offs (Report Control Symbol W-242). The report provides the basis for followup by the loan officer with the borrower for settlement or other disposition under the authority of the bilateral agreement between the U.S. Government and the borrower.

(d) Resolution of Disputed Exchange Rates

1. In view of the responsibility of the Geographic Bureau for negotiations with the borrower toward resolving a disputed exchange rate on MOV loans, the Agency loan accounts continue to reflect the outstanding loan balance at the AID rate until the Geographic Bureau authorizes a settlement or other action with the borrower.

2. When the disputed exchange rate is resolved in favor of the borrower, FM/LD assures that advice thereof from the Geographic Bureau is supported by adequate documentation as a basis for control in the loan accounts. Since a settlement in favor of the borrower terminates the amount pending as a disputed receivable, the result is a loss to the loan program concerned. The loss is reflected in both the official controls over the AID-loan portfolio and the individual loan account.

(12) Maintenance of Archive Files

An "Archive Folder" is established in FM/LD, AID/W, for each loan authorized by AID. This file is the repository for signed copies of all legal instruments pertaining to the loan, and copies of certain other official documents, whether the loan be administered by the Geographic Bureau or the Mission. The documents to be retained in the Archive Folder are listed below. The Archive Folder is retained in a combination safe cabinet and legal instruments in the file are listed on an archives document list.

CONTENTS OF THE ARCHIVE FOLDER

This list and originals of the specified documents shall be maintained in the Archives Folder for each approved loan. The number (if any) and date of each document is entered on the list as the document is filed.

6C3b(12)

	Document Number	Date
Signed original Loan Agreement 1/		
Amendments to Loan Agreement 1/		
Promissory Notes, if any 2/		
Signed original Legal Opinion 3/		

6D. Financial Administration - Missions

1. Financial Management Services

a. The Mission Controllers are responsible directly to the Mission Directors for discharging the financial management aspects of the Mission operating on loans, as well as grant programs.

b. The responsibilities of the Mission Controller for carrying out the financial management function of the mission relating to loans, with the exception of loan servicing responsibilities, and the Mission Controller's requirements for the preparation and submission to AID/W of periodic financial reports developed from their official accounting records of loan transactions, exclusive of the reporting requirements mentioned in this chapter, are covered in Chapters 9 and 10 of this Handbook.

2. Loan Servicing Responsibilities

a. Mission - Borrower Relationship

(1) As the chief fiscal and financial officer of the Mission, the Mission Controller collects and interprets current data on the financial status of all active AID loans in the cooperating country and performs servicing functions.

(2) A relationship with the borrower (cooperating country or other) in the financial aspects of loan servicing is established and maintained by the Mission Controller in assisting in these areas of loan implementation. The contacts between the Mission and the borrower or authorized representative are based on the Controller's obligation to provide the borrower with necessary advice and counsel.

b. Maintenance of Loan Records

Mission Controllers are responsible for establishing and maintaining individual memorandum loan-ledger accounts for each AID loan in the cooperating country or other designated countries for which servicing is provided. Official loan accounts are maintained at AID/W under the Loan Accounting Information System (LAIS), see 6C3b.

c. Mission Loan Disbursing Operations

Mission Controller is responsible for disbursing under: (1) specific disbursing authorizations provided by AID/W to effect drawdown of AID/W-funded loans within stated amounts and (2) under loan agreements obligated under Mission allotments. Monthly disbursement advices are furnished to SER/FM, AID/W, for timely input to the official accounts maintained under LAIS.

d. Processing of Notice of Payment Due and Collection

(1) Notices of Payment Due (NPD), produced by the computerized LAIS, are sent by FM/LD directly to the Mission Controller who dates the NPD's upon receipt and delivers them promptly to the borrowers. Missions do not revise the NPD's without prior approval of FM/LD. However, the NPD may be suspended if negotiations are underway at the Mission with the borrower in the cooperating country with the view of effecting a change in the repayment provisions of the loan agreement. The Mission Controller

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1/ Conformed copies filed in principal loan file, under "official documents."

2/ Conformed copies filed by FM/LD.

3/ Copy filed in principal loan file, under "conditions precedent."

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advises FM/LD of these circumstances and returns the NPD. Implementation of revised loan repayment provisions is subject to AID/W approval.

(2) The Mission Controller is required to send telegram advice immediately to AID/W, Attention: SER/FM/LD, upon receipt of the local currency payment of principal and interest by the borrower. All dollar payments are to be remitted by the borrower to AID/W, Attention: SER/FM/DCD, Cashier.

e. Followup of Principal and Interest Due

The Mission Director directs and coordinates followup action by all responsible elements of the Mission with the borrower for repayment of an AID loan and the installment due date. The Mission Controller furnishes due date information and pursues followup action to assure avoidance of administrative delay or oversight on the part of the borrower in making timely repayment of principal installment and payment of interest.

(1) On loans to the cooperating government, if the payment is not received by the 10th calendar day following each loan installment and interest due date, the Mission Controller recommends to the Mission Director such expediting steps as may be necessary and feasible under the circumstances. These may include calls by the Mission Director on the Minister of Finance or other appropriate officials. If this action is unsuccessful, the Mission Controller drafts an Embassy note on the subject of the delinquency and processes it through the Mission Director and the Embassy Economics Counselor to the Ambassador for approval and transmittal to the cooperating government, if appropriate. In this connection, consideration is given to the propriety of including in the draft note prepared by the Mission Controller reference to the provisions of Section 620(q) of the Foreign Assistance Act of 1961, as amended, which prohibits the furnishing of assistance to any country in default for more than 6 months in the payment of principal and interest on any loan made under the Act.

(2) On loans to other borrowers, the Mission Director assures coordinated followup by responsible Mission offices on repayments due before an actual delinquency is established for further pursuit by the Mission Controller. The Mission Controller follows the same vigorous plan of collection action as provided in 6D2e(1) above. However, intervention through the cooperating government Ministries or preparation of an Embassy note are omitted.

(3) With respect to private enterprise transfers or payments to the country government under two-step loans followup is taken with the appropriate Ministry of the government for assuring that timely advice is furnished to the Mission on the servicing of the first-step loan by the first-step borrower. Followup for this purpose ordinarily excludes Mission communication with the enterprise.

f. Notification to AID/W

If payment is not obtained from the borrower within 15 calendar days following the due date of the delinquent principal or interest, the Mission Controller sends a memorandum to AID/W for action by the responsible Geographic Bureau with an information copy to FM/LD, stating the results of followup, including:

(1) Explanation of the borrower's failure to make payment and reasons as understood and known to the Mission.

(2) Whether or not the borrower can make payment and when.

(3) Any action recommended to be taken under the Loan Agreement which may include:

(a) Advising borrower that undisbursed portion of loan will not be available.

(b) Accelerating loan if delinquency continues.

(c) Stopping action on current applications or negotiations and whether

6D2f(3)(c)

or not it appears that Section 620(q) of the Foreign Assistance Act of 1961, as amended, should be invoked.

6E. Reports for Management

Reports on aspects of AID financial administration of the AID loan portfolio are originated by FM/LD and furnished to AID management at periodic intervals as follows:

1. Monthly Reports

a. Schedule of Loan Repayment Delinquencies (Report Control Symbol W-242), furnished to Geographic Bureaus, other concerned AID offices, and OPIC on a monthly basis.

b. Loans Requiring Loan Officer Action (Report Control Symbol W-224C), management-by-exception type report on loan conditions requiring investigation and followup to assure timely loan implementation and providing details (including Cooley loans) on:

(1) Agreements not signed within 3 months following authorization.

(2) Conditions precedent not met within 3 months following agreement.

(3) No disbursements in past 2 months under partially disbursed loan.

(4) No disbursements within 3 months following date conditions precedent were met.

(5) Balances available for disbursing authorizations in month before terminal date.

(6) Undisbursed balance existing 3 months before terminal date.

c. Loan Activity Report (Report Control Symbol W-244), summary and detail loan activity data in the current fiscal year on:

(1) Loan Authorizations - Dollar and Local Currency Loans.

(2) Loans Signed - Dollar and Local Currency Loans.

(3) Loan Authorizations but Not Signed Agreements - Dollar and Local Currency Loans.

(4) Loan Deauthorizations and Deobligations - Dollar and Local Currency Loans.

d. Status of Loan Disbursing Authorizations (Report Control Symbol W-743/1), status of disbursing authorizations of active AID dollar loans with details by disbursing authorizations of:

(1) Disbursements

(2) Refunds

(3) Undisbursed balances

(4) Amounts available for new disbursing authorizations.

e. Detail of Individual Loan Accounts (Subsidiary Loan Ledgers), status and activity detail by individual loan accounts produced by the AID-mechanized loan system and furnished for use by Missions in servicing borrowers in the country in which the Mission is located.

f. Status of Loan Implementation (Report Control Symbol W-224A), report on loan program implementation of dollar-stated loans, whether disbursed in dollars or local currency, providing data elements grouped by:

(1) Description of the loan.

(2) Implementation Status of the loan.

(3) Financial Status of the loan.

g. Status of Deobligation Actions, report on amounts deobligated as the result of a reduction in the agreement amounts under the Development Loan Fund (DLF), Alliance for Progress (AFP), and DLF (Liquidating) loan programs.

2. Quarterly Reports

a. Schedule of Loan Repayment Delinquencies, Deferrals, Reamortizations and Write-Offs (Report Control Symbol W-242), a listing of all AID administered loans, including Cooley loans, providing data on:

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(1) Loans with interest and/or principal installments past due.

(2) Loans with interest and/or principal installments deferred until a later date and loans reamortized because of borrower's financial difficulties.

(3) Loans for which negotiations for rescheduling have not been completed (also included in (1)).

(4) Loans with interest and/or principal installments waived or written off.

b. Loans Delinquent Over 90 Days (Report Control Symbol W-242A), report on delinquent loans aged as to length of time in default (includes Cooley loans).

3. Semiannual Reports

a. Status of Loan Agreements (Report Control Symbol W-224), detailed data on loans at the agreement and implementation stage with totals accumulated at the currency, country and regional levels and inclusive of dollar and local currency loans.

b. Principal and Interest Projections, estimates of repayments of principal and payment of interest over stated future periods.

4. Special Reports

a. Table I, Development Loan Financial Status Report, disbursed status of U.S. dollar loans.

b. Table II, Development Loan Implementation Status Report, implementation status of U.S. dollar loans.

ATTACHMENT 6A

AID HOUSING GUARANTY PROGRAM

A. Pending Approval of Accounting System

1. Accounting and reporting for the AID Housing Guaranty Program was originally provided in the system developed for the former political and extended risk guaranty programs administered by AID prior to transfer of these programs to the Overseas Private Investment Corporation as authorized in the Foreign Assistance Act of 1969 (P.L. 91-175, approved December 30, 1969). The system had been approved by the Comptroller General of the United States (B-158381, June 28, 1967) and was implemented July 1, 1967, with certain modifications prescribed by the Comptroller General for compliance with the principles and standards of the General Accounting Office.

2. A revised accounting and reporting system for the AID Housing Guaranty Program, reflecting the divestiture of the former guaranty program segments to the Overseas Private Investment Corporation, has been designed. The revised system was submitted to the General Accounting Office for informal review prior to request for approval of the Comptroller General. The system will be formally submitted for approval upon completion of the design development in conformance with regulatory requirements. Elements of the system are operative, as developed, pending final approval of the overall design by the Comptroller General. These elements are contained in a new Part V of the ten-part segment of the AID Accounting Manual. Part V is the codification of the proposed design of the system of accounting and reporting for the AID Housing Guaranty Program. The design specifications include coverage of the Productive Credit Guaranty Program which was transferred from the Overseas Private Investment Corporation to AID pursuant to the Foreign Assistance Act of 1974 (P.L. 93-559, approved December 30, 1974).

B. Integral Part of the AID Accounting Manual

1. Classification

The accounting and reporting system for the AID Housing Guaranty Program and the new guaranty authority authorized by P.L. 93-559 is an integral segment of the overall AID Accounting Manual. This appendix incorporates Part V into the AID Handbook series by reference.

2. Limited Distribution

In view of the specialized nature of the guidelines as a working tool for use by responsible staff elements in the Office of Financial Management, SER/FM, in implementing financial aspects of the AID Housing Gurarantee Program, and the Productive Credit Guaranty Program, Part V

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is not stocked for Agency distribution. Copies will be made available to other AID components upon specific request to the Chief, Accounting Systems Division, Office of Financial Management, FM/ASD.

C. Implementation

1. The Loan Division, Office of Financial Management, FM/LD, has primary responsibility for implementing the AID Housing Guaranty Program and Production Credit Guaranty Program accounting and reporting system.

2. AID/W Program Offices

The AID Office of Housing (SER/H), and other responsibile program offices in the Geographic Bureaus continue to be guided by the provisions contained in this Handbook to assure compliance with the statutory limitations on contract issuance authority and AID requirements for the documentation of claims approval as a basis for payment to the investor by the Agency in accordance with the terms of the guaranty contract.

D. Maintenance

Part V of the AID Accounting Manual is printed as a prepunched document suitable for insertion of change material which will be issued from time to time. It is maintained in permanent form by responsible operating personnel in the Office of Financial Managment for ready use and for current reference in the conduct of the accounting function pertaining to the AID Housing Guaranty Program and the Productive Credit Guaranty Program. Distribution of change material, or other modifications to Part V, is limited to users and other recipients as provided in paragraph B2.

E. Revision

Recommendations for modifying Part V of the AID Accounting Manual are submitted to the Chief, Loan Division, FM/LD, for consideration. The Accounting Systems Division, FM/ASD, has responsibility for developing proposed changes, staffing proposals for clearance, and submitting final revisions, or new material for approval and issuance by FM/LD to designated holders of Part V.

CHAPTER 7 - AID BILLING AND COLLECTION PROCEDURES

Chapter 7

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** New Material

CHAPTER 7

AID BILLING AND COLLECTION PROCEDURES

7A. Purpose

This chapter prescribes uniform procedures for establishing accounting control over AID billing and collection transactions and for the reporting of these transactions. These instructions give effect to administrative action on outstanding indebtedness to the U.S. Government in accordance with legislative and regulatory requirements.

7B. Scope

These procedures apply to all amounts due the U.S. Government, either in U.S. dollars or U.S.-owned foreign currency, except for those items listed in 7C below. The procedures are applicable to amounts collectible as refunds of overpayments, reimbursements to appropriations, receipts for credit to the general fund of the Treasury, or other recoveries for credit to U.S. dollar appropriations, dollar trust funds, or deposit funds. Transactions controlled include amounts due from other U.S. Government agencies, foreign governments, nongovernment entities and organizations, individuals (including AID direct-hire employees, consultants, participants and AID-financed Personal Services Contractors), vendors, and suppliers. This is the result of either commodities, work, services, other consideration furnished or to be furnished, or incorrect, improper or illegal payments. These procedures also include controls over claims against cooperating sponsors under P.L. 480, Title II, commodity transfers, for which AID has responsibility.

7C. Transactions Specifically Excluded

The following types of indebtedness are excluded from these procedures:

1. Amounts due from direct-hire employees for travel advances, advances for quarters allowance, and other authorized types of advances to employees. These amounts are accounted for as "Advances" and not as "Accounts Receivable." However, these procedures are applicable to the bills for collection issued for recovery of excess or unused balance of advances (See Attachment 7B).

2. Advances to contractors (see Handbook 15, Chapter 9E). For recovery of excess or unused balance of advance after completion of the contract, see Attachment 7E, subsection D.3.c.

3. Refunds due the U.S. Government from commercial carriers for the unused portions of tickets billed on SF 1170, Redemption of Unused Tickets. (See paragraph 7D5d below.)

4. Repayments due under the AID loan programs (principal and interest) for which collection and compromise authority is conferred by Section 635(g)(2) of the FA Act of 1961, as amended.

5. Deposits to deposit fund, dollar trust fund, and suspense accounts except for recoveries credited to these accounts as a result of incorrect, improper, or illegal payments made therefrom.

7D. USAID Procedures

1. Responsibilities

a. USAID Controller's Office

The USAID controller is responsible, as the chief fiscal and financial officer in the USAID, for the establishment, maintenance, and improvement, of accounting procedures and records controlling the amounts of USAID billings, including amounts due under P.L. 480, Title II, commodity transfers, amounts collected and amounts outstanding. The responsibilities include:

(1) Assurance that the system of control is adequate to provide for prompt billings and timely collections of all amounts plus interest and/or late payment/penalty charges where applicable due the United States.

(2) Administrative review and periodic checks of billing and collection operations to establish the effectiveness of controls.

(3) Control and direction over the operations of the USAID accounting office (or section) and of the USAID cashier office.

(4) Assurance that appropriate instructions and procedures are issued to identify clearly the offices within the USAID which have responsibility for issuing bills for collection for each type of indebtedness which may arise.

b. Billing Offices

Billing offices within USAIDs are those administrative divisions authorized by the USAID director or his/her designee to prepare and issue bills for collection for specified types of indebtedness which arise. The identification of billing offices for internal document control purposes is described in paragraph 7D2b below. Each billing office carries out the responsibilities of billing offices as outlined in 7E1, including:

(1) Issuance of bills, signed by the USAID director or his designee, against cooperating countries, and all cooperating sponsors for claims under P.L. 480, Title II, commodity transfers.

(2) Requesting debtors to furnish remittances directly to the USAID cashier office, or, in the case of certain P.L. 480, Title II, claims, to USDA or the American Embassy cashier office as prescribed in Attachment 7A with respect to amounts which are for credit directly to the USDA or the Treasury accounts as identified in 7B above.

(3) Maintenance of files on bills issued and necessary followup action on outstanding bills until (a) collection or settlement is effected or (b) report of uncollectibility with recommendation for action is made to AID/W by the accounting office in accordance with 7D2e(4) below. Copies of followup correspondence are forwarded to the USAID controller for filing with the related billing.

(4) Maintaining contact with the debtor in the review and appraisal of any exception of the debtor to the claim and, when appropriate, negotiating adjustment of the amount of the claim based on the debtor's justification with respect to facts supporting the claim.

(5) Preparing Notice of Collection/Adjustment (NC/A) reflecting any revised billings.

(6) Furnishing the USAID cashier and accounting offices with copy of B/C or NC/A and, as required, providing identifying information on unidentified receipts.

(7) Furnishing the other offices (USAID or AID/W) with copies of B/C and/or NC/A for specialized internal agency uses, e.g., compliance, audit legal review, loan accounting, etc.

(8) Verifying accuracy of late payment and penalty charges computed and remitted by the debtor.

(9) Reconciling outstanding bills with the accounts receivable control maintained by the USAID.

c. Accounting Office

The accounting office (or section) under the jurisdiction of the USAID controller or his/her designee is the organizational unit responsible for recording in the accounts receivable records all billing and collection transactions, including:

(1) Issuance of bills for collection (B/C).

(2) Collection of bills outstanding (or other settlement for clearance of the indebtedness in full or in part).

(3) Maintenance of general ledger controls over USAID funds and transactions.

(4) Preparation of periodic and special reports for USAID and AID/W management on the basis of the accounting records.

(5) On occasion, acting as a billing office as authorized in b. above.

d. Cashier Office

The USAID cashier office, under the financial jurisdiction of the USAID controller or his/her designee, is the single office responsible for receiving all funds on behalf of AID when remitted to the USAID. (In those USAIDs which do not have an AID cashier, substitute the phrase "U.S. Government cashier servicing the USAID" for "USAID cashier.") The procedures ensure that all collections are to be received and deposited by the USAID cashier office. If another USAID office or employee receives a remittance, it is immediately transmitted to the USAID cashier office for deposit. The function of the USAID cashier office is primarily one of assuring the propriety of the nature and amount of the remittance and includes:

(1) Issuance of receipts as necessary.

(2) Immediate deposit of funds with the disbursing officer servicing the USAID on the day when the collection item is received or, alternatively, under written procedures authorized by the USAID controller.

(3) Notification to the accounting office and to the billing office of amounts received.

(4) Maintenance of records of collections received and deposited.

e. Coordination with American Embassy Cashier Office

The USAID controller furnishes to the American Embassy cashier office advice of B/C's issued against cooperating sponsors for claims under P.L. 480, Title II, commodity transfers, and ensures receipt of notification of remittances made to the Embassy cashier office for credit to the USDA Account 12X4336 or the Treasury Foreign Currency Sales Account 20FT401 as prescribed in Attachment 7A.

2. Billing Procedures

a. Billing Documents

(1) Form AID 7-129, Bill for Collection (B/C)

(a) USAID billing offices having jurisdiction over transactions from which an indebtedness arises use form AID 7-129, or equivalent, prepared in English or in the language of the country

concerned (in some cases, both languages as determined by the USAID controller). USAIDs prepare and reproduce their own forms as distribution by AID/W is not made. The name and address of the USAID cashier office is shown in the box provided on the B/C indicating where remittance is to be made. For remittances under certain P.L. 480, Title II, claims, for credit to the USDA Account 12X4336 or the Treasury Foreign Currency Sales Account 20FT401, see Attachment 7A.

(b) This form is used in requesting debtors to forward their remittances to the cashier. The billing form, described in detail in the USAID Controller Guidebook, is used for:

1. Notification of indebtedness to the debtor and request for settlement by payment or other arrangement with AID. Indebtedness will include interest charges on claims, if applicable, and additional charges on payment(s) remitted after the due date (See attachment 7E).

2. Supporting documentation for accounts receivable established and maintained by USAID controller.

3. Identification of remittances received by the cashier.

4. Maintenance of files of outstanding debts by USAID billing office having followup responsibility.

(c) When it has been determined that an amount is due the U.S. Government, the authorized billing office executes form AID 7-129, Bill for Collection (B/C). When AID/W issues a B/C and the USAID is to effect collection, any preprinted address is obliterated and the appropriate USAID cashier office is shown as the place to which the debtor should remit his/her payment. (The USAID notifies AID/W of the collection as provided in 7D5a(3).)

(d) The B/C submitted with the documentation on USAID referrals to AID/W for collection or other administrative action is converted to a NO ISSUE billing in Central Accounting Division, M/FM/CAD, for control in the central accounts pending recovery from the debtor or other disposition.

(e) The data required to be recorded on all copies of the B/C, including billing and due dates, rate for late payment charge, etc., are set forth in the USAID Controller Guidebook. Instructions for computation of interests, if applicable, and inclusion of late payment/ penalty charges if remitted after the due date, are prescribed in Attachment 7E.

(2) Form AID 7-128, Notice of Collection/Adjustment (NC/A)

(a) The form AID 7-128, or USAID-prepared equivalent, is used to:

1. Document a partial collection of an outstanding debt.

2. Establish a simultaneous billing and collection when a B/C was not previously issued.

3. Identify collection which the USAID cashier cannot relate to a previous B/C.

4. Reduce or cancel a previous B/C due to invalidity of the billing or uncollectibility of the receivable.

(b) For partial collection, the USAID cashier completes the substantive information identifying the transaction on the NC/A from the data on the related B/C copy which it has received. If a B/C is not available or the information on the B/C is incomplete, the cashier requests the responsible billing office to complete the identification of the transaction. The cashier annotates the NC/A, completes the "CASHIER ACTION" block, and distributes the form. (See USAID Controller Guidebook for detail procedures.)

(3) Standard Forms 1080, Voucher for Transfer Between Appropriations and/or Funds

(a) When billing other U.S. Government agencies, the billing office uses SF 1080, Voucher for Transfer Between Appropriations and/or Funds, for settlement on a check-issue basis. (See Treasury Fiscal Requirements Manual, Part II, Chapter 2500.) SF 1080 is prepared in a sufficient number of copies for normal distribution of billing documents. The form is completed and processed in accordance with the procedures described for the form AID 7-129, Bill for Collection, in the USAID Controller Guidebook.

(b) Preparation and Distribution of SF 1080

Instructions on preparation and distribution of this form are in the USAID Controller Guidebook.

(4) Letters

Letters may be used for billings to foreign governments and in other specific cases as determined by the responsible USAID billing office. However, in these cases a B/C is also prepared for distribution and processing in the usual manner. Minor documentation or other information for adjustment of suppliers' accounts may also be requested by letter,

which is to stipulate a date for compliance. Requests for additional documentation do not constitute billings. If the documentation is not furnished by the date requested, the suspension is terminated and a B/C is issued.

b. Numbering Bills for Collection

(1) Assignment of Bill Numbers

A designated USAID billing office is responsible for assigning all bill numbers to B/C's or other billing documents, including billings against cooperating sponsors under P.L. 480, Title II, claims. Claims asserted by cooperating sponsors against third parties, as prescribed in Attachment 7A, para. III.C.2. are exempt from the numbering system set forth herein for USAID-issued bills. However, USAID controllers provide other suitable identification for third-party claims within a unique sequential series, alpha or numeric, suitable for the purpose. At USAIDs having more than one billing office, a master document control system is maintained and monitored by the USAID accounting office to ensure that the bill numbers assigned by the designated billing offices follow a sequential order. Other billing offices obtain the next sequential bill number when preparing a billing from USAID accounting office (see 7D3c(1)).

(2) Sequential Bill Numbers

Chapter 6 of USAID Controller Guidebook shows the structure of the bill number. The segments of the 10-digit bill number as for example, "00-699-30001," consists of:

Billing Office code - two digits - "00" - (or alphabetic prefix)

Country code - three digits - "699"

Type of Billing code - one digit - "3"

Sequential Bill Number - continuous number, beginning with "0001," without regard to fiscal year or type of billing.

When there is more than one USAID billing office, either numeric (other than those assigned for AID/W billing office, see Attachment 7F) or alphabetic prefix may be used as the billing office code for identification and control purposes. A bill number is shown on all documents which establish a USAID billing, including B/C's, NC/A's, and letter requests.

c. Accounting Symbols

accounting symbols identifying budget allowance, appropriation or fund, object class, and type of collection data are shown on all carbon copies of the B/C or other billing documents issued by the billing office. When accounting symbols are not known by the billing office, the information is obtained from the USAID controller's office.

d. Issuance of Bills

(1) Validity of Claim

(a) General

USAID billing offices exercise prudent judgment before issuing a B/C or other billing document. The validity of findings leading to establishment of a claim against a foreign government, supplier, individual, or other debtor including cooperating sponsors under programs authorized in P.L. 480, Title II, is to be carefully reviewed before a billing is executed. The absence of minor documentation, which may be needed to resolve a potential claim and which will probably be received in a short time, may not warrant a formal billing. Letter requests for missing or incomplete information may be used (7D2a(4) above).

(b) Cooperating Country

The circumstances must clearly indicate the incurrence of an indebtedness by the cooperating country for noncompliance with statutory or Agency requirements for the use of assistance financed by AID funds before a formal billing is issued against the country. The USAID discusses potential claims with appropriate senior country representatives with the objective of either minimizing excess billings not fully resolved as bona fide claims or alternatively, establishing claims only for firm, clear, and incontestable indebtedness of the cooperating country.

(c) P.L. 480, Title II, Claims

Detailed guidelines for establishing the validity of claims against cooperating sponsors under P.L. 480, Title II, commodity transfers are contained in Attachment 7A and AID Regulation 11.

(2) Claims as a Result of Audit Findings

(a) General

When an apparent indebtedness of a cooperating country is revealed as the result of the USAID's end-use or other review, conducted as part of the USAID's audit program and observation program, the cooperating country is first requested to provide documentation or explanations, as provided above, so that the apparent indebtedness may be resolved without billing

action. When satisfactory explanations or corrective action do not occur, formal billings are issued promptly after the responsible official determines that a refund is warranted on the basis of the audit disclosure. USAID officials are responsible for making appropriate representations to senior cooperating country officials to ensure that the cooperating country appreciates that these claims are an essential part of AID policy and that settlement of these claims is expected as promptly as possible.

(b) USAID Utilization Review

USAID audits are most productive when corrective action on recommendations therein is taken to ensure proper utilization of goods and services for purposes of furthering overall AID objectives in the cooperating country. A formal billing is issued only after final determination that utilization is not to be effected. See also (d) and (e) below.

(c) Nonutilization Identification

1. The identification and classification of deficiencies or irregularities in commodity utilization by the cooperating country are provided in the Audit Handbook. Findings in audits emanating within AID or other review authority must clearly establish a basis for recovery from the cooperating government of AID funds involved and warrant the assertion of a claim therefor before a bill is issued. USAIDs consider "distressed cargoes" as nonutilized; i.e., AID-financed non project commodities which have not entered the participating country's trade channels within 90 days after arrival in the country.

2. When an apparent deviation in the use of AID-financed commodities is first discovered, the normal sequence of actions includes apprising the cooperating government of the availability of a specific period during which it has the opportunity to put the items in question to proper use; determining the extent of compliance at the end of the period; and upon evidence of continued nonutilization at the cutoff date for compliance, asserting a definitive USAID claim for refund by the cooperating government. The USAID assures that the grace period is adequate and realistic in terms of the various factors and conditions which influence and regulate the acceptable use of the commodities involved. USAID judgment and experience obtain in fixing a viable limitation or grace period within which the cooperating government may be expected to effect compliance.

3. In some instances an immediate claim for refund, without preliminary notice and action, as above, is in order. Examples are immediate billings for diversion of project equipment to unauthorized uses (and when return of the equipment to the project will serve no useful purpose), re-export of commodities in violation of grant or loan agreements, and commingling of AID-financed commodities.

(d) Advice of Nonutilization

USAIDs tailor their billing and collection efforts to the varied conditions and past experience in the individual countries concerned. Therefore, each USAID determines the specific manner in which the host government is to be advised of the grace period for compliance as provided above. An advance copy of the audit report may be used as a preliminary notice of nonutilization or improper use of goods and services. Another technique which may be adapted to the USAID's needs and used within the monitoring controls and followup procedures prescribed in the Audit Handbook, is the design of a "Notice of Exception" form or similar document for apprising the cooperating government of the findings of nonutilization and the period within which corrective action is required to be taken before a firm claim for recovery of the funds involved is established. The "Notice of Exception" or other form is in a numbered series and placed under close control for followup. The amounts shown on such forms are not included in the accounts receivable category.

(e) Assertion of Final Claim

Preliminary action to induce corrective response by the cooperating government is fully exhausted within a set time period before issuance of a formal billing. After a claim is established and a bill transmitted to the responsible ministry, the USAID is responsible for assuring that the country officials concerned understand that the claim is firm and is expected to be settled promptly.

(3) Amounts Due from USAID Employees

(a) USAIDs develop a billing plan which limits the number of billings to employees in any one month. To reduce multiple billings to employees it may be feasible to designate one USAID billing office as responsible for issuing bills for the many types of administrative debts incurred by employees during the month; for example, amounts due for personal use of Government-owned transportation, communication facilities or living accommodations, damage to Government-owned equipment, etc. The office having knowledge of the employee's indebtedness notifies the responsible billing office which may issue a single B/C at the end of the month.

(b) To avoid numerous small billings to employees for indebtedness of the same type (e.g., unofficial use of Government vehicles), USAIDs initiate a master billing for the total amount due from all employees during the month providing individual employee indebtedness is not in excess of $25 and collections are creditable to the same appropriation, fund, or receipt account with respect to repayments for the debt involved. Individual employee indebtedness in excess of $25 for the type covered by the master billing is billed separately to the employee as provided in 7D2d(3)(a) above. The master billing is identified by a

single bill number and reflected as one transaction in the U-141 report prescribed in 7D6 below. Collections under the master billing are documented and reported as a single transaction for the month. However, each employee under the master billing will continue to receive a separate statement or notification of the amount due from the employee. The content of the statement is compatible with the B/C or NC/A and includes reference to the master billing. Separate bill numbers are not identified on statements to employees giving the respective amounts due under the master billing. Care is exercised to assure that indebtedness of employees not covered by the master billing is billed as prescribed in 7D2d(3)(a) above, and 7D2d(3)(c) and (d) below.

(c) If the employee's departure from the USAID is imminent, a B/C is issued promptly to ensure timely collection prior to departure.

* (d) Notification to employees of their indebtedness as provided in Attachment 7B - Collection of Employee Indebtedness by Payroll Deduction or Other Administrative Action, is to be issued upon determination of the amount due. In the notification to employees, a due date of thirty (30) days from the date of notification should be set and the following statement included: *

"1 If remittance is not received by AID on/before the due date, as indicated above, a late payment interest will be charged from the billing date through the date of payment at an annual rate of ____% on the total amount of this bill, or the unpaid balance if partial payments are made before the due date.

"2 If full payment is not received by AID within 90 days from the due date, the following additional charges will be assessed: (a) charges to cover the costs of processing and handling this delinquent bill, and (b) a penalty charge of 6% per annum on the unpaid balance of this bill.

"3 The above late payment and penalty charges should be calculated by you and included in your remittance. You will receive an amendment to this bill from AID covering any costs of processing and handling the delinquent bill."

See Attachment 7E for late payment and penalty charges.

(4) Transferred or Terminated Employees

(a) When an employee is transferred to another USAID, any billing for indebtedness incurred by the employee at the releasing USAID is sent to the receiving USAID for collection. See 7D5a below for reporting collections to the billing USAID.

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* Revised

(b) When an employee is terminated from employment with AID and departs from the USAID before settlement of indebtedness, established by the USAID, amounts due and unpaid by the employee continue to be pursued by the billing USAID. The indebtedness remains in the USAID accounts even though the USAID may request AID/W, Employee Services Division, M/FM/ESD for assistance in effecting collection. See Attachment 7B. When all possibilities for followup have been exhausted and the cost of further action is not deemed to be warranted by the amount to be collected, the USAID transfers the indebtedness to AID/W for both accounting control and collection purposes. See 7D5e below. The receivable and subsequent transactions are thereafter reflected in the accounts of AID/W, which is responsible for pursuing collection action until settlement or other disposition is effected. Upon referral to AID/W, the account of the terminated employee is closed by the USAID and transferred to the inactive files for subsequent administrative review purposes.

(5) Other Debtors

Amounts due from any other category of debtor are immediately established and billed in the course of the day-to-day monitoring of USAID operations. USAID offices having information on indebtedness incurred by various debtors, including instances where debts have been incurred by contract personnel or contractors, promptly notify the USAID billing office having responsibility for issuance of B/C's. Determination of amounts due AID plus interest charge, where applicable (Ref. Attachment 7E), are to be fully supported by adequately and accurately documented evidence of indebtedness or charges incurred.

(6) Indebtedness Established by Nonbilling Offices

When an office which itself is not a billing office determines that an amount is due AID as a result of activity under its jurisdiction, information is furnished to a billing office designated to issue the B/C, including the amount due, name and address of the debtor, and other identifying data to ensure a timely and accurate billing. billing offices issuing bills for indebtedness referred to them by nonbilling offices furnish to the latter a copy of the action taken; i.e., a bill or other suitable acknowledgment.

(7) Host Country Contracts

Amounts due from contractors under Host Government contracts are billed by the Host Government. The USAID shall send a letter to the host government advising that the Host Government is responsible for collecting the amount due in accordance with 7D2a(4) above. However, if the USAID feels that it would be more effective to issue a Bill for Collection directly to the contractor, concurrence from the Host Government must be obtained.

(8) Refunds Under AID Loans

(a) These procedures include claims against a cooperating country or other borrower as the result of any breach or violation of the procurement, utilization, or related substantive aspects of performance under an AID loan. The USAID's findings on loan activity in the country concerned, developed in connection with its audit program, are subject to the same evaluation and analysis as applied to nonloan activity before a firm, creditable, and certain claim is asserted against the cooperating country or other borrower.

(b) Care is exercised by the USAID to assure that billings initiated under AID loans, as above, are compatible with action responsibility for implementing audit recommendations or with the delegation of authority by the Geographic Bureau to the USAID when appropriate.

(c) billings and collections resulting from followup on findings and recommendations with respect to loan activity, as above, are reported in the USAID's U-141 Report of Billing and Collection Transactions prescribed in 7D6 below. The U-141 report does not include loan principal installments and interest payments, or any delinquent payments of principal or interest, which are remitted to the USAID. See 7C4 above. Procedures for processing collections of claims involving interest and/or late payment/penalty charges in connection with loan activity are provided in Attachment 7E.

e. Review, Reconciliation and Followup Action

(1) Collection Pending File

The USAID billing office maintains a debt collection file containing all bills issued and not fully paid. The file is reviewed monthly for determining the age of each outstanding receivable and initiating follow-up action for collection or settlement of past due receivables, and quarterly for reconciling to the "Accounts Receivable Detail Listing" from M/FM/CAD.

(2) Extent of Followup

The USAID official in charge of a billing office assures that the forceful and persistent followup on outstanding bills is taken until notified of a remittance by the USAID cashier office or the Embassy cashier office for certain P.L. 480, Title II, billings (Attachment 7A); or until the account is settled in some other manner as, for example, by authorized adjustment or cancellation of the balance due or by administrative action on compromise, suspension, or termination. Such followup action shall include three progressively stronger demands at not more than 30-day intervals. Immediately after the due date of the bill for collection, a demand letter is issued to advise the debtor that the debt

is delinquent and late payment charge must be included in the payment. When the debt is delinquent for 30 days, a second demand letter is issued to advise the debtor of AID intention to disclose to a consumer reporting agency if not responding within 60 days. When the debt is 60-day past due, a third demand letter is issued to advise that AID intends to collect by administrative offset if payment is not received within 30 days from this notice (see Attachment 7D). USAID procedures are to ensure that bills outstanding 90 days or more are reported to the USAID controller or designee for review and determination of further followup action. When the USAID controller or designee determines that it is not feasible to continue billing a debtor, a summary of all action taken, since inception of the billing, is prepared for submission to the USAID director along with a recommendation for disposition. Claims against cooperating countries which are not settled promptly are similarly prepared for review by the USAID director with the view toward obtaining collection as soon as possible.

(3) USAID Employees

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(a) Employee indebtedness is to be settled promptly. USAID shall take the same follow-up actions as prescribed in e.(2) immediately above including three progressively stronger demand letters. The third demand letter shall include (1) notice to employee that collection proceedings through payroll deductions or other administrative offset shall be initiated if a reply is not received within 30 days of this notice, and (2) the employee's due-process rights (see Attachment 7B). However, as advised in Subsection A.6. of OMB memorandum to Debt Collection Officials of U.S. Agencies dated Jaunary 19, 1984, delinquent debts of current Federal employees will not be reported to credit bureaus since it is expected that collection of such debts can be accomplished by salary offset. Hence, for current Federal employees, the second demand letter is not required. USAID procedures are to require submission of individual reports on any indebtedness of an employee outstanding more than 90 days for review by the USAID controller. Amounts due from U.S. employees who continue on duty at the USAID are at no time resolved as uncollectible. Followup continues on such receivables until amounts are collected. When employee indebtedness is 90 days past due, the USAID controller requests AID/W, Attention: M/FM/ESD, to withhold amounts due from the employee's salary, and the employee is so notified. This action does not preclude the employee's filing a waiver for higher review in accordance with Attachment 7B.

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(b) When the employee has departed from the USAID, and has not replied to collection notices sent by the releasing USAID, assistance may be requested from the controller at the receiving USAID. If repayment action is not initiated by the employee within 90 days after departure from the releasing USAID, and prior request to AID/W for withholding of pay has not been made, the releasing USAID makes such request immediately without transferring the employee's receivable to AID/W. When the indebted individual has been terminated from AID employment and

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the USAID has within the 6 months' period after departure exhausted all effort to effect collection including requesting offset against lump sum payment or retirement annuities, then the USAID transfers the B/C with copies of all supporting documentation to AID/W, Attention: Central Accounting Division, office of Financial Management (M/FM/CAD).

(c) Pursuant to the authority granted by 5 U.S.C. 5514, arrangement may be made with employees for equal installments either through cash payments or payroll deductions. Detail instructions are provided in Attachment 7B of this Chapter.

(4) Determining Uncollectible Items

(a) Indebtedness may be considered uncollectible in accordance with the criteria in 7E3 and 4 GAO 56. (In establishing the uncollectibility of an indebtedness, the USAID exhausts every means available to it to effect collection and determines when the cost of the additional pursuit of the collection will prove excessive in relation to the amount of the claim). All possible effort will have been made to locate the debtor, to obtain information from available sources, and to originate firm, meaningful contact or correspondence with the debtor or his/her representative or agent to obtain collection. (Note: See 7E3g for contracting for collection services subject to approval of Chief, M/FM/CAD, AID/W.) Claims against cooperating countries are at no time regarded as uncollectible. Other administrative action with respect to delinquent country claims under P.L. 480, Title II, is taken in accordance with (b) below.

(b) USAID action under the Federal Claims Collection Act of 1966 (FCC Act) - (Attachment 7C - AID Regulation 13 - Collection of Civil Claims by the Agency for International Development), and on claims against cooperating governments and intergovernmental organizations is provided below:

1. Under the FCC Act of 1966, as amended

a. Pursuant to AID Redelegation of Authority No. 80.2, claims not in excess of $500 (excluding employee indebtedness) may be terminated if normal collection action has proved futile and such termination is approved by the USAID director. With respect to claims against voluntary agencies which are cooperating sponsors under P.L. 480, Title II, see b below. Approval for termination is obtained by use of a memorandum request from the USAID controller to the USAID director containing the name of the debtor; the amount of the claim; a brief statement of the efforts made to effect collection; the reasons why further collection action is not to be undertaken; and the USAID controller's recommended action. A permanent record is maintained by the USAID controller of all such terminated claims. All USAID determined uncollectible claims, except those not in excess of $500 and terminated at the USAID, are forwarded to AID/W, Attention: M/FM/CAD, together with complete documentation and the USAID recommendation for further action. A summary sheet entitled "Transfer of Uncollectible Accounts Receivable" should be used to summarize the collection activity and should be attached to the recommendation for further action submitted to M/FM/CAD. (See Chapter 6 of USAID Controller Guidebook for detail and format)

b. With respect to claims against voluntary agencies which are cooperating sponsors under P.L. 480, Title II, USAID directors or their designees apply the criteria in 7E3 in exercising their authority under Delegation of Authority No. 84 to suspend or terminate collection action when the claim does not exceed $10,000; and

compromise any such claim does not exceed $20,000 if, pursuant to compromise, the amount to be relinquished does not exceed $10,000. Claims against voluntary agencies under P.L. 480, Title II, are transferred to AID/W when such claims are not within the scope of USAID responsibility; are uncollectible at the USAID level and, with regard to claims not exceeding $10,000, the USAID has not terminated or suspended collection and require special consideration at AID/W. Procedures for referral to AID/W of claims against voluntary agencies are the same as provided in 1.a. immediately above.

c. Actions on claims against contractors, suppliers, vendors, and voluntary agencies under P.L. 480, Title II, are barred unless the legal complaint is filed within 6 years (except for administrative offset, 10 year, see Attachment 7D for detail) after the right of action occurs or within 1 year after final decisions have been rendered in administrative proceedings required by contractor law, whichever is later. The right of action is generally deemed to first accrue when the improper disbursement or other erroneous payment is made. The right of action is deemed to accrue again at time of each partial payment or written acknowledgement of the debt. The time limitations within which the U.S. Government may commence litigation in these and other civil claims are governed by the facts and circumstances of each case in determining whether or not specific action is barred by the statutory limitations cited above. The AID Office of the General Counsel is requested on a timely basis to furnish pertinent legal advice, including the date on which the right of action accrues against various classes of debtors.

2. Claims Against Foreign Governments and Intergovernmental Organizations

Claims against foreign governments and intergovernmental organizations are outside the purview of the FCC Act and AID Regulation 13. However, receivables for amounts due from foreign governments and intergovernmental organizations are established in accordance with the same controls as prescribed for private debtors. The uncollectible claims against foreign governments and intergovernmental organizations as determined by the USAID are referred to M/FM/CAD, AID/W as provided in para. (c) immediately below (also see 7E3h(2) below).

(c) Disposition of uncollectible receivables is recommended by the USAID controller in the form of a memorandum addressed to the USAID director. The recommendation includes the propriety of administrative action on compromise, suspension, termination, as provided in paragraph (4)(b) above. Detailed information is furnished by the billing office which issued the original bill. When it is determined to transfer uncollectible amounts to AID/W for further action, the report to AID/W pursuant to 7E3 is prepared by the USAID controller and signed by the USAID director. In the absence of an assigned USAID director, or acting USAID director, the report to AID/W is signed by the principal officer or

administrative officer servicing the AID activity. Reporting of uncollectible accounts to AID/W is further provided in 7D5f, g, h. The transfer of uncollectible accounts is recorded as a reduction in the USAID accounts receivable and reflected in the controls maintained by the accounting office. The records are transferred to the inactive files for subsequent administrative review as required.

(5) Review and Followup by USAID Controller's Office

The USAID accounting office, acting for the USAID controller, periodically reviews outstanding accounts receivable records for determination of past-due items and notifies billing offices of delinquencies on balances outstanding for more than 90 days. A request is made for a report of followup action by billing offices and is signed by the USAID controller. Followup on P.L. 480, Title II, claims, is provided in Attachment 7A.

(6) Reconciliation to AID/W "Accounts Receivable Detail Listing"

(a) At the end of each quarter, AID/W M/FM/CAD furnishes to each USAID a detailed listing of the accounts receivable reported by the USAID. This listing contains the outstanding balances at the close of the prior year and individual transactions in the current year as reported in the U-141 reports (see 7D6 below) by the USAID. USAIDs reconcile the listing with balances in their accounts receivable records and the suspense file to assure that the AID/W listing and the USAID records are in agreement and that the USAID has documentation to substantiate each outstanding item shown thereon. If they do not agree, corrective action shall be taken and any adjustments required are reported on the next U-141 report clearly marked "Adjustments for Accounts Receivable Detail Listing as of date ." If they do agree, the following statement shall be noted on the next U-141 report:

"The listing of outstanding accounts receivable has been reconciled and is in agreement with USAID's rcords as of date ."

(b) A detailed listing of AID/W-initiated types "1" and "6" (host country and participant) billings outstanding as of the end of the prior year and updated for current-year activity at AID/W is transmitted by AID/W to the USAIDs. The USAIDs reconcile this listing with AID/W billing documents and followup memorandum as recorded in their memorandum records on non-USAID-initiated billings. Reports of variations are submitted to AID/W as an attachment to the subsequent U-141 report as provided in the AID/W transmittal instruction. If no differences are noted, M/FM/CAD should be so advised.

(7) Commodity Nonutilization Reports to USAID Management

The design and issuance of periodic reports tailored to meet financial management needs is a USAID controller responsibility. It is suggested that as a minimum such reports dealing with the nonutilization or improper use of commodities include on a current and cumulative basis the total dollar value of commodities which have been identified as being nonutilized or improperly used; the value of such commodities for which corrective action has been taken and which were, therefore, subsequently properly used; the value of bills issued for refunds; the amount of bills collected or otherwise settled; and the amount of bills outstanding. Supplementary schedules reflecting analyses of the summary data contained in the report are appropriate to facilitate corrective action by management. The data in the reports are directly related to and, therefore, compatible with the information reported to AID/W on the U-306 Report, prescribed in the Inspector General Audit Handbook and on the U-141 report prescribed in 7D6.

(8) AID/W M/FM Review Task Force

An internal M/FM Review Task Force has been established in AID/W, consisting of the Deputy Controller and representatives from the Accounting Systems Division and the Budget Division, to review the status of receivables, and to monitor, advise and enforce compliance with prescribed reconciliation requirements and to ensure that aggressive collection procedures are being implemented by the USAIDs and AID/W billing offices. To facilitate the Task Force review the delinquent receivables, a new report entitled "Accounts Receivable Aging Report by Billing Office" is being produced quarterly and sent to all billing offices including USAIDs requesting the collection status of the delinquent receivables. (See 7E4f below for detail.)

3. Accounting Procedures

a. Accounts Receivable Ledger

(1) The accounts receivable ledger is a segment of the USAID general ledger. To ensure appropriate classification of billing and collection transactions for control and reporting purposes and for integration in the overall Agency computer processing system, the procedure provides that the USAID accounts receivable ledger include:

(a) Separate sections for foreign currency and U.S. dollar receivables.

(b) Within each section as in (a) above, separate subsections for receivables arising from AID operations and P.L. 480, Title II, commodity transfers, respectively.

(c) Within each section as in (b) above, separate pages for refunds, reimbursements, general fund receipts, deposit fund receipts, etc.

(d) Within each type of collection as in (c) above, separate pages for each appropriation or fund.

(2) The format of SF 1014, General Ledger, is adapted for this need. Individual or summary entries are recorded in debit columns (bills issued) or credit columns (bills collected, cancelled, etc.), on SF 1014, which controls related detail files and documents identifying individual debtors and amounts outstanding. An illustrative accounts receivable, which provides the space for all coding necessary to identify billing and collection transactions in preparing the monthly U-141 report to AID/W, is prescribed in 7D6.

(3) The USAID maintains memorandum records on third-party claims pursued by cooperating sponsors under P.L. 480, Title II, commodity transfers, as provided in the detailed procedures contained in Attachment 7A. As prescribed therein, third-party claims do not represent bona fide receivables to AID until action is taken by the USAID to effect restitution by the cooperating sponsor when determined liable.

b. Register of Transactions

If found desirable, USAIDs may adapt the monthly U-141 report format described in 7D6 as a Register of Billings and Collections, and maintain detailed records of their billing and collection activity on this form. A summary of these transactions by general ledger account will then serve as a posting medium for entries in the general ledger. The monthly U-141 report may be submitted in the form of one of the copies of the Register of Transactions. For internal use, an aged analysis of outstanding receivables may be prepared from the unpaid bill file. However, USAIDs do not age receivables for reporting to AID/W.

c. Control, Review, and Reconciliation Procedures

The USAID accounting office responsibilities include:

(1) Maintaining a master document control system as described in 7D2b(1) in connection with sequential bill numbers.

(2) Recording promptly in the accounts all billing issued; collections received by the USAID cashier office or reported by the Embassy cashier office under certain P.L. 480, Title II, billings, as prescribed in Attachment 7A; settlement effected by administrative action prescribed in 7D2e(4); or transfers to AID/W.

(3) Requesting billing offices to take followup action on past due items as provided in 7D2e(5).

(4) Reconciling monthly, in accordance with good business practice, accounts receivable balances with supporting documents in the outstanding accounts receivable file, including accounting for any differences between the accounts and the file.

(5) Reconciling monthly all collections for credit to AID accounts with the disbursing officer's SF 1221, Statement of Transactions.

4. Collection Procedures

a. Suspense File

The USAID cashier's office maintains a suspense file containing a copy of each Bill for Collection outstanding in order to identify remittances received or collections reported by the Embassy cashier office for certain P.L. 480, Title II, billings. Upon receipt of an amount previously billed, a copy of the bill for collection is annotated and forwarded to the billing office as notification of collection. The copy of the B/C in the outstanding file is used to support the SF 215, Deposit Ticket (DT), issued by the cashier when deposit is made with the disbursing officer servicing the USAID. The file may be supplemented by a collection memorandum or register listing each collection received by bill number, debtor or remitter, amount received, DT number, and other pertinent remarks. Advice of Collection furnished by the Embassy cashier office, with respect to P.L. 480, Title II, remittances, is furnished with the billing office copy to the Food for Peace officer of the USAID as prescribed in Attachment 7A. The copy of the B/C retained by the USAID accounting office is appropriately annotated.

b. Methods of Effecting Collection

(1) Direct Payment by Debtor

The majority of collections are expected to be direct payments by debtors in settlement of bills rendered. In these cases, the debtor normally forwards his/her remittance and the duplicate copy of the B/C to the USAID cashier office or Embassy cashier office for certain P.L. 480, Title II, billings, as prescribed in Attachment 7A.

(2) Collection by Administrative Offset

When it is determined that a collection may be recovered by a voucher deduction from AID funds due a debtor, the office making the voucher deduction provides the USAID cashier office with a copy of the voucher schedule on which collection is made. (Detail procedures for administrative offset including voucher deduction are prescribed in Attachment 7D.) Information concerning the collection is included so that the USAID cashier office can easily identify the collection with the billing. The voucher copy is attached to form AID 7-129 (B/C) by the initiating billing office.

c. Notification of Collection

(1) Billing Office Notification

(a) The B/C copy which is forwarded to the initiating billing office is annotated for the receipt of funds or report of receipt of remittances under P.L. 480, Title II, billings, from the Embassy cashier office as follows: "FUNDS RECEIVED ON date IN THE AMOUNT OF $_____"

(b) When a partial collection is received, the USAID cashier office prepares form A.I.D.-7-128, Notice of Collection/ Adjustment (NC/A), which is used to notify the billing office of the receipt of funds. This form is prescribed for use in 7D2a(2). USAIDs must prepare and reproduce their own forms as distribution from A.I.D./W is not made. Copies of form A.I.D.-7-129, previously received from the billing office, are retained in the suspense file until full settlement is effected. Documentation or correspondence received with a partial remittance is forwarded to the billing office.

(c) The billing office sends a copy of the B/C or NC/A as the case may be for refunds resulting from the USAID's end-use or other reports to the USAID audit staff for insertion in the followup file on the applicable audit report.

(d) The billing office sends a copy of B/C or NC/A for collection of claims involving interest and/or late payment/penalty charges in connection with loan activity to Loan Division, M/FM/LMD, A.I.D./W. (see Attachment 7E)

(2) Accounting Office Notification

The accounting office receives daily collection information from the USAID cashier office consisting of a copy of the DT attached to a copy of the accomplished B/C. The Deposit Ticket (DT) is the source document for recording collections in the accounts receivable maintained by the accounting office. Advice of collection, furnished by the Embassy cashier office to the USAID controller on remittances under certain P.L. 480, Title 11, billings, is used as the documentation for recording applicable collections in the accounts receivable.

(3) Questionable or Unidentified Receipts

When a collection item cannot be identified to a Bill of Collection, the suspense file, the cashier's office promptly prepares a

Notice of Collection/Adjustment (NC/A) and sends it to the billing office best able to identify the receipt for identification. The NC/A includes the following:

- the amount received
- name and address of the remitter
- signer of the remittance
- name and address of the bank on which remittance is drawn,
- date of remittance
- other pertinent facts., e.g. information shown on the remitter's envelope, on the NC/A

If identification is not obtained to allow deposit of collection on same day is received, the collection is deposited by the cashier in A.I.D. Budget Clearing Account (Suspense) 72F3875 which are established to hold, temporarily, general, special or trust collections pending clearance to the applicable receipt or expenditure account in the budget. These accounts are identifiable by an "F" preceding the 4 digits that classify an expenditure account by fund group.

If the specific account to be credited is not yet known, it is required to be held in suspense outside budget (deposit fund suspense account 72X6875) unless there is a reasonable presumption that it will be credited ultimately to a receipt, appropriation or fund account within the

If the specific account to be credited is not yet known, it isrequired to be held in suspense outside budget (deposit fund suspense account 72X6875) unless there is a reasonable presumption that it will be credited ultimately to a receipt, appropriation or fund account within the budget.Every effort should be made to maintain a minimum balance in this account by transferring all money initially classified in this account to the proper as expeditiously as possible. When this is accomplished, the amount is transferred from the A.I.D. Budget Clearing Account 72F3875 to the proper appropriation, fund, or receipt account.

Amounts received that are determined to be properly creditable to an A.I.D. appropriation, fund or receipt but for which there is no B/C in the files of the cashier's office are documented on a NC/A and recorded simultaneously as a billing and a collection.

The Budget Clearing Account (Deposits), 72F3878, will be subject to adjustments by Financial Management Service for dispcrepancies relating to deposit tickets and/or debit vouchers that have aged 6 months or

more. Agencies should make every effort to clear balances in this account by transferring all money to proper account as expeditiously as possible.

(4) Receipt for Cash

A prenumbered receipt, form A.I.D. 7-127, Receipt for Payment, is prescribed for issuance when remittances are in the form of cash or a combination of cash and check. USAIDs reproduce the Receipt for Payment. for their use. The USAID accounting office controls the stockage of this form and periodically reviews unused receipts on hand to assure that the inclusive numbers of receipts drawn can be accounted for. The use of the receipt is limited to the USAID cashier office, where cash collections are normally received. The original receipt is given to the remitter and the duplicate is attached to the B/C copy in the suspense file. When receipts are either spoiled or voided, both copies are retained by the USAID cashier office. When the total payment consists of both cash and check, form A.I.D. 7-127 is issued in receipt of the full amount to the payer. The amounts paid in cash and by check are annotated and identified in the lower-left portion of the receipt.

d. Depositing Funds

Collections are deposited daily by the USAID cashier office, except as provided in 7D1d(2) and 7D4c(3). The Deposit Ticket (SF 215) is prepared for all receipts processed durin9 the day and is delivered, together with remittances, to the disbursing office. The symbols of the appropria- tions. funds, or other accounts to be credited are entered in the appro- priate block of the DT. These symbols are taken from the related B/C's, NC/A's, or other billing documents. The confirmed copy of the DT, to9ether with the copies of billing documents, are forwarded to the accounting office.

e. Collections Received After Writeoff

(1) When collections are received (or reported by the Embassy cashier office with respect to certain P.L. 480, Title II, billings) after removal of B/C's previously determined to be uncollectible in accordance with administrative action prescribed in 7D2e(4)(b), the USAID cashier office attempts to identify the remittance from information in

its inactive files or requests such information from the USAID billing office which appears to be the initiating office or from other likely USAID sources. After deposit of the funds remitted to the USAID cashier office and receipt of a confirmed DT attached to the B/C and/or NC/A from the USAID cashier office, the accounting office notes on its B/C copy that a collection has been made and the DT number covering the deposit of funds in the usual manner. Advice of collection and deposits made by the Embassy cashier office with respect to remittances received under P.L. 480, Title II, billings, serve as similar documentation for use by the accounting office in recording the collection if previously determined to be uncollectible. The transaction is reinstated as a simultaneous billing and collection in the accounts receivable ledger and reported in the next following U-141 report prescribed in 7D6. A memorandum on the reinstatement is dispatched promptly to AID/W, Attention: M/FM/CAD.

(2) Remittances received by the USAID after referral of uncollectible indebtedness to AID/W are reinstated as simultaneous billings and collections and reported in the next following U-141 report as above. The USAID promptly notifies AID/W, by memorandum of the collection in order to ensure timely clearance of the AID/W receivable established with respect to prior referral from the USAID. See 7D5f(2) below.

f. Reporting Monthly Receipts

At the end of each month the USAID cashier office prepares and forwards to the accounting office a report showing the total receipts for the month and the collections on hand which were not deposited with the disbursing officer as of the end of the month. Information for the report is obtained from copies of the documentation DT's originated by the USAID cashier office and/or the collection memorandum/register described in 7D4a above.

5. Special Billing and Collection Procedures

a. Interoffice Transactions

(1) Collections by Other Than the Billing Office

On occasion, billing offices (AID/W or USAID) initiate B/C's to debtors who are located in a country other than that in which the billing office is located. In some cases collection assistance is requested by the billing office. The collecting USAID receives the original and one copy of the B/C, for release to the debtor, and takes appropriate action to request the debtor to settle the indebtedness. In other cases, when collection assistance is not specifically requested, the USAID may be furnished with an information copy of the B/C. However, this does not preclude the USAID's providing assistance to the debtor at his/her request. Except in the case of collections for AID/W billings in (3)(a) below, remittances received by the collecting USAID are turned over to

the local disbursing officer, who reflects the deposit of the funds in his/her current month's account. The account receivable is not transferred to the collecting USAID. The initiating billing office is responsible for followup with the USAID which releases the bill to the debtor. The releasing USAID has responsibility for direct pursuit with the debtor. The collecting USAID establishes minimum memorandum records or files necessary to identify and report collections to the initiating billing office.

(2) Collections for Billings Initiated by Other USAIDs

Collections for credit to the accounts of another USAID where billing originated are reported promptly by the collecting USAID by an advice of charge supported by a copy of the B/C, annotated for receipt of funds as provided in 7D4c(1)(a) to permit the billing USAID to maintain an up-to-date record of receivables and report thereon in its U-141 report. See 7D6.

(3) Collections for Billings Initiated by AID/W

(a) When AID/W originated the billing, appropriation refunds collected for credit to AID/W accounts are deposited and immediately reported to AID/W by a memorandum/cable identifying the B/C number(s) and spelling out the application or the amount remitted to individual bills if the remittance represents a partial payment on one or more bills, and followed by an advice of charge.

(b) AID/W-issued billings continue to be controlled at AID/W although the USAID may participate in effecting final settlement. Therefore, when AID/W requests a USAID to collect an amount due from a debtor in the cooperating country under an AID/W-issued billing, the USAID excludes such billings from its U-141 report. AID/W furnishes, to the extent possible, appropriate documentation to enable the USAID to participate in the settlement of the claim. It is of utmost importance that USAIDs promptly and fully advise AID/W of collections on AID/W-initiated billings to ensure termination of further followup by AID/W with the debtor and to clear the receivable from the current AID/W controls. USAID advices are supported by correspondence and other identifying documentation relating to the billing and settlement by the debtor.

(4) Collections for USAID-Issued Billings for Credit to AID/W Accounts

When a USAID-originated billing results in a collection for credit to an AID/W account, as in the case of billing under end-use or other reports issued as part of the USAID's review and observation program, the collection is deposited with the disbursing officer and reported by an advice of charge to AID/W. Accounts receivable control over the original billing and collection is maintained by the billing USAID and the transactions shown in the billing USAID's U-141 report.

(5) Collections by AID/W for USAID-Issued Billings

(a) USAIDs make every effort to ensure that debtors remit to the USAID, or Embassy cashier office in the case of certain P.L. 480, Title II, claims (see Attachment 7A), under USAID-initiated billings. In unusual cases when the debtor remits to AID/W under a USAID-initiated billing, M/FM/CAD immediately advises the USAID by telegram of the collection and furnishes a followup NC/A for use by the USAID in clearing the indebtedness from the accounts receivable. The collection is reflected in the USAID's next U-141 report. For collections remitted to AID/W for credit to a USAID budget allowance, M/FM/CAD furnishes an advice of charge to the USAID. The collection is reflected in the central receivable controls maintained at AID/W only when reported by the USAID on the U-141 report.

(b) Collections at AID/W under indebtedness referred by the USAID for followup and disposition are reflected in the accountability controls established at AID/W upon receipt of the referral from the USAID and no further advice thereof is furnished to the USAID. If the debtor remits to the USAID, after referral of the indebtedness to AID/W, the transaction is reflected in the USAID accounts as provided in 7D5f(2).

b. Local Currency Collections Under Dollar-Denominated Billings

When B/C's are issued in a dollar amount and are to be repaid in the local currency equivalent, the dollar amount is not changed due to fluctuations in the exchange rate. Adjustments must be made in the amount of local currency to be collected; i.e., the dollar amount shown on the USAID accounts must be collected. For collections under dollar-denominated billings payable in local currency pursuant to P.L. 480, Title II, claims, see Attachment 7A.

c. Collections Under Foreign Service Medical and Health Program

(1) Collection for Dependent's Medical Treatment

The requirement to pay a $35.00 deductible for the cost of certain medical treatment for a dependent is eliminated. This former legal requirement was not continued by the Foreign Service Act of 1980. The $35.00 charge should not be imposed after April 1, 1981.

(2) Recoveries from Insurance Companies

when the employee is requested, as provided in Chapter 10 of this Handbook, to file a claim for reimbursement under a hospitalization insurance plan to which the Government contributes a portion of the premium cost, a copy of the letter is forwarded to the accounting office. Since the amount of the reimbursement is generally indeterminate, the letter is held in a separately identified followup file until the reimbursement from the insurance company is received.

Upon receipt, the USAID cashier office prepares an NC/A which is used to document both the billing and collection transactions for posting to the accounts receivable ledger. These recoveries are credited as refunds to the appropriation and budget allowance from which the USAID made payment for medical expenses. The USAID controller maintains memorandum control over receivables, based on copies of letters to employees as above. If an employee departs from the USAID before the amount payable by the insurance company is received, the USAID takes action as specified in 7D2d(4)(a) and (b) by including a copy of the memorandum records with other documents submitted to another USAID or AID/W.

d. Refunds Due from Commercial Carriers--Redemption of Unused Tickets

Amounts due from commercial carriers for the unused portions of tickets are billed on SF 1170, Redemption of Unused Tickets. The amounts are not established as USAID receivables in the accounts receivable ledger or shown in the U-141 report (7D6) until refunds are collected. When remitted by carriers to the USAID, refunds are documented on NC/A's, treated as simultaneous billings and collections, and included in the U-141 report. Pending redemption of unused tickets and refunds by carriers, USAIDs maintain memorandum records for control and followup for redemptions in process by individual carrier.

e. Uncollectible Employee Indebtedness Transferred to AID/W

(1) Uncollectible employee indebtedness transferred to AID/W are subject to accountability exercised by AID/W. Collections effected as a result of AID/W followup with the employee are reflected in the controls established in the central accounts maintained by M/FM/CAD. If the collection is for credit to a USAID account, an advice of charge (AOC) is furnished by M/FM/CAD to the USAID. If the collection results from a payroll deduction, the AOC will be generated by M/FM/ESD and forwarded to the USAID. However, the collection has no impact on the USAID's accounts receivable from which the employee indebtedness was removed upon referral to AID/W for collection.

(2) If the employee remits to the USAID at which the original indebtedness was incurred, the USAID reestablishes the receivable in the accounts and reflects the transaction as a simultaneous billing and collection with report thereon in the next U-141 report. The USAID immediately advises AID/W on the prior referral from the USAID. See 7D2d(4), 7D2e(3), and 7E7.

f. Other Referrals to AID/W

(1) Other USAID referrals to AID/W of uncollectible indebtedness for action in accordance with 7D2e(4)(b) above are subject to AID/W accountability and controls as provided above. The related USAID accounts receivable are reduced and complete records transferred to the

inactive files. Collections remitted at AID/W are reflected in the AID/W controls with an advice of charge furnished to the USAID, if the amounts are for credit to a USAID budget allowance.

(2) If remittance after followup by AID/W is made at the USAID, the USAID receivable for the related indebtedness is reestablished and the collection recorded and reported as a simultaneous billing and collection, as provided above. The USAID promptly advises AID/W, Attention: M/FM/CAD, by memorandum, of the collection and furnishes a supporting annotated B/C copy or NC/A for use in clearing the interim control established at AID/W pending followup. The collection is reflected in the next following U-141 report.

g. Referral of Uncollectible Claims Under P.L. 480, Title II, to AID/W

Criteria on USAID referrals of uncollectible P.L. 480, Title II, claims are provided in 7D2e(4)(b) above. Detailed procedures are set forth in Attachment 7A. AID/W accountability over USAID referrals is in accord with the above requirements on other referrals to AID/W. Remittances made to the USAID after followup by AID/W are processed in the USAID accounts and reported as prescribed above.

h. Collection by Administrative Offset

See Attachment 7D for detail procedures.

6. USAID Report of Billing and Collection Transactions

a. Purpose

(1) Report of Billing and Collection Transactions (Report Control Symbol U-141) is submitted monthly to M/FM/CAD, on form AID 7-236. The report contains a description of each B/C or other billing document issued and of each collection received (or other disposition action). Information in the report is used for input into the AID/W computer system, which produces accounting data for Agency-wide controls over billing and collection transactions.

(2) The U-141 report includes billings against cooperating sponsors for claims under P.L. 480, Title II, commodity transfers. Claims by cooperating sponsors against third parties are not reflected in the U-141 report. USAIDs report third-party claims only when specifically requested by AID/W. However, when collections and deposits are made from third party claims, they should be included in U-141 report as simultaneous billing and collection.

b. Guidelines

(1) Each collection transaction is to be related to a billing.

(2) Estimated claims outstanding against transportation carriers for unused tickets and against insurance companies under Foreign Service Medical and Health Program are excluded from the report. When received by the USAID, refunds are shown as simultaneous billings and collections.

(3) Upward or downward adjustments of initial billings show on the adjustment document the same bill number as the first billing, the current date (date of the adjustment), and the amount of the upward or downward adjustment only.

(4) The report excludes:

(a) Amounts that have been submitted to AID/W as uncollectible unless reinstated for subsequent collection as provided in 7D2e, 7D5e, f, and g above.

(b) Advances for travel or quarters allowances outstanding or liquidations thereunder.

(c) Bills issued by AID/W or another USAID.

(d) Collections that relate to bills issued by AID/W or another USAID.

(e) billings or collections in local currency unless they are for credit to a U.S. dollar account (not FT account). However, transactions under P.L. 480, Title II, claims which are credited to Treasury Foreign Currency Account 20FT401, as provided in Attachment 7A and Handbook 9 - Food for Peace, Title II, are shown as dollar-equivalent "F401" (Column (5)) for Treasury Sales Account 20FT401. This exception permits the reporting and processing of such transactions on a basis compatible with the underlying dollar controls on which the AID receivable system is predicated as herein.

(f) Collections for credit to Peace Corps, Agriculture, or other non-AID account symbols, except for amounts creditable to the USDA account 12X4436 or Treasury foreign currency sales account 20FT401 with respect to collections under P.L. 480, Title II, billings.

(g) Receipts from sale of U.S. Government-owned personal property. (See Handbook 16--Excess Property.)

(5) When there are no reportable transactions during the month, the U-141 is forwarded to AID/W with the word "NONE" shown in bold type on the face.

c. Preparation and Submission

(1) Columnar Detail

All columns, as applicable, are to be completed for transactions processed during the month which related to USAID billings and accounts as provided by this instruction. Transactions in Columns (8A) and (8B) are summarized on the last page of the U-141 report by transaction code and by appropriation or fund code. See USAID Controller Guidebook for codes that are shown on billing and collection documents and on the U-141 report.

(2) Submission

The U-141 report is transmitted to AID/W in the same envelope as the monthly U-101 report. Only one copy is required. A routing slip attached to the report is to be addressed to: M/FM/CAD.

d. Review and Verification

After preparation, the U-141 report is reviewed and amounts therein checked and verified with amounts in related USAID reports as follows:

(1) Appropriation reimbursements collected are also to be reported on the U-101 report (Line E) for the same month.

(2) Appropriation refunds collected are to be included in the net disbursements from the USAID budget allowance account reported on the U-101 report (Line A) for the same month.

(3) Collections creditable to a nonappropriated fund designated by AID Symbol "72" (miscellaneous receipts, deposit funds) are to be reconciled with the SF 1221, Statement of Transactions, furnished by the servicing disbursing officer.

(4) Collections reported by AID/W or another USAID for credit to the accounts of the reporting USAID are to be included in the U-141 report and the U-101 report (Line D - Credit Item).

7. USAID Report of Receivables from Foreign Official and Private Obligors (U-141a)

a. Purpose

Under Volume I, Part 2, Chapter 4500 of the Treasury Fiscal Requirements Manual, quarterly reports are required for short-term foreign indebtedness to the U.S. Government. AID accounts receivable are analyzed to determine foreign official and private obligors and reported quarterly in accordance with the definitions of terms and other criteria set forth in I TFRM 2-4500. Information in USAID reports is consolidated into an AID report on TFS Form 4503 to the Department of the Treasury.

b. Guidelines

(1) Detail guides are based on I TFRM 2-4530 definitions regarding type of obligor, classification of indebtedness between accounts receivable, and short- and long-term loans and credits, cut-off dates and other pertinent terms. The following guides to terms are applied when preparing U-141a report:

- Accounts Receivable - "Accounts Receivable" include those amounts due the U.S. Government as a result of AID operations in accordance with the criteria and guidelines in this Handbook, including indebtedness arising from AID foreign currency transactions and excluding (a) deposits due to trust funds, counterpart or deposit-fund accounts, (b) principal and interest due and unpaid under AID loans, and (c) amounts due under P.L. 480, Title I, commodity sales program which is the responsibility of the Department of State.

- Foreigner - "Foreigner" is: (a) Individual domiciled outside the United States; (b) Business created or organized under the laws of a foreign country, excepting branches and agencies thereof located in the United States; (c) Affiliate within a foreign country of a business created or organized under the laws of a foreign country or the United States; (d) Government of a foreign country and any subdivision, agency, or instrumentality thereof, including all foreign "official" institutions, even though located in the United States; (e) Private multinational, international or regional relief agency with headquarters abroad; (f) Official multinational organization, even though located in the United States.

- Official Obligors - "Official obligors" are (d) and (f) above.

- Private Obligors - "Private obligors" are (a), (b), (c) and (e) above.

(2) Additional detail guides are provided in AIDTO Circ. A-931 dated 7/4/72 and AIDTO Circ. A-1553 dated 11/9/72, as amended by I TFRM 2-4500 Appendix No. 4.

c. Preparation and Submission

(1) Report U-141a, Current Status of Accounts Receivable from Foreign Obligors, is prepared by USAIDs quarterly and submitted to M/FM/CAD in the format prescribed in I TFRM 2-4500 Appendix No. 4. USAID data is consolidated into an AID report on TFS Form 4503 to the Department of the Treasury.

(2) The U-141a report includes only those amounts creditable to foreign currency (FT) accounts:

(a) receivable from foreign "official" obligors excluding type "1" billings to Cooperating Country under AID Foreign Assistance and P.L. 480, Title II, programs, which are reported on U-141s, and

(b) receivable from foreign "private" obligors, which are excluded from the U-141s.

d. Review and Verification

The completed U-141a report is reviewed for completeness and accuracy of classification of items and amounts. Reported amounts are reconciled to the U-141 report and supporting general ledger control and detail accounts.

7E. AID/W Procedures

1. Responsibilities

a. AID/W Billing Offices

AID/W billing offices are administrative units within AID/W having responsibility for preparation and issuance of billings arising from transactions under their jurisdiction and other specified types of indebtedness to AID. AID/W billing offices are designated or approved by the AID controller, and currently include only divisions within the Office of Financial Management, M/SER/COM and M/SER/MO. (See Attachment 7F) Generally, each billing office is responsible for:

(1) Issuing bills for collections, assuring validity of findings leading to this issuance;

(2) Maintaining files on bills issued;

(3) Taking followup action on unliquidated indebtedness;

(4) Reconciling outstanding bills with the accounts receivable control maintained by M/FM/CAD;

(5) Furnishing M/FM/CAD and cashier with two copies of B/C and, as required, providing identifying information on unidentified receipts;

(6) Maintaining contact with the debtor in the review and appraisal of any exception by the debtor to the claim, and, when appropriate, negotiating adjustment of the amount of the claim based on the debtor's justification with respect to facts supporting the claim;

(7) Preparing Notice of Collection/Adjustment reflecting any revised billings; and

(8) Furnishing M/FM/LD with a copy of collection documentation involving loan accounting.

b. Indebtedness Established by Nonbilling Offices

AID/W offices which are not authorized billing offices but which have knowledge of indebtedness arising from AID operations furnish pertinent information to the billing office normally handling such billings. The office which is originally aware of the debt submits the B/C (7E2a below) showing name and address of the debtor, explanation of the billing, and amount due. The B/C is forwarded for completion and issuance by the appropriate AID/W billing office. If the appropriate billing office is not known to the initiating AID/W office, the B/C is forwarded to the Assistant Controller, Office of Financial Management, whose division provides them with normal financial management services, with the request that the document be routed to the responsible billing office.

c. Central Accounting Division (M/FM/CAD)

(1) Establishes and controls coding used in mechanized accounting and reporting to identify AID/W billing offices and AID/W accounts receivable transactions; and maintains liaison with the Office of Information & Resources Management (M/SER/IRM), to ensure proper and timely preparation of Agency-wide reports on accounts receivable and related computer listings.

(2) Establishes interim control in the central accounts over USAID referrals of uncollectible receivables, which are numbered and identified as NO ISSUE billings; and forwards these, when appropriate to the AID/W billing office or other technical backstopping office qualified to take action.

(3) Develops specifications for the form, content, preparation, and distribution of Agency-wide reports and other special analyses based on the mechanized accounts receivable system and related input referred to in 7E1c(1) above; and serves as the focal point for inquiries on and explanation of the data in the foregoing reports and analyses.

(4) Coordinates and acts as a focal point for disposition of uncollectible receivables including approval of contracting for collection services (see 7E3g below).

d. Office of Information & Resources Management (M/SER/IRM)

M/SER/IRM operates the Agency's computer used in the processing of AID/W and USAID billing and collection transactions and in the preparation of reports thereon.

e. Cashier's Office, M/FM/CAD

Cashier's office, M/FM/CAD, receives all collections for B/C's, prepares the notices of collection and advises the respective billing offices of the action taken.

2. Billing Documents

a. Form AID 7-129, Bill for Collection (B/C), see 7D2a(1).

b. Form AID 7-128, Notice of Collection/Adjustment, see 7D2a(2).

c. SF 1080, Voucher for Transfers Between Appropriations and/or Funds, see Chapter 8 of Internal Procedures Manual.

d. SF 1081, Voucher and Schedule of Withdrawals and Credits, see Chapter 8 of Internal Procedures Manual.

e. Letters, see 7D2a(4).

3. Statutory, Regulatory, and Administrative Requirements on Delinquent Receivables

a. General

Under the provisions of the Federal Claims Collection Act of 1966 (FCC Act), AID is required to attempt collection of all claims of the U.S. Government for money or property arising out of the activities of the Agency. The FCC Act also gives the Agency authority to compromise, suspend, or terminate collection action on any such claim due the Agency, not in excess of $20,000, exclusive of interest, penalty and administrative costs. Certain exceptions are explained in AID Regulation 13 (Attachment 7C - AID Regulation 13 - Collection of Civil Claims by the Agency for International Development). This regulation, subject to modifications, also provides that the collection standards established in the Joint Regulations of the Attorney General and the Comptroller General (4 CFR, Chapter II) are applicable to Agency claims for money or property. Actions on claims against contractors, suppliers, vendors, and voluntary agencies under P.L. 480, Title II, are barred unless the legal complaint is filed within 6 years after the right of action occurs or within 1 year after final decisions have been rendered in administrative proceedings required by contractor law, whichever is later. The right of action is generally deemed to first accrue when the improper disbursement or other erroneous payment is made. The right of action is deemed to accrue again at time of each partial payment or written acknowledgement of the debt. The time limitations within which the U.S. Government may commence litigation in these and other civil claims are governed by the facts and circumstances of each case in determining whether or not specific action is barred by the statutory limitations cited above. The AID Office of the General Counsel is requested on a timely basis to furnish pertinent legal advice, including the date on which the right of action accrues against various classes of debtors. However, the Debt Collection Act of 1982 (31 U.S.C. 3716) further provides that agencies may exercise the administrative offset right within ten (10) years after the right first accrued, if it is cost effective to leave the claim unresolved for more than six (6) years. This provision is also applicable to collection of employee indebtedness by payroll deduction.

b. Civil Claims Pursuant to the FCC Act of 1966

(1) The criteria, actions, and procedures set forth in AID Regulation 13 are generally applicable to all civil claims of AID against private debtors. Examples of debts to which they apply are claims against suppliers, contractors, and vendors of all kind; AID employees and former employees (after the actions in Attachment 7B have been exhausted and failed); and voluntary agencies which are cooperating sponsors under P.L. 480, Title II. (See Handbook 9 -- Food for Peace, Title II -- Regulation 11 - Transfer of Food Commodities for Use in Disaster Relief and Economic Development, and Other Assistance.) AID Regulation 13, Section 213.12, provides that interest shall be charged on claims for refund of overpayments from the date of such overpayment if the amount involved and the length of time during which the debtor had use of AID funds warrant such action.

(2) Important exceptions apply to any claim if there is an indication of fraud, the presentation of a false claim, or misrepresentation on the part of the debtor or any other party having an interest in the claim. These claims must be submitted to the Office of the General Counsel (GC) for referral to the Department of Justice. Other exceptions include amounts due in payment of principal and interest on AID loans for which collection and compromise authority is provided in Section 635(g)(2) of the Foreign Assistance Act of 1961, as amended (FA Act); claims arising as a result of AID investment guaranty operations for which settlement and arbitration authority is provided in Section 635(i) of the FA Act; claims against foreign governments and intergovernmental organizations; and claims with respect to which the AID Administrator or his designee determines that a different course of action is required to achieve the purpose of the FA Act or other Acts administered by AID. AID does not have authority to compromise a claim that arises out of an exception made by the General Accounting Office (GAO) in the account of an accountable officer.

c. Claims Against Foreign Governments and Intergovernmental Organizations

Claims against foreign governments and intergovernmental organizations are outside the purview of the FCC Act and AID Regulation 13. However, receivables for amounts due from foreign governments and intergovernmental organizations are established in accordance with the same controls as prescribed for private debtors.

d. Claims Against Employees

Title 5 U.S.C. 5514 [P.L. 83-497 as amended by P.L. 97-365] provides for collection of employee indebtedness in installments or through payroll deductions in accordance with agency regulations approved by the Director, Office of Personnel Management (OPM). Attachment 7B of this Chapter provides AID regulations for collection of employee indebtedness by payroll deduction or other administrative action.

e. Charges for Late Payments and Penalty

The Debt Collection Act of 1982 [P.L. 97-365] provides that initial notifications of amounts due the Government (in AID, Bills for Collection) will inform the debtor of the basis for the indebtedness, the date by which payments is to be made (due date), and the requirement concerning additional charges for payments received after the due date. The Act further provides that (1) charge for late payments will be at an annual rate based on the current value of funds to the Treasury; (2) penalty charge at 6% per annum will be assessed for failure to pay any portion of a debt more than ninety days past due; and (3) charges to cover the costs of processing and handling delinquent claims will be assessed.

* f. Disclosure to Consumer Reporting Agency

Revised 31 U.S.C. 3711 (formerly 31 U.S.C. 952(d), amended by the Debt Collection Act of 1982 [P.L. 97-365]) provides that when trying to collect a claim of the U.S. Government, the head of an agency may disclose to a consumer reporting agency information from a system of records in accordance with the agency's established procedures. However, it requires that the head of the agency send a written notice to the debtor indicating that (1) the payment of the claim is overdue, (2) the agency intends to disclose to a consumer reporting agency, within not less than sixty days after sending such notice that the debtor is responsible for such claim, (3) the specific information will be disclosed, and (4) the debtor has rights to a full explanation of the claim, to dispute any information in the records of the agency concerning the claim, and to administrative appeal or review with respect to the claim. Pursuant thereto, AID billing offices are required to issue a demand letter indicating AID intention (see 7D2e(2) above). This provision is not applicable to delinquent debts of current Federal employees, since it is expected that collection of such debts can be accomplished by salary offset (see 7D2e(3) above). *

g. Contracts for Collection Service

In accordance with Section 13 of the Debt Collection Act of 1982 amending 31 U.S.C. 3718 (formerly 31 U.S.C. 952(f)), AID may enter into contracts for collection services, such as, locating debtors, arranging for repayment schedules and billing and posting payments. However, such contracts must meet the following conditions: (1) the service must supplement, but not replace, the basic AID collection program; (2) the authority to resolve disputes, compromise claims, terminate collection action, and initiate legal action must be retained by AID and; (3) the contractor shall be subject to the Privacy Act of 1974, as amended (5 U.S.C. 552a) and, when applicable, to Federal and State laws and regulations pertaining to debt collection practice, such as the Fair Debt Collection Practices Act (15 U.S.C. 169.2). Pursuant thereto, the billing office may recommend to Chief, M/FM/CAD for consideration of contracting for collection services.

h. Other Disposition of Claims

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* Revised

(1) Under the FCC Act of 1966

If the collection action described above does not result in settlement and AID does not pursue recourse to other parties, disposition of the claim may be effected in accordance with the authority conferred by the FCC Act upon agencies to compromise, suspend, or terminate collection action on claims not exceeding $20,000, exclusive of interest/penalty. For specific rules in determining whether or not the claim is within the ceiling, see AID Regulation 13, Section 213.4.

(a) Compromise

Claims may be compromised if the Agency does not collect the full amount because of such factors as the debtor's inability to pay, the refusal of the debtor to pay the full amount and the Agency's inability to enforce collection in full within a reasonable time, there exists a real doubt as to the Government's ability to prove its case in court because of legal issues involved or a bona fide dispute as to the facts, or the cost of collecting the claim does not justify the enforced collection of the full amount.

(b) Suspension

Collection action may be suspended temporarily if the debtor cannot be located after diligent effort and there is reason to believe that future collection action will be productive. Periodic review action is taken on all such cases placed in suspense, keeping in mind the administrative costs of such review against the amount to be collected.

(c) Termination

Collection action may be terminated and the case considered closed when one or more of the following conditions exist:

1. It becomes clear that the Agency cannot collect or enforce collection of any significant amount from the debtor, taking into consideration the judicial remedies available and the debtor's future financial prospects.

2. The debtor cannot be located and the applicable statute of limitations has expired.

3. It appears that the cost of collection action will exceed the amount recovered.

4. The claim is legally without merit.

5. The evidence necessary to prove the claim cannot be produced, or the necessary witnesses are unavailable, and efforts to induce voluntary payment are unsuccessful.

(2) Claims against Foreign Governments and Intergovernmental Organizations

The uncollectible claims against foreign governments and intergovernmental organizations as determined by the billing offices are referred to M/FM/CAD for review and control. M/FM/CAD will in turn forward these claims to the Office of General Counsel (GC) for final review. If there is no possibility for active collection procedures as determined by GC, such claims are transferred from Accounts Receivable to a special memorandum ledger account by M/FM/CAD for reinstitution at an appropriate time.

(3) Claims Against Employees

Title 5 U.S.C. 5584 provides authority for the waiver of a claim of the United States arising, on or after July 1, 1960, from an erroneous payment of pay or allowances, other than travel and transportation allowances and relocation expenses, to an employee of an executive agency in an amount aggregating not more than $500 in accordance with standards prescribed by the Comptroller General of the United States. Attachment 7B of this Chapter provides such standards and exceptions.

i. Procedures to be Observed in Suspension or Termination of Claims Collection

(1) The Assistant to the Administrator for Management (AA/M) is delegated with the functions and authorities, per AID Delegation of Authority No. 80, of (a) the administrative collection of claims, (b) the suspension or termination of collection action and (c) the referral of claims to the General Accounting Office (GAO). These authorities are redelegated to the Controller, AID/W and further redelegated to the Chief, M/FM/CAD.

(2) Pursuant to the above redelegated authority, claims not in excess of $500 may be terminated by USAID director or Chief, M/FM/CAD, as appropriate, and collection of claims referred to AID/W by USAIDs and claims in excess of $500 but less than $20,000 may be terminated by M/FM/CAD upon consultation with the Office of General Counsel (GC). A permanent record of all cases is maintained by M/FM/CAD. This record consists of a copy of the B/C and copies of all correspondence and any other documents evidencing the collection effort.

(3) Detailed procedures on USAID referrals to AID/W and responsibilities of M/FM offices for action on both USAID referrals and AID/W recommendations for suspension or termination of claims collection are set forth in 7E7 and 7E8 below.

j. Compromise or Legal Action

Claims which are not collected and on which collection action is not suspended or terminated are referred to GC for appropriate action such as compromise or referral to the Department of Justice through M/FM/CAD by the billing office.

k. Referrals to the General Accounting Office

Uncollectible claims on which collection has not been suspended or terminated and which are neither compromised nor referred to the Department of Justice are referred by M/FM/CAD to the GAO upon consultation with the Office of General Counsel (GC). Detailed procedures on transfers to the GAO are prescribed in 7E4 and 7E9 below.

4. Review and Followup Action

a. General

The procedures in 7D2e, are generally applicable to AID/W review and followup action with particular emphasis on AID/W organizational patterns and operations. These requirements provide that the billing office maintain a suspense file for followup of outstanding bills; pursue forceful and persistent followup (issuing three progressively stronger demands) of unpaid bills, including amounts due from employees; determine when an indebtedness appears to be uncollectible; furnish information quarterly to M/FM Review Task Force on past-due balances as revealed in the "Accounts Receivable Aging Report" (see 7E4f below); negotiate, where appropriate, adjustment of the amount claimed with the debtor supported by the debtor's adequate justification insofar as the facts supporting the claim are concerned; recommend action on compromise, suspension, or termination of collection; and reconcile balances shown in the quarterly listing on the status of outstanding bills, furnished by M/FM/CAD, with amounts outstanding in the suspense file.

b. Billing Office Review, Reconciliation and Followup

(1) The review and followup procedures as prescribed in 7D2e(2) above are generally applicable to AID/W billing offices. Normally, bills considered by billing offices to be uncollectible regardless of age are reported to M/FM/CAD as they arise, with recommendation for termination of collection pursuant to 7E3h. Recommendations for legal action on claims are referred by the billing office through M/FM/CAD to GC, as provided in 7E3j above. See also 7E7.

(2) To facilitate their review and reconciliation, AID/W billing offices will receive a "Monthly Status of Accounts Receivable by Billing Offices" report from M/FM/CAD. This report containing detail activities of each bill may be used as worksheet for response to the M/FM/C report as required in 7E4f below.

(3) M/FM/CAD coordinates followup on NO ISSUE billings on USAIDs referrals with the AID/W billing office or other office having technical backstopping responsibility (e.g., Office of Food for Peace (FFP) for P.L. 480, Title II, claims) in determining the status of these billings.

c. Requesting M/FM/CAD Disclosure to Consumer Reporting Agency

When the claim is 90-day past due and the debtor has been notified AID intention of disclosure to a consumer reporting agency in the second demand letter (see 7D2e(2) above), the USAID or billing office concerned should request M/FM/CAD for discloure to consumer reporting agency. M/FM/CAD reviews the claim and transmits the information to a consumer reporting agency.

d. Reporting Delinquent Receivables to Chief, M/FM/CAD

(1) Billing office followup must continue until the billing office is notified of the receipt of funds by the cashier, or until other action is effected to satisfy the indebtedness; e.g., adjustment for reasons relating to the validity of the claim including receipt of additional documentation by the billing office or other explanation deemed sufficient by the billing office for withdrawal of the claim, or administrative action on compromise, suspension, or termination of collection. When it is determined under Agency billing policy (7E3) that it is not feasible to continue billing a debtor the billing office prepares a summary of all action which has transpired from the inception of the billing and transmits it to the Chief, M/FM/CAD (See summary sheet format in Chapter 8 of Internal Procedures Manual). Where appropriate the billing office recommends that the indebtedness be reviewed and reported to the GAO as uncollectible or that consideration be given to suspension or termination of collection and write-off of the uncollectible amount pursuant to the criteria in 7E3 and 4 GAO 56. Where compromise of uncollectible receivables is considered, action is taken by the billing office through M/FM/CAD with the GC. Copies of followup correspondence are included in the report.

(2) M/FM/CAD reviews the documentation on uncollectible receivables from the billing office. Where the billing office finds that the amount (a) is administratively uncollectible, (b) does not require other administrative action pursuant to 7E3 and 7E7, and (c) is susceptible to GAO administrative proceeding, M/FM/CAD prepares a letter to the GAO, transmitting the documentation and related data for further collection proceedings. M/FM/CAD consults with the GC with respect to all administrative actions on claims. M/FM/CAD removes the receivables referred to GAO as administratively uncollectible from general ledger control and related receivable ledgers. M/FM/CAD continues to maintain administrative memorandum records for future identification of uncollectible receivables referred to GAO as required. Referrals to the GAO include both AID/W-originated billings and USAID billings transferred to AID/W for followup.

e. Followup on Billings Against AID Employees

See 7D2d(3) above and Attachment 7B.

f. AID/W M/FM Review Task Force

(1) To monitor compliance with the Debt Collection Act of 1982 and the Reform '88, an AID/W M/FM Review Task Force is established consisting of the Deputy Controller and representatives from the Accounting Systems Division and the Budget Division. The Task Force will meet quarterly, during the third week of February, May, August, and November to review the status of receivables, to monitor, advise, and enforce compliance with the prescribed AID billing and collection policy and standards and to ensure that effective and aggressive collection procedures are being implemented by the USAIDs and AID/W billing offices.

(2) To more effectively manage the collection of Agency Accounts Receivable, a new report entitled "Accounts Receivable Aging Report by Billing Office" is being produced quarterly and sent to all USAIDs and AID/W billing offices requesting the collection status of the delinquent receivables. This report lists by Country Code within each billing office, the outstanding individual accounts receivable. The bills are listed in numeric bill number sequence with each bill identified as to its type. Country totals and billing office totals are provided. These bills are aged into six time constraints, i.e., current, 1 to 30 days delinquent, 31 to 90 days delinquent, 91 to 180 days delinquent, 181 to 360 days delinquent, and over 360 days delinquent.

(3) Two copies of the "Accounts Receivable Aging Report by Billing Office" will be sent quarterly to each billing office. Upon receipt of this aging report, each billing office will note on one of the copies the status or actions taken toward collection, including subsequent billings and imposition of late payment charges, offset, or other form of adjustment for each bill which is delinquent. The annotated aging report should then be returned directly to the attention of: Accounts Receivable Task Force, so as to reach AID/W by the due date presented in the cover memorandum which accompanies the aging report.

5. Collection Procedures

a. Basic Requirements

The guidelines on collection procedures in 7D4 also apply to AID/W with appropriate adaptation to AID/W organizational units and operations.

b. Receipt for Cash

(1) Control of Receipt Forms

Prenumbered receipt, form AID 7-127, Receipt for Payment, is issued to payers who make payment at AID/W in cash, except as provided in (2) below. Receipt form controls are maintained by M/FM/CAD.

(2) Use of Receipt Form

The receipt for payment is issued only by the cashier. It is not the general practice to issue receipts for payments by check, money order, drafts, etc. However, if the total payment consists of both cash and check, form AID 7-127 is issued in receipt of the full amount to the payer. The amounts paid in cash and by check are annotated and identified in the lower-left portion of the receipt. The date of the receipt is stamped or typed in the upper-right corner. Receipts are issued by each issuing office in numerical sequence. The original of each receipt is given to the remitter and the duplicate filed by the cashier, attached to the collection document (B/C copy or NC/A) as required. Receipt numbers are shown on the collection document.

6. Special Billing and Collection Procedures

a. Employee Indebtedness

(1) Every effort is made to establish promptly any amount due from AID/W employees and to effect collection. The responsible billing office (M/FM/ESD) assures that the employee is notified by letter or other appropriate means and that the notification is furnished immediately to M/FM/CAD. The notification to the employee is identified by a bill number in the same manner as any other AID/W-issued bill, and includes such other information as provided in 7D2d(3)(d) above.

(2) Any AID/W administrative office having knowledge of an employee's indebtedness immediately notifies the Employee Services Division (M/FM/ESD) so that formal request for settlement can be made at the earliest possible time. M/FM/ESD also reviews an employee's form AID 7-47A, Employee Accountability Clearance for Separation/Transfer, to ensure that no outstanding amount is due AID at the time the employee is terminated. Other related procedures for notifying an employee of amounts due are provided in Attachment 7B.

b. Amounts Due from Participants

M/FM/PAD determines amounts due from participants for which recovery is effected in accordance with this instruction. Indebtedness of participants in a current training status is normally offset against their current maintenance allowances, thereby precluding the need for the issuance of a B/C by M/FM/PAD. Every effort is made to effect settlement

prior to departure of the participant from the United States and to process the transaction as a simultaneous billing and collection. Any amount due following completion of a participant's training which cannot be offset against a final payment is referred by M/FM/PAD to the originating USAID for collection. The USAID controller has full responsibility to administer the claim in accordance with Section 7D above including issuance of B/C, follow-up of collection and reporting on U-141. M/FM/PAD should forward all pertinent documentation substantiating the claim to the USAID controller with a request on a Two-Way memo. Upon issuance of a B/C, USAID controller should advise M/FM/PAD of the B/C number issued on the reply portion of the Two-Way memo attached with a copy of the issued B/C. In order to control such referrals of claims, the Two-Way memo should be numbered and registered, and periodically reviewed by M/FM/PAD. Collections are credited as refunds to the Master Disbursing Account (See Chapter 10J of this Handbook).

c. Collections Under Foreign Service Medical and Health Program

The same procedures as prescribed in 7D5c above should be followed.

d. Recovery of AID Contribution Under the Investment Survey Program

M/FM Operating Divisions issue B/C's for recovery from investors of AID's contribution to an investment survey after the investor has determined to invest in an undertaking on the basis of the survey findings. The billing is supported by notification from the M/SER/CM of the investor's decision to invest.

e. Refund of Loan Expenditures

When a USAID is closed out in accordance with Handbook 23--Overseas Support, Chapter 13, the USAID forwards outstanding receivables for claims under a loan in the country (excluding principal installment and interest payment due) to the residual controller office or to AID/W as specifically instructed by AID/W. When forwarded to AID/W, the claim is referred to the billing office having jurisdiction over a similar type of indebtedness for followup and completion of settlement. However, the usual offset by USAIDs of amounts due from local suppliers against local currency vouchers paid from AID funds, as established in the preaudit of such vouchers, generally precludes this type of USAID receivable under an AID loan. The concentration of claims against suppliers for refund of loan expenditures occurs at AID/W in connection with the post audit of payment documentation.

f. Billings Resulting from Site Audit of AID-Direct Contracts

Overpayments to a contractor revealed as the result of site audit of an AID-direct contract are billed by M/FM/PAD or M/FM/SSD upon written notification by the contracting officer of the amount established as a firm claim. The B/C quoted the audit findings and shows the amount due

as a lump sum. Retained copies of the B/C show the detailed amounts due by procurement or other implementing document and the applicable accounting classification. M/FM/PAD or M/FM/SSD notifies the contracting officer of delinquent contractor receivables on which further assistance is required in followup with the contractor for settlement of the outstanding claim. M/FM/PAD or M/FM/SSD periodically advises the contracting officer of clearance of the delinquent claim following receipt of remittance (offset taken against amounts payable to the contractor (Attachment 7D)), or adjustment of the outstanding billing based on differences negotiated by the contracting officer. The contracting officer advises M/FM/PAD or M/FM/SSD of the results of liaison with the contractor in assisting in the recovery of the amount due the U.S. Government under the AID billing.

g. Recovery of Unauthorized Long Distance Telephone Calls

M/SER/MO is assigned as a billing office responsible for recovery of unauthorized or improper use of long distance telephone lines. The following are the billing and collection procedures:

(1) M/SER/MO will furnish a computer printout of each monthly telephone bill to the administrative/management officers of each bureau/office, which shows the telephone number where each call originated, the number called, and the time and charges for each call.

(2) The administrative/management officers of each bureau/office (a) review the computer printout of the telephone bill, (b) trace the individuals who made the calls, (c) determine the justifications/circumstances for those calls as official, and (d) submit a list of calls and the amounts that are collected from the individuals to M/SER/MO/RM.

(3) M/SER/MO/RM issues a bill for collection in the total amount of the unauthorized calls to the administrative/management officer of the bureau/office with a detail list of individuals from whom collection should be made, in accordance with the procedures prescribed above.

(4) Upon receipt of the issued bills for collection, the administrative/management officers turn over the amount of the recoveries from the individuals as billed by M/SER/MO/RM to the cashier, M/FM/CAD.

(5) M/FM/CAD will provide a list of outstanding B/C's to M/SER/MO/RM monthly.

7. Action on USAID Referrals

a. Interim Accounting Controls

(1) Upon receipt of documentation on uncollectible receivable referred to AID/W by the USAID, M/FM/CAD processes the B/C which is included in the supporting detail for interim control in the AID central

accounts pending collection or other administrative action. For this purpose, the USAID B/C is converted to a NO ISSUE billing for control in M/FM/CAD. As necessary, copies of the NO ISSUE billing are also furnished to the AID/W billing office or other technical backstopping office having responsibility for similar indebtedness for the purpose of assisting in followup and collection. Instances in which assistance is requested occur when the debtor requests that a review of the B/C be made or alleges error in the billing which is not resolved at the USAID. Cooperation of the billing office or technical office is requested in any other situation where its facilities and specialized operations contribute to more effective followup. Where the USAID specifically recommends compromise of the claim, M/FM/CAD refers such cases to the responsible AID/W billing office or technical office having special cognizance, as above, for consideration and action with the GC.

(2) Where the debtor is requested to remit payment to the USAID at which the debt was incurred, the USAID reactivates the account receivable previously closed upon transfer of the billing to AID/W. The remittance is recorded at the USAID as a simultaneous billing and collection and is reflected in the next USAID U-141 report with an attached B/C or NC/A.

b. Results of AID/W Followup

(1) AID/W billing offices or other technical backstopping office (i.e., FVA/FFP) advise M/FM/CAD of the results of pursuit of collection on claims referred to AID/W by the USAID. Where the amounts are deemed to be uncollectible, the responsible followup office recommends other administrative action, or transfer to the GAO for further administrative proceedings.

(2) Administrative action, other than collection, is taken by the Division Chief, M/FM/CAD as explained in 7E3h and pursuant to redelegation of authority to the Controller, Office of Financial Management by the Assistant to the Administrator for Management, and redelegation of authority to the Chief, M/FM/CAD.

(3) For compromise or legal action on claims which are not collected and on which collection is not suspended or terminated, see 7E3j. The billing office or technical office, where appropriate, establishes liaison and coordinates with GC through M/FM/CAD for this purpose.

(4) The rule on referrals to the GAO is provided in 7E3k. See detailed procedures 7E4d(2) and 7E9.

c. Procedures on Other Administrative Actions on USAID Referrals to AID/W

(1) M/FM/CAD acts as the focal point for coordination of recommendations by AID/W billing offices or the technical backstopping office (FFP) on suspension or termination of collection. M/FM/CAD maintains a record of these referrals. accounting controls established in M/FM/CAD on the basis of the NO ISSUE billing relating to the USAID referral to AID/W continue in effect until decision is made on disposition. Billing offices prepare and forward to M/FM/CAD a complete set of documents in support of recommendations.

(2) Claims on which collection has been suspended are held in abeyance during the period of suspension. Active followup is resumed by the billing office or FFP upon termination of suspension as fixed in the underlying administrative action.

(3) Claims on which collection has been terminated are written off the official accounts maintained by M/FM/CAD. The related receivable is transferred to an inactive file for future administrative review as required.

(4) M/FM/CAD submits USAID recommendations for compromise to the appropriate billing office or FVA/FFP for referral to the GC. The billing office is available for consultation with the GC in connection with such referrals. Upon compromise, the billing office or FVA/FFP advises M/FM/CAD. Claims which have been compromised are reflected as a partial writeoff in the official accounts with respect to the amount relinquished. M/FM/CAD ensures that the billing office or FVA/FFP takes action for prompt collection of the amount which remains due and final settlement with the debtor unless payment of the amount was previously received.

(5) Where the merit of referral of a claim to the GAO for administrative proceedings is established, M/FM/CAD takes action to transfer the claim to the GAO, based on supporting advice and documentation. See 7E9.

(6) M/FM/CAD retains accounting controls over claims referred to the GC whether or not these claims are referred further to the Department of Justice.

(7) Documentation evidencing the compromise of a claim or termination of collection as a basis for processing through the official accounts is made on a NC/A by M/FM/CAD. Suspensions are not documented by a NC/A, but are annotated by bold type or other means in the billing office suspense file to ensure that the controls continue in effect during the period of suspension.

d. Employee Indebtedness Transferred to AID/W

(1) Employee indebtedness incurred at USAIDs is not transferred to AID/W except as provided below. USAIDs have responsibility for continuing pursuit, followup and collection even though the employee may be at a new duty USAID or has been terminated from employment with AID. As required, USAIDs request assistance from M/FM/CAD at AID/W in effecting collection by payroll deduction or action with other Federal agencies for offset against pay by a new employing agency or against amounts available in the Civil Service or Foreign Service Retirement Fund. NC/A together with advice of charge for credit to the USAID budget allowance account, where applicable, is furnished by AID/W to the USAID.

(2) Where the USAID has exhausted all possible means of followup, the individual cannot be located, and the cost of further pursuit will be disproportionate to the amount which may be collected, the employee indebtedness is transferred to AID/W and the account receivable is reduced in the records maintained by the USAID. Upon receipt M/FM/CAD identifies the referral as a NO ISSUE billing, which is processed for accounting control and input to the mechanized receivable system. M/FM/CAD has responsibility for followup with the cooperative assistance of any AID/W billing office which has competence in pursuit of similar indebtedness. See Attachment 7B for detailed procedures on collection and other administrative action on employee indebtedness.

8. Administrative Action on Uncollectible AID/W Billings

a. Recommendations on Disposition

AID/W billing offices refer uncollectible receivables for compromise and legal action to the GC through M/FM/CAD and recommend the suspension or termination of collection on billings originated by them to M/FM/CAD. Responsibility for administrative action on such recommendations is the same as provided in 7E7 above.

b. Procedures

The procedures in 7E7c apply to the disposition of uncollectible receivables resulting from AID/W billing office claims. M/FM/CAD continues to maintain control in the central accounts until a determination is made on disposition in accordance with the authority set forth in 7E7b above.

9. Transfer of Uncollectible Amounts to the GAO

Based on underlying rules and policy in 7E3k above and 4 GAO 56, billing offices recommend the transfer of uncollectible indebtedness to the GAO with respect to both AID/W-originated billings and referrals from USAIDs. Recommendations on P.L. 480, Title II, are furnished by FVA/FFP. In some cases, recommendations result from the review of claims referred by the billing office to M/FM/CAD for suspension or termination of collection. On USAID referrals to AID/W, M/FM/CAD requests the billing office or FVA/FFP to complete its determination of administrative uncollectibility, or the propriety of other administrative action or referral to the GAO within a prescribed time period. The billing office or FVA/FFP advises M/FM/CAD of its findings on followup action or other investigation confirming the uncollectibility of the amount and recommending the transfer to the GAO if other administrative action is not appropriate. Detailed transmission procedures are set forth in 7E4c above. The Chief, M/FM/CAD is responsible for reporting to the GAO any subsequent collections which may arise in accordance with 4 GAO 56.8.

** 10. Reporting Written-Off Debts to IRS

Under Internal Revenue Code section 61(a)(12), income from the discharge of indebtness is to be included in the gross income of a taxpayer-debtor. OMB advises that all Federal agencies are required to report beginning with calendar year 1983, the outstanding balance, not including interest, of any defaulted Federal obligation to IRS on Form 1099G.

M/FM/CAD is responsible for reporting to IRS on Form 1099G compromise and termination of claims which meet the following criteria:

a. The amount of the defaulted obligation, not in dispute, accrues to a total of $600 or more for the year;

b. The obligation is not discharged in a Title 11 bankruptcy case; and

c. (1) the applicable Federal statute for enforcing collection of the obligation expired during the tax year, or

(2) some form of formal compromise agreement is reached during the year in which the debtor is legally discharged of all or a portion of the obligation (in this case the portion discharged, less interest, is reportable). **

** New Material

ATTACHMENT 7A

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ATTACHMENT 7A

ACCOUNTING CONTROLS OVER CLAIMS UNDER P.L. 480, TITLE II, OPERATIONS

I. Purpose

A. This attachment prescribes procedures for AID accounting control over claims arising from the (1) transfer of agricultural commodities to cooperating sponsors (voluntary agencies, cooperating governments, and intergovernmental organizations except the World Food Program and United Nations Relief and Works Agency) under Title II of the Agricultural Trade Development and Assistance Act of 1954 (P.L. 480), as amended; (2) authorized sales of Title II commodities; and (3) improper utilization of grant funds provided for "self-help" projects authorized under P.L. 480, Section 204.

B. These procedures implement Title 22, Code of Federal Regulations, Chapter II, Part 211, "Transfer of Food Commodities for use in Disaster Relief and Economic Development, and Other Assistance," revised, as published in AID Regulation 11 - Transfer of Food Commodities for Use in Disaster Relief and Economic Development, and Other Assistance. The provisions of Title II, including the definition of terms applicable to this handbook, are contained in AID Regulation 11 and Handbook 9 - Food for Peace, P.L. 480, Title II.

C. These instructions further implement the functions and responsibilities of AID/W and Missions for administering Title II programs.

II. Establishment of Claims - Title II Commodity Transfers

A. Responsibility

1. AID Missions

a. AID Missions have primary responsibility for identifying and establishing on a timely basis all claims arising from the loss, damage, or improper utilization of commodities donated in cooperating countries under Title II, and for furnishing information thereon to AID/W as provided in paragraphs III. and IV. below. The "Food for Peace" officer as used in this handbook means the mission official having responsibility for managing the implementation of Title II programs or activities.

b. Missions are also responsible for action on claims arising from the fault of a third party (i.e., a warehouseman, a carrier, a processor, etc.) in the country of distribution of Title II commodities, as reported by the cooperating sponsor, including action on loss or damage in an intermediate country while en route to a landlocked country of distribution. Missions instruct cooperating

II.A.1.b.

sponsors on whether or not to continue or discontinue collection action against third parties and on referral of the claim for collection action by the Mission. (See paragraphs III.C.2. and III.C.3. below.)

c. With respect to Title II commodities lost or damaged in ocean transportation for transfers to a cooperating government, Missions are responsible for assembling the documentation thereon based on reports of the cooperating government as prescribed in AID Regulation 11, Section 211.9(c)(1), and transmitting the information to Chief, Claims and Collections Division, Prairie Village ASCS Commodity Office, P.O. Box 8377, Shawnee Mission, Kansas 66208, with duplicate copies of such documents to the Office of Food for Peace, Food for Development Division, AID/W, with pertinent comments. (See paragraph III.D.2 below.)

2. Diplomatic Posts

Diplomatic posts at which an AID Mission is not established are responsible for (a) receipt of reports from cooperating sponsors on interior loss or damage to Title II commodities transferred for distribution in the country in which the post is located, (b) establishing the validity of any claim arising thereunder by documentation, and (c) referral of the report of loss or damage as set forth in P.L. 480, Title II to the AID organization performing the accounting function for AID activities at the post, e.g., delegated post, Area Controller Office, other AID Mission, etc. The report is the basis for the establishment of a claim for loss or damage, issuance of a Bill for Collection (B/C) therefor, and recording the amount due as prescribed in paragraph III.C.1. below. The diplomatic post where the claim originated has responsibility for followup with the cooperating sponsor as provided in P.L. 480, Title II.

B. Validity of Claims

1. These instructions are subject to existing AID guidelines for establishing valid claims for amounts due to the U.S. Government in connection with AID operations. The Mission Controller carefully reviews the findings and documentation leading to the establishment of a claim under Title II, based on the report and supporting detail received from the cooperating sponsor by the Mission Food for Peace Officer or the diplomatic post as prescribed in P.L. 480, Title II. The Mission Controller assures that the report of loss, damage, or misuse clearly establishes the liability of the cooperating sponsor before he/she issues a billing document against the cooperating sponsor. If the Mission Controller believes that the information already submitted has not clearly established the incurrence or absence of liability for loss, damage, or misuse, he/she requests additional information from the Food for Peace Officer.

II.B.

2. In establishing the validity of a claim, consideration is given, among other factors, to (a) the special relationship between AID and the cooperating sponsor toward achieving the unique and humanitarian objectives of the program (see P.L. 480, Title II, paragraph IV.A); (b) normal commercial practices in the country of distribution in determining if the cooperating sponsor properly exercised its responsibility (see AID Regulation 11, Section 211.9(d).); and (c) restitution by replacement with similar commodities of equal value in lieu of payment by the cooperating sponsor to the U.S. of the value of commodities lost or damaged pursuant to a Mission billing which is otherwise issued for the purpose. (See AID Regulation 11, Section 211.9(d).) The Mission assures that a claim instituted against a cooperating sponsor gives effect to the contractual provisions in the underlying Food for Peace Program Agreement and other agreements between AID and the cooperating sponsor and between the cooperating sponsor and third parties for the effective implementation of Title II programs.

3. During the Mission review of the validity of the claim, no accounting controls over the potential receivable are established in the Mission records. However, appropriate followup techniques are instituted to assure proper action upon resolution of the merit of the claim. When the propriety of the claim is resolved, it is formally asserted by issuance of a B/C against the cooperating sponsor as evidence of a firm and clear liability to the U.S. Government.

III. Billing, Followup, and Collection Procedures - Title II Commodity Transfers

A. Formal Controls

Procedures for Mission issuance, processing, followup, collection, and reporting of billings against cooperating sponsors are compatible with the basic concepts and procedures applicable to Mission receivables arising from other AID operations in accordance with the formal controls prescribed in this chapter.

B. Supporting Documentation

1. The Mission Food for Peace Officer assures receipt of adequate and pertinent data and reports from cooperating sponsors as prescribed in Handbook 9--Food for Peace, including:

a. Periodic summary reports on the receipt, warehousing, and distribution of commodities.

b. Outturn reports for claims against ocean carriers with respect to Title II commodities transferred to cooperating governments.

III.B.1.

c. Reports of physical inventories at prescribed intervals.

d. Reports of annual comprehensive internal audit conducted by the cooperating sponsor.

e. Reports of loss, damage, misuse, or diversions from authorized use occurring within the country of distribution or intermediate country.

2. The Mission Controller provides staff assistance to the Food for Peace Officer in financial and fiscal matters relating to the above reports and data. The information provided is evaluated for determining the existence of a valid claim in accordance with Handbook 9 and, upon confirmation of loss, damage, or misuse, supports the initiation of Mission collection action, or, in the case of ocean transportation loss or damage in government-to-government programs, prompt referral of the documentation to USDA for pursuit of the claim with copy to AID/W. (See paragraph III.D.2 below.)

C. Interior Losses

1. Fault of Cooperating Sponsor

a. Establishing Mission Controls

(1) After the Mission Food for Peace Officer has ascertained that all the circumstances surrounding the reported loss, damage, or misuse of commodities support a claim, documented in accordance with paragraphs II.B.1. and III.B.1. above, and HB 9, he/she recommends that the Mission Controller issue a B/C to the cooperating sponsor. The Mission Controller assures the adequacy of the supporting documentation and consideration of the provisions of HB 9 prior to the issuance of the billing.

(2) Mission billings to cooperating sponsors are coded, numbered, and processed in the Mission accounts receivable ledger as an integral part of the Mission receivable function prescribed in this chapter, including reporting thereon in the monthly Mission Report of Billing and Collection Transactions (U-141). Billings issued to cooperating sponsors reflect the codes prescribed for Title II claim activity in this chapter. The amounts billed represent indebtedness payable in U.S. dollars or in local currency dollar equivalent amount as set forth in AID Regulation 11, Section 211.9(g). For claim collectible in U.S. dollars, the B/C shows in the "BILLING OFFICE ACTION" section the amount due as a refund for credit to USDA account 12X4336, "Commodity Credit Corporation Charter Act." In addition, on the copies of the B/C furnished to the cooperating sponsor, the "Explanation of Billing" section shows in bold letters or other appropriate marking, **"CREDIT TO USDA ACCOUNT 12X4336 UNDER P.L. 480, TITLE II, COMMODITY TRANSFERS"** as a basis

III.C.1.a.(2)

for identifying any remittances which are received at AID/W. (See paragraph III.C.1.b. below.) All collections, in U.S. dollars, are reported on the Mission U-141 Report for credit to the USDA account 12X4336.

(3) All Mission P.L. 480, Title II, B/C's are issued in terms of dollar-stated claims, including billings under which remittances are made in local currency. (See AID Regulation 11, Section 211.9(g).) Thereby, both dollar and local currency repayable claims are susceptible to uniform reporting and processing within the AID receivable system as prescribed in this chapter. For claims payable in local currency, the B/C shows the amount of the dollar billing in both the "EXPLANATION OF BILLING" and "BILLING OFFICE ACTION" sections. Also, the "BILLING OFFICE ACTION" section shows the Treasury foreign currency sales account 20FT401 as the account to be credited with the collection. On the Mission U-141 Report, the billing transaction is reflected in dollars (column (8A)) against fund symbol "F401" (column (5)).

(4) Informal billings against cooperating governments as cooperating sponsors under Title II, in effect prior to these procedures, are converted to formal billings and reflected in the Mission controls as prescribed above. For this purpose, the Mission copy of the old billing is annotated for conformance with the billing number sequence and related transaction codes prescribed in this Chapter. The converted bill shows the same date as the bill issued under previous memorandum procedures. Old and new bill numbers, codes, and other indicia are shown on a conversion list maintained by the Mission Controller to identify remittances from the cooperating sponsors.

(5) B/C's issued to cooperating sponsors instruct the debtor to make remittances payable to the "U.S. Treasury." Voluntary agencies and intergovernmental organizations are instructed to pay their claims at AID/W with specific remittance to the Cashier, Office of Financial Management. Other cooperating sponsors are instructed to make payment to the American Embassy Cashier Office (USDO), which is furnished with a copy of the billing. (See AID Regulation 11, Section 211.9(g).) In some cases, voluntary agencies and intergovernmental organizations may also remit to the American Embassy Cashier Office, which is furnished with a copy of the billing by the Mission where this method of payment is coordinated in advance between the cooperating sponsor concerned and the Mission. B/C's adequately explain the nature of the billing, the country or location identified with the incurrence of the loss or damage, and other appropriate clarification of the nature and basis of the claim. Each billing must include the commodity description, quantity, and value of each commodity as shown on the report of loss

III.C.1.a.(5)

prescribed in HB 9. Billings initiated on the basis of reports and supporting information on loss, damage, or misuse of Title II commodities emanating from a diplomatic post are controlled by the issuing Mission or other AID office servicing the post and are executed in accordance with the foregoing procedures.

b. Followup and Collection Action

(1) In coordination with the Mission Controller, the Mission Food for Peace Officer pursues followup action for recovery of amounts due from cooperating sponsors. The Mission Controller furnishes copies of B/C's to the Food for Peace Officer for this purpose. Upon receipt of remittances, the American Embassy Cashier Office annotates the B/C copy previously furnished by the Mission with the Deposit Ticket (DT) number, date of deposit, dollar amount, whether remitted in dollars or local currency in accordance with AID Regulation 11, Section 211.9(g). The annotated billing is returned to the Mission Controller, with copy of the DT, for accounting control and inclusion in the U-141 Report.

(2) Where local currency is remitted, the Mission, upon receipt of the annotated billing as above, shows on the collection document (B/C or NC/A) the units of local currency in the "Amount" block which identifies the remittance. However, in order to establish a basis for reporting and processing the collection transaction in accordance with the AID receivable system, as prescribed in this chapter, the collection document (B/C or NC/A) shows in the "BILLING OFFICE ACTION" section the dollar value of the underlying B/C and the Treasury foreign currency sales account 20FT401 credited with the deposit. On the Mission U-141 Report, the collection is reflected as a dollar-equivalent transaction (column (8B)) against fund symbol "F401" (column (5)). The Mission assures that the collection in local currency is effected at the rate of exchange required to satisfy the dollar-stated billing. Thus, both the amount billed and the amount collected are the same as reported in the U-141.

(3) With respect to remittances made at AID/W by voluntary agencies and intergovernmental organizations, the Central Accounting Division, Office of Financial Management (FM/CAD), furnishes the Mission with advice of the collection as a basis for clearing the Mission receivable. The remittance and a copy of the B/C furnished by the remitter are transmitted by the Central Accounting Division, Office of Financial Management (FM/CAD), to USDA, Attention: Fiscal Division, ASCS, Washington, D.C. 20250. The collection is recorded in the Mission's accounts receivable ledger and reported on the next following U-141 Report.

III.C.1.b.

(4) USDA is advised of amounts credited to USDA account 12X4336 upon receipt of (a) SF 1221, Statement of Transactions, by the servicing disbursing officer with respect to U.S. dollar collections or (b) FS 488, Foreign Currency Statement of Transactions and Account Current, with respect to the proceeds of sale from Treasury foreign currency sales account 20FT401.

c. Action on Uncollectible Amounts

(1) Criteria for Administrative Action

The Mission exhausts all means available to it to effect collection from cooperating sponsors. When further pursuit of collection is determined to be unproductive, uneconomical, and infeasible toward recovery from the debtor, in accordance with the criteria in this chapter and HB 9, the Mission may compromise a claim or suspend or terminate collection action on a claim. Monetary limitations, standards, and implementing procedures for Agency administrative action on Title II claims are prescribed in this chapter.

(2) Mission Control Over Administrative Actions

(a) When a Title II claim is compromised, the amount which is relinquished is written off the Mission accounts receivable controls. Upon collection of the balance the account is closed. When a Mission terminates collection action on a claim, the entire amount is written off the accounts. Suspended collection action on a claim is reflected as a continuing Mission receivable during the period in which collection effort is suspended. Based on a tickler file or other appropriate followup technique, the Mission Controller assures timely resumption of followup on suspended collection action in coordination with the Mission Food for Peace Officer. Administrative collection action is resumed as early as possible considering the circumstances surrounding the loss, financial ability of the debtor to make payment, and the status of the pertinent Title II program.

(b) Accounts reflecting writeoffs, including claims on which collection action has been terminated, are removed to an inactive file for subsequent administrative review. Missions report action on compromise of claims or on termination of collection action in the U-141 Report in accordance with the transaction codes prescribed.

III.C.

2. Fault of Third Parties

a. Responsibility of Cooperating Sponsors

(1) The responsibility of cooperating sponsors for assertion and pursuit of claims against third parties for damage, misuse, diversion, or improper distribution of Title II commodities is set forth in HB 9. The documentation prescribed therein provides the basis for identification and followup by the Food for Peace Officer with the cooperating sponsor in establishing whether or not recoveries have been made under third parties' claims or in determining the need for other action by the Mission directly with the cooperating sponsor. When, in the judgment of the Mission, the cooperating sponsor fails to make a reasonable effort to collect a valid claim against a third party or does not pursue timely collection to avoid barring the claim by undue delay, the cooperating sponsor may be liable to the U.S. Government for the value of the commodities lost, damaged, or improperly utilized. (See AID Regulation 11, Section 211.9(e).) Based on sufficient evidence and justification to assert the claim directly against the cooperating sponsor, the Mission pursues collection action by issuing a formal B/C against the cooperating sponsor.

(2) The Mission assumes responsibility for collection of third-party claims when (a) the Mission is requested to do so by the cooperating sponsor due to preclusion of recovery by the cooperating sponsor under circumstances beyond its control, (b) pursuit of the claim by the Mission is determined to be more effective and in the interests of the U.S. Government, and/or (c) the cooperating sponsor has discontinued operations in the country of distribution and right of action against the third party will be abandoned upon termination of the Title II program.

b. Mission Records on Third-Party Claims

(1) Followup files on third-party claims are maintained by the Food for Peace Officer and supported by documentation originated by the prescribed report of loss. (See HB 9.) The Mission Controller supports his/her review, comments, and clearances of the propriety of the third-party claim, from a technical accounting point of view, by appropriate documentation which is furnished when the report of loss is returned to the Food for Peace Officer for the latter's claims files. The Mission Controller retains a copy of the report of loss and accounting documentation, as required, for use in cross-reference to and followup with the basic claims file maintained by the Food for Peace Officer. The Mission Controller assigns a suitable numeric or alpha-identification to each claim, as established in the report of loss, within a unique sequential series independent of the numbering system prescribed in this chapter, for

III.C.2.b.(1)

formal billings. The Mission Controller's report file and the Food for Peace Officer's claims file, together with supporting documents, are maintained as memorandum records and support accounting-type actions requisite to the conduct of the Agency's functions and responsibilities for third-party claims as prescribed in AID Regulation 11 and HB 9. The Mission Controller provides staff assistance and technical advice to the Food for Peace Officer in maintaining an adequate and complete claims file with the establishment or performance of minimum additional records or accounting operations consonant with the foregoing objective. The Mission Controller's and Food for Peace Officer's files on third-party claims constitute a unified record of complementary elements and are jointly used for coordinated program and technical accounting and control purposes. (See HB 9.)

(2) Third-party claims are not bona fide receivables of the U.S. Government until asserted against the cooperating sponsor. Therefore, third-party claims are not formally controlled in the Mission accounts receivable ledger or evidenced by Mission-issued B/C's as in the case of receivables for which the Mission is accountable. (See paragraph III.C.1. above.)

(3) The memorandum records on third-party claims, maintained as stated above, identify both the third party and the cooperating sponsor which instituted claims action. Working arrangements are developed between the Mission Controller and the Food for Peace Officer to assure that advice on outstanding third-party claims is furnished to the American Embassy Cashier Office in order to permit the identification of remittances received from third parties and the preparation of an Advice of Collection by the Embassy Cashier Office to the Mission. (See AID Regulation 11, Section 211.9(g).) Mission reports on third-party claims activity to AID/W are submitted only as specifically prescribed by AID/W. When furnished, the reports are based on the information in the memorandum records described above.

c. Followup and Collection Action

The Mission Controller and the Mission Food for Peace Officer provide assistance and guidance to the coperating sponsor for the conduct of effective followup with the third party at fault toward early collection of the amount due. See detailed guidelines on followup in HB 9. When remittance is received, the American Embassy Cashier Office furnishes an Advice of Collection, showing the Deposit Ticket number, date, amount, and identity of the remitter, to the Mission Controller. Upon receipt, the Mission Controller annotates the report file on the third-party claim with the collection and transmits the advice, or other suitable notification, to the Food for Peace Officer. The collection is reflected in the claim file maintained

III.C.2.c.

by the Food for Peace Officer and the file on the case concerned is closed and in the Mission U-141 Report as simultaneous billing and collection. Periodically, the Mission Controller and the Food for Peace Officer reconcile the elements comprising the Mission memorandum records on third-party claims to establish agreement on claims outstanding and paid.

d. Action in Lieu of Recovery from Third Party

(1) Where recovery from the third party at fault cannot be effected and the cooperating sponsor is not deemed liable for contributory negligence or other faulty performance causing the loss or damage to Title II commodities in the possession of the third party and, also, where other surrounding circumstances do not warrant asserting the claim against the cooperating sponsor, the Mission Director, with the advice of the Mission Food for Peace Officer and the Mission Controller, may approve a settlement for less than the full amount. Administrative action toward this end is in conformance with the monetary limitations, criteria, and procedures applicable to compromise of claims or the suspension or termination of collection action on Title II claims as prescribed in this chapter.

(2) When the Mission seeks recovery directly from the cooperating sponsor, based on a determination of liability and supporting evidence, the Mission Controller issues a formal B/C against the cooperating sponsor. As required, supplementary documentation is furnished by the Mission Food for Peace Officer to authenticate and confirm the validity of the claim asserted against the cooperating sponsor and the establishment of a related AID receivable in accordance with paragraph II.B. above. The billing issued to the cooperating sponsor is coded and numbered as prescribed in this chapter. The date of the bill is the date of issuance to the cooperating sponsor. The billing is reported in the Mission U-141 Report in the normal manner. On billings issued to voluntary agencies and intergovernmental organizations, the "Explanation of Billing" section of the B/C shows the credit account, as provided in paragraph III.C.1.a. above, to permit identification of the remittance at AID/W.

(3) When an uncollectible third-party claim is disposed of by other Mission administrative action and the claim is not asserted against the cooperating sponsor, the Mission advises the cooperating sponsor accordingly. The memorandum records on the claim are annotated to reflect disposition by administrative action and the file on the claim is closed.

III.C

3. Loss or Damage in Inland Transportation

a. Voluntary Agencies and Intergovernmental Organizations

Pursuant to AID Regulation 11, Section 211.7(d), voluntary agencies and intergovernmental organizations have responsibility for action on claims arising from loss or damage during inland transportation in the intermediate country to a designated inland point of entry in the recipient country in the same manner as prescribed for claims against third parties in paragraph III.C.2. above. Remittances are made by inland carriers or other parties at fault to the American Embassy Cashier Office, which furnishes advice of collection to the Mission Controller for transmittal to the Food for Peace Officer. Memorandum records and followup on these claims follow the requirements prescribed in paragraph III.C.2. above.

b. Cooperating Governments

(1) The Mission which pays for inland transportation under government-to-government programs is responsible for establishing valid claims against inland carriers for loss or damage of commodities while in transit to the point of entry in the recipient country. The Mission Food for Peace Officer promptly furnishes the Mission Controller with supporting documentation as the basis for establishing the claim and requests that a B/C be issued for recovery of the amount due upon confirmation of the validity of the claim. The Mission establishes formal control over these claims and pursues collection in accordance with paragraph III.C.1. above. The debtor is instructed to make remittance to the Mission Cashier Office. Collections are deposited with the servicing disbursing officer to the credit of the AID account 72-12X4336, "Commodity Credit Corporation Capital Fund." The Mission advises AID/W of collection by Advice of Charge.

(2) Followup for collection is pursued by the Mission Food for Peace Officer in coordination with the Mission Controller as provided in paragraph III.C.1.b. above. Upon receipt of remittance, the Mission Cashier Office annotates on the copies of B/C and furnishes a copy to the Mission Food for Peace Officer in addition to the normal distribution prescribed in this chapter.

(3) Administrative action on compromise of claims or on suspension or termination of collection action on claims against inland carriers in government-to-government programs is taken by the Mission in accordance with the monetary limitations, standards, and implementing procedures in this chapter.

III

D. Shipping Losses in Ocean Transportation

1. Voluntary Agencies and Intergovernmental Organizations

Pursuant to specific procedures prescribed in AID Regulation 11 with respect to Title II commodities lost or damaged in ocean transportation, outturn reports, and other prescribed documentation for claims against ocean carriers are submitted directly by voluntary agencies and intergovernmental organizations to USDA. These cooperating sponsors pursue restitution of losses directly with ocean carriers, within the limitations and conditions prescribed in AID Regulation 11, Section 211.9(c), and remit collections directly to USDA. When general average has been declared on a shipment, and Title II cargo loss or damage is handled by USDA under rights of subrogation to the cooperating sponsor's claim as documented in prescribed reports.

2. Cooperating Governments and Other Cooperating Sponsors

a. Mission Action on Reports of Loss or Damage

Claims for loss or damage in ocean transportation of Title II commodities transferred to cooperating governments are pursued by USDA on the basis of documentation transmitted to it from the cooperating sponsor through the Mission and AID/W. The Mission Food for Peace Officer immediately reviews the outturn reports prescribed in AID Regulation 11 in order to assure that sufficient documentation is assembled to support the prompt filing of a claim by USDA against the ocean carrier involved. The Mission Food for Peace Officer verifies that the prescribed data are properly and accurately prepared, and promptly requests the cooperating-country government to immediately produce any missing data if necessary. The Mission Controller develops working arrangements with and furnishes necessary staff assistance to the Mission Food for Peace Officer in assuring that all data required for the pursuit of a claim for loss or damage during ocean transportation are furnished to USDA. The Mission transmits the supporting documentation to Chief, Claims and Collections Division, Prairie Village ASCS Commodity Office, P.O. Box 8377, Shawnee Mission, Kansas 66208, with duplicate copies of such documents to the Office of Food for Peace, Food for Development Division, AID/W, with pertinent comments. Transmittal should be made within 60 days from the final date of discharge of the commodity covered by the outturn report.

b. USDA Action

USDA determines liability or the absence thereof, files appropriate claims against ocean carriers, and pursues such claims to conclusion.

IV. Sales of Title II Commodities and Containers

A. Use of Proceeds

AID Regulation 11 provides that funds accruing to cooperating sponsors from the sale of containers and the sale of certain Title II commodities, including funds received from charges to recipients under specified programs, may be retained by cooperating sponsors. The proceeds accruing from authorized Title II commodity sales are required to be used for purposes which directly contribute to achieving the objectives of the program. (See Sections 211.5(h)(2) and (i).) The proceeds of sales of Title II commodities, where such proceeds are not available for use by cooperating sponsors, are credited to the Treasury foreign currency sales account 20FT401. (See Section 211.8(b).)

B. Host-Government Deposits to Special Account

When the cooperating sponsor is the host government, local currency proceeds available for use, as authorized above, are deposited in the name of the host government in a separately identified "Agricultural Commodity Account." Based on reports from the cooperating sponsor, as prescribed in the Food for Peace Program Agreement and HB 9, the Mission Food for Peace Officer requests the Mission Controller to issue billings, if required, to the host government for deposit of proceeds of sale of Title II commodities. The funds are accounted for in the same manner as "Counterpart Funds," subject to the accounting and reporting requirements prescribed in Chapter 5, AID Foreign Currency Programs, of this Handbook.

C. Proceeds of Sale Not Authorized for Use by Cooperating Sponsors

When the cooperating sponsor is not authorized to use the proceeds of sale of Title II commodities, pursuant to AID Regulation 11, Section 211.8(b), the Mission Controller coordinates with the Food for Peace Officer for receipt of prescribed reports from the cooperating sponsor on the disposition of the commodities involved as the basis for followup on remittances which are required to be made to the American Embassy Cashier Office. The Mission Controller also coordinates with the Embassy Cashier Office for receipt of Advice of Collection, showing the Deposit Ticket number, date, amount, and credit to Treasury sales account 20FT401. These remittances are reflected as simultaneous billings and collections in the Mission U-141 Report in the U.S.-dollar equivalent amount based on the exchange rate prescribed in AID Regulation 11, Section 211.9(g). As requested, the Mission Controller participates with the Food for Peace Officer in effecting collection from cooperating sponsors when use of proceeds of sale of Title II commodities is not authorized. If timely remittances are not forthcoming, the Mission Controller

IV.C

issues a formal B/C to the cooperating sponsor on the basis of the report of sale. These billings are subject to the same control and accountability as prescribed in paragraph III.C.1. above.

V. Recoveries Under Section 204 "Self-Help" Programs

The Food for Peace Officer furnishes supporting documentation to the Mission Controller as the basis for the issuance of a B/C for recovery of amounts established as valid claims against cooperating sponsors for improper utilization of funds for "self-help" projects authorized under P.L. 480, Section 204. See HB 9. The procedures and controls prescribed in paragraphs III.C.1. and III.C.3.b. above for claims under Title II commodity transfers and claims for loss or damage in inland transportation in government-to-government programs, respectively, are also applicable to amounts due under Section 204 operations. The cooperating sponsor is instructed to remit to the Mission Cashier Office, which deposits these collections with the servicing disbursing officer for credit to AID account 72-12X4336. The Mission furnishes an Advice of Charge on the collection to AID/W. Billing and collection transactions applicable to these claims are also reported in the Mission U-141 Report.

Attachment 7B

COLLECTION OF EMPLOYEE DEBTS BY PAYROLL DEDUCTION OR OTHER ADMINISTRATIVE ACTION

1. General. This attachment explains procedures for action on AID employees delinquent debts to the United States Government when normal collection cannot be effected and the application of waiver authority on claims for erroneous payment of pay, allowances, travel, transportation, and relocation expenses and allowances in accordance with applicable legislation. In order to comply with due process in accordance with Federal Claims Collection Standard, AID must give the debtor written notice of the nature and the amount of the debt, demand for payment, and AID's intention to collect by offset.

2. Authority

a. Title 5 U.S.C. 5514 (P.L. 83-497, July 15, 1954). Title 5 U.S.C. 5514, as amended, authorizes agencies to collect the amount of employee debt in monthly installments, or at officially established pay intervals, by deduction from the current pay account of the individual. The deduction may be made from basic pay, special and incentive pay, retired and retained pay, or, in case of an individual not entitled to basic pay, other authorized pay. However, it also states that agencies must provide due-process rights to the employee.

b. Title 5 U.S.C. 5584, as amended. Title 5 U.S.C. 5584 provides authority for the waiver of a claim of the United States arising, on or after July 1, 1960, from an erroneous payment of pay or allowances, other than travel and transportation allowances, to an employee of an executive agency in an amount aggregation not more than $500 in accordance with standards prescribed by the Comptroller General of the United States.

c. Title 5 CFR 550.1104. 5 CFR 550.1104 authorizes each agency to issue regulations, subject to approval by the Office of Personnel Management (OPM), governing the collection of a debt by salary offset. Among other things, the subsection requires that agency regulations identify the exceptions to the procedural requirements under 5 U.S.C. 5514.

d. Federal Claims Collection Act of 1966 (P.L. 89-508, July 19, 1966). The Federal Claims Collection Act of 1966 (FCC Act), as amended, prescribes procedures for collection of claims arising from agency activities and other administrative action to effect settlement and disposition of delinquent and/or uncollectible debts. It also authorizes agencies to charge interest and penalties on late payments, and administrative costs for handling the delinquent claims (31 U.S.C. 3717).

e. Title 4 CFR 102. The regulations under Parts 101 through 105 issued jointly by the Comptroller General of the United States and the Attorney General of the United States prescribe standards for the administrative collection, compromise, termination of agency collection, and the referral to the General Accounting Office, and to the Department of Justice for litigation, of civil claims. Section 102.4 provides standards for administrative offset against amounts payable from Civil Service Retirement and Disability Fund, and similar funds. Section 102.13 provides standards for assessing interest charge, penalties and administrative costs.

f. P.L. 97-276, 96 Stat. 1195-1196.(October 2, 1982) Authorizes the collection of debts by offset against the current pay of any employee if a court judgment has been obtained against the employee.

g. Title 5 CFR 831.1801 to 831.1808. Prescribes procedures for AID/W to request OPM to recover a debt owed to the United States by Administrative offset against money due and payable to the debtor from the Civil Service Retirement and Disability Fund.

3. Scope

a. These procedures apply to amounts due from civilian personnel who are current or former AID employees as a result of the following:

(1) Any erroneous, improper or incorrect payment, including but not limited to (a) salaries or wages, including allowances, (b) reimbursements such as travel expenses, representation, etc., and (c) other payments.

(2) Any indebtedness, including recovery of excess and/or unused advances, etc. by issuance of Notification Letters or Bills for Collection, as provided in this chapter.

b. "Current" employees include persons who have terminated their AID services but who have not received final payment of pay (salary or wages) and other benefits due them. "Former" employee include persons who are (1) employed by another U.S. agency; (2) presently receiving or eligible for retirement annuities under Civil Service or Foreign Service Retirement Program, or entitled to withdrawal of contributions to the program; and (3) any other person whose outstanding indebtedness was incurred as an AID employee.

c. These procedures cover internal and government-wide collection under 5 U.S.C. 5514.

4. Exceptions

The procedural requirements of 5 U.S.C. 5514 need not be applied to collections which are not considered debts, such as excess pay or allowance caused by:

a. An employee election of coverage or of change in coverage or failure to pay while in nonpay status or while salary was not sufficient to cover the cost of premiums under a Federal Benefits program which requires periodic deductions from pay and which can not be placed into effect immediately because of normal processing delays; and

b. Unpaid Federal Taxes to be collected by Internal Revenue Service Levy.

c. Premium due because of the annuitant's election of Part B, Medicare coverage.

d. An Annuitant elects in writing to have withheld from his or her annuity debts due from overpayment of military retired pay.

e. Adjustments in pay rates or allowances which cannot be placed into effect immediately because of normal processing delays.

However, if the period of the normal processing delay for which the retroactive deduction must be recovered does not exceed four pay periods, a notice shall be issued by PFM/FM/OS/P that:

(1) Because of the employee's election, future salary will be reduced to cover the period between the effective date of the election and the first regular withholding, and the employee may dispute the amount of the retroactive collection by notifying PFM/FM/OS/P; or

(2) Due to a normal adjustment in pay or allowances which could not cover any excess pay or allowances received by the employees; the employee may dispute the amount of the retroactive collection by notifying PFM/FM/OS/P.

5. Establishing Employee Debts, Followup and Collection

a. General. The process of the claims function for amounts due from AID employees (current or former), including the issuance of notification letters or bills for collection (B/C), followup for prompt payment, and collection and deposit of remittances, is explained in Chapter 7.

b. Time Limitation. Actions to recover amounts due from current or former employees is barred unless the legal complaint is filed within 6 years after the right of action accrues. Also, the right of action is deemed to accrue again at the time of each partial payment or written acknowledgement of the debt by the current or former employee. As necessary, billing offices confer with AID General Counsel on when right of action accrues under these claims. However, if it is cost effective to leave the claim unresolved for more than 6 years, agencies may exercise the administrative offset right within ten (10) years after the notification of the initial claim in accordance with the Federal Claims Collection Act of 1966, as amended (31 U.S.C. 3716). (Ref. Comptroller General Decision B-201823 dated 10/9/81: "Upon determination of indebtedness under 5 U.S.C. 5514, Fed. employee's debt arising from erroneous payment made by his agency on his behalf for storage of his household goods may be collected from his pay. This procedure is not subject to 6-year statute of limitation in 28 U.S.C. 2415(d).")

c. Delinquent Employee Debts

(1) Employee indebtedness becomes delinquent when the debt cannot be collected within 30 days of a given day in the letter of notification or B/C.

Immediately after the due date specified in the initial notification or B/C, the following procedures are to be used:

(a) A demand letter is immediately issued by the billing office to advise the debt is delinquent and late payment charge must be included in the payment.

(b) If the debt is still delinquent for another 30 days, a second demand letter is then issued to advise the employee of AID's intention to disclose to credit bureaus if not responding within 60 days.

(c) When the debt is 60 days past due, a third demand letter is issued to advise that AID intends to collect by Administrative offset, such as, payroll deduction by AID or through a new employer agency, deduction from amounts available in Civil or Foreign Service Retirement and Disability Funds, if payment/arrangement is not made within 30 days from the date of this (third demand) notice. These demand letters must state the amount of the debt and demand for payment.

However, as advised in Subsection A.6 of OMB memorandum to Debt Collection Officials of U.S. Agencies dated January 19, 1984, delinquent debts of current Federal employees will not be reported to credit bureaus since it is expected that collection of such debts can be accomplished by salary offset. Also, for current Federal Employees, the second demand letter is not required.

In the third demand letter, the employee is also advised of the following rights:

1. An opportunity to inspect and copy agency records pertaining to the debt, to the extent that such opportunity does not include inspection of investigative material where disclosure of these records (e.g. grand jury transcripts, classified information, etc.) is prohibited;

2. An opportunity to obtain a review within the Agency of the determination of indebtedness;

3. An opportunity to enter into a written agreement with AID under terms agreeable to the Chief, PFM/FM/OS/P, to establish a schedule for the repayment of the debt. AID must exercise sound judgment in determining whether to accept a repayment agreement in lieu of offset; acceptance of repayment agreements should consider the likelihood to repayment. It is important that the employee is continuing U.S. government employment or the existence of external controls such as host government court orders. If an employee is separated, a repayment agreement generally should not be accepted.

4. An opportunity for a hearing on AID determination concerning the existence or the amount of the debt, and in the case of an individual whose repayment schedule is established other than by a written agreement pursuant to (c) above, concerning the terms of the repayment schedule. The petition for hearing should be filed on or before the fifteenth (15th) day following receipt of this demand letter to Agency for International Development, Office of Personnel and Financial Management, Central Accounting Reporting Division, Room 603, SA-2, Washington, D.C. 20523.

5. A reasonable opportunity for an oral hearing -- unless AID's collection system is one where determinations of indebtedness or waiver rarely involve issues of credibility or veracity and the creditor agency has determined that the review of the written record is ordinarily an adequate means to correct prior mistakes.

The procedures for collection by administrative offset is provided in Section 6.f below.

(2) When delinquent employee indebtedness cannot be collected, compromise of the claim or suspension or termination of collection action may be effected by AID in accordance with the FCC Act. Also, claims arising from erroneous payments of pay, travel, transportation, relocation expenses, or allowances may be waived by AID in accordance with 5 U.S.C. 5584 (see Section 8 below). Normally suspension action on employee debt is not taken since the debt is subject to continuing pursuit of collection until final determination of uncollectability by AID or referral to the General Accounting Office (GAO).

(3) USAID-employee indebtedness is never considered to be uncollectible as the basis for USAID action on compromise of the claim, termination of collection action, or waivers in connection with erroneous payment of pay, travel, transportation, relocation expenses, or allowances. Disposition of USAID uncollectible employee debt is effected only by AID/W including waiver of claims, pursuant to referrals from the USAID.

6. Recovery of Employee Debts

a. USAID-Employee Debts

(1) USAID controls over employee debts continue in effect during pursuit of collection. Ordinarily, employee debts should be collected in one lump-sum. However, if the employee is financially unable to pay in one lump-sum, arrangement may be made with employees for equal installments either through cash payments or deductions from the current pay account. The installments should include late payment charges at the higher of either the Treasury current value of funds rate or the prompt payment rate on the date the arrangement is made plus penalty of 6% per annum for employee debt delinquent more than 90 days and administrative costs for handling the delinquent indebtedness.

(2) AID/W assistance in effecting collection may be requested of the Payroll Division (PFM/FM/OS/P). Assistance by PFM/FM/OS/P may be in the form of payroll deduction; request to a new U.S. employer agency for withholding of pay or other collection; or request to the Office of Personnel Management (OPM) or Department of State for deduction of amounts available in the Civil Service or Foreign Service Retirement and Disability Fund when the employee has officially separated from Government or ceased in participation of CSR. The USAID's request for AID/W assistance is supported by a copy of the notification letter or B/C issued to the employee, a copy of the notice of intent providing the employee a reasonable opportunity for a pre-offset hearing, if requested, and other supporting documentation, such as, computation of late payment charge, etc. When recovery is effected by PFM/FM/OS/P, the USAID is advised as a basis for clearing the employee receivable in its accounts, and reporting thereon in the next USAID Report of Billing and Collection Transaction (Report Control Symbol U-141).

(3) In requesting AID/W assistance for amounts due from current employees whose debts are 30 days past due (i.e., 30 days after the notice of intent), USAIDs recommend the salary offset schedule set forth in the notice of intent (see Agency policy in 6a(5) below). PFM/FM/OS/P assures that the amounts deducted do not exceed fifteen percent (15%) of the disposable pay from which the deductions are made, except that, to assure full collection before anticipated termination of employment with AID, or agreed in writing by the employee, amounts in excess of fifteen percent of disposable pay are deducted if required. For the purpose of this attachment, "disposable pay" means that part of pay of any individual remaining after the deduction from those earnings of any amounts required by law to be withheld.

(4) The following formula may be used to arrive at an equal installment amount:

(Amount of debt + Amount of late charge from the billing date through the date of arrangement at the rate shown on the B/C, plus penalty, etc., if any)

$$X \frac{i}{1 - \frac{1}{(1+i)^n}} = \text{Amount of equal installment.}$$

Where, i= (rate of late payment charge effective on the date of arrangement + 6% of penalty, if applicable) : 26 (for biweekly installments) or 12 (for monthly installments); n = number of equal installments.

(5) It is Agency policy that each biweekly installment for payroll deduction should be more than $50 but not exceed 15% of disposable pay, and the total number of biweekly installments be less than 26 (i.e., one year) for American employees. Exceptions to this policy or other than that provided in 6a(3) above must be reviewed and approved by the Chief, Payroll Division (PFM/FM/OS/P), AID/W. The USAID controllers are urged to establish a similar policy for Foreign Service Nationals (FSN) and Third Country Nationals (TCN) according to local conditions. For simplicity, PFM/FM rules that equal amounts of late payment/penalty charges will be credited to Account 721499 for each installment collected.

(6) Assistance from the Payroll Division (PFM/FM/OS/P), AID/W may be requested for computing equal biweekly installments.

(7) The USAID advises the employee of collections effected through the assistance of AID/W following receipt of the Notice of Collection/Adjustment (NC/A) or equivalent document from AID/W.

b. Transfer of Uncollectible Employee Debts to AID/W

(1) The conditions and circumstances governing the transfer of uncollectible USAID employee debts to AID/W are set forth in section 7D2 of Chapter 7. The USAID referral to AID/W includes an appraisal of other recovery possibilities by means not available to the USAID; e.g., litigation and/or recommendation on administrative action, other than collection, as authorized by the FCC Act. The USAID transmittal, including prescribed supporting documentation, is sent to the Central Accounting Reporting Division (PFM/FM/CARD). Upon acceptance by PFM/FM/CARD by returning an approved copy of the transmittal, the USAID closes the employee account receivable and the transfer to AID/W is reported on the next USAID U-141, Report of Billing and Collection Transactions.

(2) The USAID advises the employee of the transfer of the debt to AID/W for action. A copy of the transmittal to AID/W or other suitable notification may be used for the purpose. In the case of former employees, the advice is forwarded to the debtor's last known address.

(3) AID/W controls over USAID transfers and related administrative actions are prescribed in section 7E7 of Chapter 7.

c. AID/W Employee Debts

(1) Responsibilities of AID/W billing offices for pursuit of employee debts are set forth in section 7E6 of Chapter 7. Collection by payroll deduction is effected on request of the billing office that advised the employee of the method of recovery (see 5c(1) above). The same policy for payroll deduction as prescribed in 6a(3) and (4) above should be followed by PFM/FM/OS/P.

(2) Administrative action on AID/W employee's uncollectible debts, other than collection, is recommended by the responsible billing office to PFM/FM/CARD for termination, or through PFM/FM/CARD to the General Counsel (GC) for compromise. The billing office retains its suspense file on the claim until it is advised of the results of action by PFM/FM/CARD, or GC. Disposition of the claim is documented by an NC/A prepared by the billing office as a basis for recording the action in the official accounts.

d. Collection by Other U.S. Government Agency

(1) Requests for assistance in effecting collection of debt from former AID employees are coordinated with PFM/FM/CARD and sent by PFM/FM/OS/P to the payroll office of the new-employer agency as soon as it is established that the debtor is employed with that agency. The new-employer agency is requested to make payroll deductions or request that the debtor make a direct payment to the cashier in the full amount (subject to collection regulations) including late payment charge, penalty and administrative costs. PFM/FM/OS/P will complete and certify the appropriate debt claim form specified by the Office of Personnel Management (OPM). As feasible and possible, this method of recovery is applicable to delinquent employee debts established by both AID/W billing offices and USAIDs where, in connection with the latter, AID/W has been asked to assist in collection of claims which remain in the USAID accounts until receipt of advice of collection from AID/W.

(2) The former employee is advised by PFM/FM/OS/P of the request to the new employing agency for collection. A copy of the request or other suitable advice may be used.

e. Collection for Other U.S. Government Agency

(1) As provided in subsection 213.9(b), Subpart B of AID Regulation 13, AID may use salary offset against one of its employees who is indebted to another agency, if requested to do so by that agency. Such a request must be accompanied by a certification by the requesting agency that the person owes the debt (including the amount and basis of the debt and the due date of the payment) and that the agency has complied with its regulations required by 5 U.S.C. 5514 and 5 CFR Part 550, Subpart K.

(2) Upon receipt of the request from the other agency together with the required certification, PFM/FM/OS/P makes payroll deduction(s) as requested and transmits the deducted portion to the creditor agency.

f. Collections by Administrative Offset

(1) Requirements for a Pre-offset Oral Hearing and Administrative Offset Procedures for Employees

(a) Whenever AID is considering debt collection by means of deduction from the current pay account, the billing office must notify the debtor of this intention and provide the debtor an opportunity for a pre-offset oral hearing (see 5.c.(1) above). Such a hearing shall be provided if the debtor, on or before the fifteenth (15th) day following receipt of the notice of intent, files a petition requesting such a hearing to PFM/FM/CARD, Room 603, SA-2, Washington, D. C. 20523.

(b) The timely filing of a petition for hearing shall stay the commencement of collection proceedings. However, as required by the Debt Collection Act of 1982, late payment charge and penalty shall accrue from the respective effective date until the claim is fully paid/cancelled.

(c) When the debtor submits a petition for a hearing after the 15th day following receipt of the notice of intent, PFM/FM/CARD will accept the request only if the employee can show that the delay was because of circumstances beyond his/her control or because of failure to receive notice of the time limit (unless otherwise aware of it).

(d) Within five (5) work days, PFM/FM/CARD shall transmit the petition for hearing together with appropriate documentation including determination of the debt(s) to the Labor/ Management Relations Division, Office of Personnel Management, AID/W (PFM/PM/LMR) who will arrange a hearing to be conducted by an appropriately designated official (an administrative law judge, or alternatively, a hearing official not under the control of the AID Administrator). PFM/PM/LMR shall notify the employee, the billing office and FPM/FM/CARD of the time, date, and location of the hearing. A final decision by the hearing official must be issued not later than sixty (60) days after the filing of the petition for requesting the hearing.

(e) The exception to this rule exists when the employee is terminating and the time prior to termination does not permit a pre-offset hearing. In this situation where the billing office determines that (a) final pay amounts accruing to the debtor are available for administrative offset in satisfaction of the alleged debt and (b) such amounts would not be available for administrative offset subsequent to termination, the agency may withhold a sum not greater than that of the alleged debt and, subsequent to termination, must promptly provide an opportunity for an oral hearing to resolve the issue of debt or waiver. Amounts withheld but later determined not owing to the Government shall be promptly released plus interest at the rate of prevailing on the date of payment equivalent to the current value of funds to the Treasury.

(2) Collection by Administrative Offset Against Retirement Funds

(a) PFM/FM/OS/P, in coordination with PFM/FM/CARD, as necessary, may request the Office of Personnel Management (OPM) or Department of State (DS) to set off the amount due including any late payment charge/penalty from a former employee against funds in the Civil Service Retirement Fund or the Foreign Service Retirement and Disability Fund which are available either for payment under a retirement annuity (present or deferred) or withdrawal of contributions. It cannot be effected until an employee has separated from employment or has ceased participation in CSR.

(b) To request the Recovery of Debt due against retirement funds, PFM/FM/OS/P is required to submit a duly completed Request for Recovery of Debt due the United States, Standard Form (SF) 2805 and Recertification of Request for Recovery of Debt due the United States (AID), OPM form 1552 (temporary form until SF 2805 is revised), or if a SF 2805 cannot be sent, a "Notice of Debt" memo with the SF 2806 (which is an individual's retirement record maintained by PFM/FM/OS/P) to OPM within 60 days. If the employee's debt due AID is outstanding, PFM/FM/OS/P cannot accepted the employee's application for a refund of retirement or SF 50 documentation without the SF 2805/form 1552 or at least a written "Notice of Debt" memo attached.

(c) OPM will accept an agency's request for recovery of a debt from CSR or FERS funds including interests but will not collect the debt and make a payment to the AID/W unless the debtor has failed to pay the debt on demand (see section 5c), and files an application for refund or annuity from CSR or FERS funds.

(d) If the debtor pays the debt, PFM/FM/OS/P must notify OPM to void the recovery of debt immediately.

(e) When requesting recovery of a debt from CSR fund or FERS, PFM/FM/OS/P must certify that:

1. the debtor owes the United States a debt, including the amount and basis of the debt, and the date on which payment is or was due;

2. the amount and reason for the debt and whether additional interest will accrue;

3. the date the U.S. Government's right to collect the debt first accrued;

4. If a competent administrative or judicial authority issues an order directing OPM to refund the amount collected from the debtor and paid to AID, AID will reimburse OPM or pay the debtor directly within 15 days of the date of the order.

5. If the collection will be in installments, the creditor agency must specify the amount of the installments either by a percentage of net annuity or by a specific dollar amount.

(f) If the debt involves fraud etc., the procedure for collection will be processed by the Department of Justice.

(g) The debtor concerned is advised by PFM/FM/OS/P, in coordination with PFM/FM/W/CARD as necessary, of action taken on administrative offset of the debt against amounts available in the Retirement Fund.

(h) For more details on collecting debts due AID from annuities or refund of retirement funds refer to the Federal Personnel Manual System (FPM letter 831-90) or Foreign Affair Manuals.

g. Disposition of Employee Receivables Controlled by AID/W

(1) Upon collection, employee debts that were transferred by USAIDs to AID/W and employee debts incurred at AID/W are cleared from the controls maintained in the central accounts. Normal collection documentation (B/C copy or NC/A) is initiated if the debtor remits directly. If collection is effected by payroll deduction, through another employer agency, or by administrative offset against the Retirement Fund, the NC/A or equivalent is originated by PFM/FM/OS/P. In the case of termination of collection, the NC/A is initiated by the responsible AID/W billing office. In the case of transfers to the GAO, the NC/A is prepared by PFM/FM/CARD.

(2) Normally, AID does not take action on official suspension of employee debt. Claims against employees continue to be held in the active claims file of the responsible billing office or, with respect to transfers to

AID/W from the USAID, in the files of PFM/FM/CARD for ongoing review and pursuit of collection. There is no impact on the official controls over these receivables until the amount is collected or other administrative action is taken as provided in the FCC Act.

(3) Employee debt referred by the General Counsel (GC) to the Department of Justice for litigation or other proceedings remains in the official accounts until advice is received through the GC of action taken pursuant to such referral. Upon receipt of notice, the responsible billing office prepares an NC/A establishing collection or other disposition of the debt.

(4) When an employee debt is settled by compromise by the GC, the responsible billing office prepares the NC/A for clearing the amount from the official accounts.

7. Collection Receipts. Receipts from collection of employee debt are credited to the account shown on the underlying B/C. Recovery of erroneous, improper, or incorrect payments to employees is credited as an appropriation refund. Other collections may result in appropriation reimbursements or credits to the general fund of the U.S. Treasury and are processed in accordance with the accounting classification shown on the B/C.

8. Waiver of Claims for Erroneous Payment of Pay and Allowances, and of Travel, Transportation, Relocation Expenses and Allowances

a. Waiver Authority. Title 5 U.S.C. 5584 provides that a claim arising out of an erroneous payment of pay or allowances made on and after July 1, 1960, or arising out of an erroneous payment of travel, transportation or relocation expenses and allowances, on or after December 28, 1985, to an employee of an agency, the collection of which would be against equity and good conscience and not in the best interests of the United States, may be waived in whole or in part by the head of an agency or the Comptroller General of the United States when (1) the claim is in an amount aggregating not more than $500; (2) the claim is not the subject of an exception made by the Comptroller General in the account of any accountable official; and (3) the waiver is made in accordance with standards prescribed by the Comptroller General of the United States (4 CFR, Chapter 1, Parts 91-93). Waiver of claims of more than $500 can be made only by the Comptroller General of the United States. The waiver authority has been delegated by the AID Administrator to the Assistant to the Administrator for Management (AA/M) by Delegation of Authority No. 85 and redelegated to the AID Controller by Redelegation of Authority No. 85.3. This authority is further redelegated to the Chief, PFM/FM/CARD.

b. Time Limitations

(1) Claims for erroneous payments of pay or allowances, or travel, transportation or relocation expenses may be waived if application for waiver is received in PFM/FM/CARD no later than three years immediately following the date on which such erroneous payments was discovered. Upon receipt of application for waiver, PFM/FM/CARD registers it in accordance with para. 8g(1) below, and transmits within five (5) days a copy to the USAID concerned or the AID/W billing office (normally PFM/FM/OS/P) for investigation. The USAID concerned or the AID/W billing office furnishes a report of investigation of the claim no later than the sixtieth (60th) day after receipt of the request for waiver to PFM/FM/CARD. PFM/FM/CARD makes determination (either approval or denial) within five (5) days.

(2) Application for refund of amounts repaid to AID by an employee or former employee for an erroneous payment of pay or allowances, or travel, transportation or relocation expenses and allowances must be made within a period of 2 years following the date of waiver of collection by AID. Normally, AID actions on waiver and refund are concurrent without need for separate application for refund by the employee or former employee.

c. Standards for Waiver of Claims

(1) Definition of terms, including "employee," "pay," "allowances," "travel, transportation or relocation expenses and allowances," governing the exercise of waiver authority by AID is provided in the standards prescribed by the Comptroller General. Cases of doubtful application of the definition of terms to a particular situation may be submitted for decision to the Comptroller General.

(2) A waiver determination is generally supported by findings that the erroneous payment occurred through administrative error and that there is no indication of fraud, misrepresentation, fault, or lack of good faith on the part of the employee or other person having an interest in obtaining a waiver of the claim.

(3) Waiver action on a claim established by AID in an amount aggregating not more than $500 without regard to any repayments by an employee to AID may be taken on all or part of the claim except that AID may not waive a claim which (a) is the subject of an exception made by the Comptroller General in the account of an accountable official, (b) has been transmitted to the GAO for collection, or (c) referred to the Department of Justice for litigation.

(4) The facts and circumstances supporting waiver of a claim by AID are documented in a written record as prescribed in 8.d. below. Cases are processed promptly so as to permit a waiver determination to be made within the prescribed time limitation.

(5) Waiver authority granted by 5 U.S.C. 5584 does not affect authority for administrative action under the FCC Act for compromise of a claim or for suspension or termination of collection action. Collection action on a claim for erroneous payment of pay and/or allowances may be suspended permitting waiver action where indicated.

d. Investigation of Claims

(1) Under the Centralized Payroll System, the majority of claims for erroneous payment of pay and/or allowances are established by the Payroll Division (PFM/FM/OS/P) in accordance with this chapter.

(2) When request for waiver is made by the employee or other person having an interest or where action is initiated by AID, PFM/FM/OS/P or the USAID concerned furnishes a report of investigation of the claim, with recommendation on disposition, no later than sixty (60) days after receipt of the request for waiver, to PFM/FM/OS/P. Final action on waiver is taken only by AID/W. USAID referrals of claims to AID/W for waiver determination are processed as prescribed for transfer of uncollectible employee debts. (See 6.b. and 6.g.)

(3) The report of investigation of the erroneous payment of pay, allowance, travel, transportation, relocation expenses and/or allowances (addressed to the attention of: PFM/FM/CARD, when furnished by the USAID) shows:

(a) Amount of the erroneous payment and voucher on which paid.

(b) Date of discovery, circumstances under which made, and whether or not subject to an exception made by the Comptroller General.

(c) Any indication of fraud, misrepresentation, fault, or lack of good faith on the part of the employee or any other person having an interest in obtaining a waiver of the claim.

(d) A statement by the employee as to his/her knowledge of the overpayment.

(e) Any other information as may assist AID in determining whether collection action under the claim would be against equity and good conscience and not in the best interest of the United States.

(4) An investigation will not be required in those cases of overpayment of pay or allowances, or of travel, transportation or relocation expenses and allowances involving amounts of $100 or less where there is no indication in the record of fraud, misrepresentation, fault, or lack of good faith on the part of the employee or any other person having an interest in obtaining a waiver of the claim.

e. Waiver Action. Under Delegation of Authority from the Administrator, AID, to the Assistant to the Administrator for Management (AA/M) and redelegated to Office of Personnel and Financial Management, PFM/FM/CARD exercises waiver determination on claims for erroneous payment of pay and/or allowances, and of travel, transportation and relocation expenses and allowances, when the claim is in an amount aggregating not more than $500 without regard to any repayment.

(1) PFM/FM/CARD takes no waiver action on claims referred to the GAO for collection or the Department of Justice for litigation. If a report of investigation is made subsequent to the referral to the GAO, PFM/FM/CARD transmits the report and recommendation to the GAO for consideration. PFM/FM/CARD also advises the GAO when referral for collection is made to it and AID has previously considered and denied waiver of the claim.

(2) Referral of claims for erroneous payment of pay or allowances, or of travel, transportation or relocation expenses and allowances to the Department of Justice for litigation is not made unless AID has first considered the claim for waiver.

(3) PFM/FM/CARD refers the report of investigation and related recommendation to the GAO for determination if the claim is in an amount aggregating $500 or less, without regard to any repayment and there is doubt as to whether waiver action is proper. If the claim is in an amount aggregating more than $500, PFM/FM/CARD refers the report of investigation and related recommendation to the Comptroller General for final determination.

(4) Documentation of claims considered for waiver action is maintained by PFM/FM/CARD. Reports are submitted in accordance with 8.g.(3) below.

f. Denial of Application for Waiver. PFM/FM/CARD may deny an application for waiver of a claim in any amount, with consultation of the General Counsel (GC), provided that in those cases where the claim is in an amount aggregating more than $500 the employee must be advised of his/her right to appeal the denial to the Comptroller General of the United States.

g. Control of Requests for Waiver and Reporting Requirements

(1) Register. PFM/FM/CARD maintains a register controlling all applications for waiver of claims for erroneous payment of pay and allowances, and of travel, transportation and relocation expenses and allowances. The register shows the dates of application received by PFM/FM/CARD, transmitted to the USAID or AID/W billing office concerned for investigation, and returned from the USAID or AID/W billing office concerned; the amounts of the claim and the waiver requested; the determination and disposition of each claim for erroneous payment considered for waiver; and the date of notification to employee. Each waiver action is identified in accordance with the waiver numbering, certifying, and reporting requirements.

(2) Written Record. This consists of the report of investigation on each case considered; an account of corrective action taken, including continued pursuit of collection by AID or referral to the GAO and reasons therefor; an account of denial action taken and reasons therefor; an account of waiver action taken and reasons therefor; action taken on refund upon AID waiver of the claim; and other pertinent information, including consideration of waiver prior to referral to the Department of Justice for litigation.

(3) Reports. In accordance with 4 CFR 92.7, PFM/FM/CARD prepares a Report of Waiver of Claims for Erroneous Payment of Pay and Allowances (5 U.S.C. 5584) (Report Control No. W-591) to the GAO within 60 days after the close of each fiscal year showing the total amount waived by AID including the number of waiver requests granted in full and the dollar amount waived; number of waiver requests denied in entirety and amount thereof; number of claims which have been waived in part including the aggregate amount waived and the aggregate amount denied in this category; number of requests transmitted to the General Accounting Office for waiver action; the amount refunded as a result of waiver action by AID; and the amount refunded as a result of waiver action by the Comptroller General.

h. Notification to Employee

(1) PFM/FM/CARD sends written notification to the employee, or other person having an interest in obtaining the waiver of the claim, of the waiver determination or denial of the waiver.

(2) PFM/FM/CARD also advises any employee who has repaid a claim, in whole or in part, waived by AID of his right to apply for refund to AID within 2 years of the date of the waiver action. Concurrent action on both waiver and refund is normally taken. Interest on the amount repaid including principal, late payment charge and penalty, if any, from the date of repayment to the date of refund should be added at the rate prevailing on the date of repayment equivalent to the current value of funds to the Treasury.

(3) Refunds are charged to the appropriation from which the erroneous overpayment of pay or allowances was made. Propriety of refund action is established by PFM/FM/CARD, which administratively approves the transaction as a basis for payment by the PFM/FM/OS/P, when the amount of the refund is not in excess of $500.

i. Accounting Control Over Waivers. The underlying account receivable for a claim on which waiver action has been taken is closed and the account transferred to the inactive files. The supporting documentation is initiated by PFM/FM/CARD on a NC/A which provides the input to the AID Financial Accounting Control System (FACS) account receivable. If the amount waived does not eliminate the entire claim, collection of the balance is pursued in the normal manner by the responsible AID/W billing office or USAID.

9. Employee Debts Under Foreign Currency Programs. USAIDs are responsible for establishing, pursuing, and collecting employee debts incurred under AID operations financed by U.S.-owned foreign currency in AID FT accounts. See Handbook 19 Chapter 5, Foreign Currency Programs. USAIDs may request AID/W assistance in effecting collection of delinquent employee debts arising in connection with these programs on an individual case basis. Debts of foreign nationals and other employee debts payable in local currency for credit to an AID FT account is collectible only at the USAID. In unusual cases, the USAID may request AID assistance in effecting collection from any funds available to the employee for credit upon conversion, if required, to the applicable AID FT account.

10. Special Procedures for Recovery of Excess and/or Unused Advances and Training Costs

a. General. Recovery of excess and/or unused advances and training costs is authorized by the statutes as listed in section 2 of this chapter 7, except 5 U.S.C. 5514. Therefore, the provisions for due-process rights in 6.f. and the restriction for periodic salary offset to 15% of disposable pay in 6.a.(3) and (5) above do not apply.

b. Determination of Unused or Excess Travel Advance. As provided in Handbook 22, Chapter 11, Section 11B, a travel voucher should be approved and submitted to the appropriate accounting center (PFM/FM/W or USAID Controller) no later than five working days after completion of travel. However, if no voucher is received by the accounting center within thirty (30) days from the estimated completion date of the proposed travel as stated in the Travel Authorization, the entire amount of the travel advance will be considered unused and due for refund. Where a travel voucher is submitted and the amount allowable for the travel, as determined by the accounting center, is less than the amount of the outstanding travel advance, the excess amount (difference) must be refunded within thirty (30) days from the date of notification from the accounting center (usually by a copy of the approved travel voucher.)

c. Notification of Unused or Excess Travel Advance for Refund. The responsible accounting center (PFM/FM/W or USAID Controller) periodically reviews all outstanding travel advances and notifies travelers of any unused or excess travel advances as determined by the criteria set forth in 10.b. above.

(1) No Travel Voucher Submitted. If a traveler fails to submit a travel voucher within 30 days after the estimated completion date provided in the Travel Authorization, a notification to the traveler will be issued advising the traveler to either submit a travel voucher, refund the full amount of the travel advance, or a combination of these in order to liquidate the advance. The notification should also state that if this situation is not resolved within thirty (30) days from the date of the notification, further collection action will be taken as specified in 10.d. below.

(2) Excess Travel Advance. When a travel voucher is processed and the amount allowed is less than the outstanding travel advance, a copy of the approved voucher is sent to the traveler indicating that a refund of the difference is due and payable within 30 days. If no voluntary refund is received within 30 days from the date of the approved voucher, collection action prescribed in 10.d. below shall proceed.

d. Collection Action.

(1) Active Employees. If the traveler fails to comply with the request in 10.c. above and is an active Federal employee, the full amount of the outstanding travel advance is to be deducted from the available disposable pay starting from the next pay period following the due date as indicated in the notification until fully repaid. (Note: The restriction in 6.a.(3) above does not apply.)

(2) The recovery of travel advance due to AID/W are prescribed in Handbook 22, Section 4B(2).

(3) Non-Federal Employees. If the traveler is not a Federal employee, a Bill for Collection (B/C) should be issued for the full amount of the outstanding travel advance upon determination in accordance with 10.b. above. The B/C is forwarded to the traveler with the notification required in 10.c.(1) above in the format prescribed in Exhibit 7B-2. This notification must include information concerning (a) charging of interest, penalty and administrative costs, (b) intention to refer to private collection agency for collection, and (c) the legal rights of the debtor.

e. Accounting/Reporting Procedure. When a Bill for Collection (B/C) is issued as provided in 10.d.(2) above, the amount billed should be transferred out of the "Travel Advance" account as follows:

(1) USAID. The amount transferred shall be reported under Item A, Disbursement as an increase, and under Item B, Travel Advance as a decrease in U-101 Report. Based on the B/C issued, the amount shall also be included in the U-141 Report.

(2) AID/W. A Journal Voucher will be prepared by PFM/FM/W debiting G/L Account 4100, Operating Expenses - AID/W, (Account 5100 for Housing Guaranty Program) and crediting 1311, Travel Advances - AID/W. The J/V should include B/C number and date issued as reference for control purpose. Based on a copy of the issued B/C, the amount is input to the AID/W Accounts Receivable System.

f. Salary Advance and Training Costs. When it is determined that all or a part of the advance or training costs are due from an employee, the applicable procedures prescribed earlier in this section for salary offset shall be followed.

Exhibit 7B-1 Notice of Intent

Date

Name of Employee
Current Address

Dear Mr./Mrs./Ms.

Reference is made to AID Bill for Collection (Form 7-129) (or notification letter) sent to you on (date of notification) . The B/C (or notification letter) advised that an amount of $_____ was due from you on/before (due date) covering (nature and reason of the debt) _____.

Since we have not heard from you, we have reviewed the claim again and determined that the debt is owed by you. This notice of intent is to advise you that:

(a) the debt is delinquent and a late payment charge must be included in your payment;

(b) AID intends to collect by (select one) (1) payroll deduction, (2) payroll deduction through your currently employing agency, or (3) deduction from amount available in Civil or Foreign Service Retirement and Disability Funds, if payment/arrangement is not made within 30 days from the date of this notice;

(c) an equal amount of $_____ will be deducted from each of your biweekly pay check (or monthly check) starting from (date) through (date) ;

(d) you have the following rights:

1/ an opportunity to inspect and copy Government records relating to the debt;

2/ an opportunity to enter into a written agreement with AID, under terms agreeable to AID, to establish a schedule for the repayment of the debt; and

3/ an opportunity for a hearing on AID's determination concerning the existence or the amount of the debt, or percentage of disposable pay to be deducted each pay period;

(e) the timely filing of a request for hearing will stay the collection proceedings; however, pursuant to the Debt Collection Act of 1982, late payment charge and penalty shall accrue from the respective effective date until the debt is fully paid/cancelled;

(f) if you want a hearing, a written request must be received by AID not later than 30 calendar days from the date of this notice, and properly signed by you;

(g) a final decision on the hearing will be issued at the earliest practical date, but not later than 60 calendar days after the filing of the request for a hearing, unless you request, and the hearing officer grants, a delay in the proceedings;

(h) any knowingly false or frivolous statements, representations, or evidence may subject you to (1) disciplinary procedures appropriate under 5 U.S.C. Chapter 75, 5 CFR Part 752 or any other applicable statutes or regulations; (2) penalties under the False Claims Act, 31 U.S.C. 3729-3731, or any other applicable statutory authority; or (3) criminal penalties under 18 U.S.C. 286, 287, 1001, and 1002 or any other applicable statutory authority;

(i) amounts paid on or deducted for the debt which are later waived or found not owed to AID will be promptly refunded to you unless there are applicable contractual or statutory provisions to the contrary;

(j) all the rights specified in (d) above must be exercised by you within 30 calendar days from the date of this notice, and a written request should be addressed to Chief, Central Accounting Division, Office of Financial Management, Agency for International Development, Room 517, SA-12, Washington, D. C. 20523.

Sincerely,

Chief, Employee Services Division

Exhibit 7B-2

Date

Name and Address:

_____

_____

_____

SSN: _____

Dear M__. _____:

Enclosed herewith is a bill for collection (AID Form 7-129) covering an outstanding travel advance of $_____. This travel advance has been outstanding for more than 30 days from the estimated completion date as provided in AID invitational Travel Authorization No. _____. We have not received your travel voucher to liquidate the travel advance. In accordance with AID collection regulations, we have to take further collection actions.

Please note that the enclosed bill includes the following important notice:

(1) If remittance (and/or a travel voucher) is not received by AID on/before the due date (_____), late payment interest will be charged from the billing date through the date of payment at an annual rate of ___% on the total amount of this bill, or the unpaid balance if partial payments are made before the due date.

(2) If full payment is not received by AID within 90 days from the due date, the following additional charges will be assessed: (a) charges to cover the costs of processing and handling this delinquent bill, and (b) a penalty charge of 6% per annum on the unpaid balance of this bill.

(3) The above late payment and penalty charges should be calculated by you and included in your remittance. You will receive an amendment to this bill from AID covering any costs of processing and handling of the delinquent bill.

Please also be advised that if the required payment and/or travel voucher is not received in this office by _____, we will refer this account to our collection agency for collection in accordance with AID Regulation 13 and the Federal Claims Collection Standards:

If such a situation arises, all costs for processing and handling the delinquent bill will be added to the amount you already owe the Agency.

Under the law, you have the following rights:

(1) Opportunity to inspect and copy Agency records pertaining to the debt;

(2) Opportunity to obtain review within the Agency of the determination of debts; and

(3) Opportunity to enter into a written agreement with the Agency to repay the debt.

The above rights must be exercised no later than the due date indicated above. Your request should be addressed to Agency for International Development, Office of Financial Management (M/FM/CAD), Room 517, SA-12, Washington, D. C. 20523.

Sincerely,

Chief
Travel and Transportation Branch
Employee Services Division
Office of Financial Management

D-19=01
M/PM/TD HAND
DEVELOPMENT RESOURCES CNTR

AID REGULATION 13 - COLLECTION OF CIVIL CLAIMS BY THE AGENCY FOR INTERNATIONAL DEVELOPMENT

INTERNATIONAL DEVELOPMENT COOPERATION AGENCY

Agency for International Development

22 CFR Part 213

Collection of Claims

Subpart A—General Provisions

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§ 213.1 Purpose.

These regulations prescribe the procedures to be used by the Agency for International Development ("AID") in the collection of claims owed to AID and to the United States.

§ 213.2 Scope.

(a) *Applicability of Federal Claims Collection Standards.* Except as set forth in this part or otherwise provided by law, AID will conduct administrative actions to collect claims (including offset, compromise, suspension, termination, disclosure and referral) in accordance with the Federal Claim Collection Standards ("FCCS") of the General Accounting Office and Department of Justice, 4 CFR Parts 101–105.

(b) This part is not applicable to:

(1) Claims arising out of loans for which compromise and collection authority is conferred by section 635(g)(2) of the Foreign Assistance Act of 1961, as amended, 22 U.S.C. 2395(g)(2).

(2) Claims arising from investment guaranty operations for which settlement and arbitration authority is conferred by section 635(i) of the Foreign Assistance Act of 1961, as amended, 22 U.S.C. 2395(i).

(3) Claims against any foreign country or any political subdivision thereof, or any public international organization.

(4) Claims where the A.I.D. Administrator or his designee determines that the achievement of the purposes of the Foreign Assistance Act of 1961, as amended, 22 U.S.C. 2151 *et seq.*, or any other provision of law administered by A.I.D. require a different course of action.

§ 213.3 Subdivision of claims.

A debtor's liability arising from a particular contract or transaction (for example, each individual Supplier's Certificate and Agreement, Form AID 282) shall be considered a single claim for purposes of the monetary ceilings of the FCCS.

§ 213.4 Late payment, penalty and administrative charges.

(a) Except as otherwise provided by statute, loan agreement or contract, A.I.D. will assess:

(1) *Late payment charges* (interest) on unpaid claims at the higher of the Treasury tax and loan account rate or the prompt payment interest rate established under section 12 of the Contract Disputes Act of 1978.

(2) *Penalty charges* at 6 percent a year on any portion of a claim that is delinquent for more than 90 days.

(3) *Administrative charges* to cover the costs of processing and calculating delinquent claims.

(b) Late payment charges shall be computed from the date of *mailing* or *hand delivery* of the notice of the claim and interest requirements.

(c) *Waiver.* (1) Late payment charges are waived on any claim or any portion of a claim which is paid within 30 days after the date on which late payment charges begin to accrue.

(2) The 30 day period may be extended on a case-by-case basis if it is determined that an extension is appropriate.

(3) AID may waive late payment, penalty and administrative charges under the FCCS criteria for the compromise of claims (41 CFR Part 103) or upon a determination that collection

of the charges would be against equity and good conscience or not in the best interests of the United States, including for example:

(i) Pending consideration of a request for reconsideration, administrative review or waiver under a permissive statute,

(ii) If repayment of the full amount of the debt is made after the date upon which interest and other charges become payable and the estimated costs of recovering the residual balance exceed the amount owed, or

(iii) If collection of interest or other charges would jeopardize collection of the principal of the claim.

§ 213.5 Demand for payment.

(a) A total of three progressively stronger written demands at approximately 30-day intervals will normally be made, unless a response or other information indicates that additional written demands would either be unnecessary or futile. When necessary to protect the Government's interest, written demand may be preceded by other appropriate actions under the Federal Claims Collection Standards, including immediate referral for litigation and/or offset.

(b) The initial written demand for payment (usually a Bill for Collection, Form AID 7-129) shall inform the debtor of:

(1) The basis for the claim;

(2) The amount of the claim;

(3) The date when payment is due 30 days from date of mailing or hand delivery of the initial demand for payment;

(4) The provision for late payment (interest), penalty and administrative charges, if payment is not received by the due date.

§ 213.6 Collection by offset.

(a) Collection by administrative offset will be undertaken only on claims which are liquidated or certain in amount. Offset will be used whenever feasible and not otherwise prohibited. Offset is not required to be used in every instance and consideration should be given to the debtor's financial condition and the impact of offset on Agency programs or projects.

(b) The procedures for offset in this Section do not apply to the offset of Federal salaries under 5 U.S.C. 5514 or offset under section 640A of the Foreign Assistance Act of 1961, as amended, 22 U.S.C. 2399.

(c) Before offset is made, the agency will provide the debtor with written notice informing the debtor of:

(1) The nature and amount of the claim;

(2) The intent of the agency to collect by administrative offset, including asking the assistance of other Federal agencies to help in the offset whenever possible, if the debtor has not made payment by the payment due date or has not made an arrangement for payment by the payment due date;

(3) The right of the debtor to inspect and copy the records of the agency related to the claim;

(4) The right of the debtor to a review of the claim within the agency. If the claim is disputed in full or part, the debtor shall respond to the demand in writing by making a request to the billing office for a review of the claim within the agency by the payment due date stated in the notice. The debtor's written response shall state the basis for the dispute. If only part of the claim is disputed, the undisputed portion must be paid by the date stated in the notice to avoid late payment, penalty and administrative charges. If A.I.D. either sustains or amends its determination, it shall notify the debtor of its intent to collect the claim, with any adjustments based on the debtor's response by administrative offset unless payment is received within 30 days of the mailing of the notification of its decision following a review of the claim.

(5) The right of the debtor to offer to make a written agreement to repay the amount of the claim.

(6) The notice of offset need not include the requirements of paragraphs (c) (3), (4) or (5) of this section if the debtor has been informed of the requirements at an earlier stage in the administrative proceedings, e.g., if they were included in a final contracting officer's decision.

(d) A.I.D. will promptly make requests for offset to other agencies known to be holding funds payable to a debtor and, when appropriate, place the name of the debtor on the "List of Contractors Indebted to the United States." A.I.D. will provide instructions for the transfer of funds.

(e) A.I.D. will promptly process requests for offset from other agencies and transfer funds to the requesting agency upon receipt of the written certification required by § 102.3 of the FCCS.

§ 213.7 Disclosure to consumer reporting agencies and contracts with collection agencies.

(a) A.I.D. may disclose delinquent debts, other than delinquent debts of current Federal employees, to consumer reporting agencies in accordance with 31 U.S.C. 3711(f) and the FCCS.

(b) A.I.D. may enter into contracts with collection agencies in accordance with 31 U.S.C. 3718 and the FCCS.

Subpart B—Salary Offset Provisions

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§ 213.8 Scope.

(a) This subpart sets forth AID's procedures for the collection of a Federal employee's pay by salary offset to satisfy certain valid and past due debts owed the United States Government.

(b) This subpart applies to:

(1) Current employees of AID and other agencies who owe debts to AID.

(2) Current employees of AID who owe debts to other agencies.

(c) This subpart does not apply to debts or claims arising under the Internal Revenue Code of 1954 (26 U.S.C. 1 et seq.); the Social Security Act (42 U.S.C. 301 et. seq.); the tariff laws of the United States; or to any case where collection of a debt by salary offset is explicitly provided for or prohibited by another statute (e.g. travel advances in 5 U.S.C. 5705 and employee training expenses 5 U.S.C. 4108).

(d) This subpart does not apply to any adjustment to pay arising out of an employee's election of coverage or a change in coverage under a Federal benefits program requiring periodic deductions from pay or ministerial adjustments in pay, if the amount to be recovered was accumulated over four pay periods or less.

(e) These regulations do not preclude an employee from:

(1) Requesting waiver of erroneous payment of salary, travel, transportation and relocation expenses and allowances;

(2) Requesting waiver of any other type of debt, if waiver is available by statute; or

(3) Questioning the amount of validity of a debt by submitting a subsequent claim to the General Accounting Office.

(f) Nothing in these regulations precludes the compromise, suspension or termination of collection actions where appropriate under subpart A or other regulations.

§ 213.9 Coordinating offset with another federal agency.

(a) When AID is owed the debt. When AID is owed a debt by an employee of another agency, the other agency shall not initiate the requested offset until AID provides the agency with a written certification that the debtor owes AID a debt (including the amount and basis of the debt and the due date of payment) and that AID has complied with these regulations.

(b) When another agency is owed the debt. AID may use salary offset against one of its employees who is indebted to another agency, if requested to do so by that agency. Such a request must be accompanied by a certification by the requesting agency that the person owes the debt (including the amount and basis of the debt and the due date of payment) and that the agency has complied with its regulations required by 5 U.S.C. 5514 and 5 CFR Part 550, Subpart K.

§ 213.10 Determination of indebtedness.

(a) In determining that an employee is indebted to AID and that 4 CFR Parts 101 through 105 have been satisfied and that salary offset is appropriate, AID will review the debt to make sure that it is valid and past due.

(b) If AID determines that any of the requirements of paragraph (a) of this section have not been met, no determination of indebtedness shall be made and salary offset will not proceed until AID is assured that the requirements have been met.

§ 213.11 Notice requirements before offset.

Except as provided in § 213.8, salary offset will not be made unless AID first provides the employee with a minimum of 30 calendar days written notice. This

Notice of Intent to Offset Salary ("Notice of Intent") will state:

(a) That AID has reviewed the records relating to the debt and has determined that a debt is owed, the amount of the debt, and the facts giving rise to the debt;

(b) AID's intention to collect the debt by salary offset, i.e. by means of deduction from the employee's current disposable pay until the debt and all accumulated interest are paid in full;

(c) The amount, frequency, approximate beginning date, and duration of the salary intent;

(d) An explanation of that late payment, penalties and administrative costs will be charged in accordance with § 213.4, unless excused in accordance with § 213.4(c);

(e) The employee's right to inspect and copy agency records relating to the debt;

(f) The employee's right to enter into a written agreement with AID for a repayment schedule differing from that proposed by AID, so long as the terms of the repayment schedule proposed by the employee are agreeable to AID;

(g) The right to a hearing conducted by a hearing official on AID's determination of the debt, the amount of the debt, or percentage of disposable pay to be deducted each pay period, so long as a request for a hearing filed by the employee as prescribed by § 213.12;

(h) That the timely filing of a request for hearing will stay the collection proceedings;

(i) That a final decision on the hearing will be issued at the earliest practical date, but not later than 60 calendar days after the filing of the request for a hearing, unless the employee requests, and the hearing officer grants, a delay in the proceedings;

(j) That any knowingly false or frivolous statements, representations, or evidence may subject the employee to:

(1) Disciplinary procedures appropriate under 5 U.S.C. Chapter 75, 5 CFR Part 752, or any other applicable statutes or regulations;

(2) Penalties under the False Claims Act, 31 U.S.C. 3729–3731, or any other applicable statutory authority; or

(3) Criminal penalties under 18 U.S.C. 286, 287, 1001, and 1002 or any other applicable statutory authority;

(k) Any other rights and remedies available to the employee under statutes or regulations governing the program for which the collection is being made;

(l) That amounts paid on or deducted for the debt which are later waived or found not owed to the United States will be promptly refunded to the employee, unless there are applicable contractual or statutory provisions to the contrary;

(m) The method and time period for requesting a hearing; and

(n) The name and address of an AID official to whom communications should be directed.

§ 213.12 Request for a hearing.

(a) Except as provided in paragraph (c) of this section, an employee must file a request for a hearing, that is received by AID not later than 30 calendar days from the date of AID's notice described in § 213.11 if an employee wants a hearing concerning:

(1) The existence or amount of the debt; or

(2) AID's proposed offset schedule (including percentage).

(b) The request must be signed by the employee and should identify and explain with reasonable specificity and brevity the facts, evidence and witnesses which the employee believes support his or her position. If the employee objects to the percentage of disposable pay to be deducted from each check, the request should state the objection and the reasons for it.

(c) If the employee files a request for hearing later than the 30 calendar days as described in paragraph (a) of this section, the hearing officer may accept the request if the employee can show that the delay was because of circumstances beyond his or her control or because of failure to receive notice of the filing deadline (unless the employee has actual notice of the filing deadline).

§ 213.13 Result if employee fails to meet deadlines.

An employee waives the right to a hearing and will have his or her disposable pay offset in accordance with offset schedule set forth in the Notice of Intent if the employee:

(a) Fails to file a petition for a hearing as prescribed in § 213.12; or

(b) Is scheduled to appear and fails to appear at the hearing.

§ 213.14 Hearings.

(a) If an employee timely files a request for a hearing under § 213.12 AID shall select the time, date, and location for the hearing.

(b)(1) Hearings shall be conducted by an appropriately designated hearing official; and

(2) Rules of evidence shall not be adhered to, but the hearing official shall consider all evidence that he or she determines to be relevant to the debt that is the subject of the hearing and weigh it accordingly, given all of the facts and circumstances surrounding the debt.

(c) AID will have the burden of going forward to prove the existence of the debt.

(d) The employee requesting the hearing shall bear the ultimate burden of proof.

(e) The evidence presented by the employee must prove that no debt exists or cast sufficient doubt such that reasonable minds could differ as to the existence of the debt.

§ 213.15 Written decision following a hearing.

Written decisions provided after a hearing will include:

(a) A statement of the facts presented to support the nature and origin of the alleged debt and those presented to refute the debt;

(b) The hearing officer's analysis, findings and conclusions, considering all of the evidence presented and the respective burdens of the parties, in light of the hearing;

(c) The amount and validity of the alleged debt determined as a result of the hearing; and

(d) The amount, frequency, beginning date and duration of the salary offset, if applicable.

§ 213.16 Review of agency records related to the debt.

(a) *Notification by employee.* An employee who intends to inspect or copy agency records related to the debt must send a letter to the official designated in §213.11(n) stating his or her intention. The letter must be received by AID within 30 calendar days of the date of the Notice of Intent.

(b) *AID's response.* In response to the timely notice submitted by the debtor as described in paragraph (a) of this section, AID will notify the employee of the location and time when the employee may inspect and copy AID records related to the debt.

§ 213.17 Written agreement to repay debt as alternative to salary offset.

(a) *Notification by employee.* The employee may propose, in response to a Notice of Intent, a written agreement to repay the debt as an alternative to salary offset. Any employee who wishes to do this must submit a proposed written agreement to repay the debt which is received by AID with 30 calendar days of the date of the Notice of Intent.

(b) *AID's response.* AID will notify the employee whether the employee's proposed written agreement for repayment is acceptable. AID may accept a repayment agreement instead of proceeding by offset. In making this determination, AID will balance AID's interest in collecting the debt against hardship to the employee. If the debt is delinquent and the employee has not disputed its existence or amount, AID will accept a repayment agreement, instead of offset, for good cause such as, if the employee is able to establish that offset would result in undue financial hardship or would be against equity and good conscience.

(c) *Procedures.* If the employee and AID enter into a written agreement to repay instead of salary offset, the debt will be repaid in accordance with the provisions of the agreement and the procedures of § 213.18 will not apply.

§ 213.18 Procedures for salary offset.

Unless AID agrees otherwise, the procedures for salary offset are as follows:

(a) *Method.* Salary offset will be made by deduction at one or more officially established pay intervals from the current pay account of the employee without his or her consent.

(b) *Source.* The source of salary offset is current disposable pay which is that part of current basic pay, special pay, retainer pay, or in the case of an employee not entitled to pay, other authorized pay remaining after the deduction of any amount required by law to be withheld.

(c) *Types.* Ordinarily debts will be collected by salary offset in one lump sum if possible. However, if the employee is financially unable to pay in one lump sum or the amount of the debt exceeds 15 percent of disposal pay for an officially established pay interval, the collection by salary offset must be made in installment deductions.

(d) *Amount and duration of installment deductions.* (1) The size of installment deductions must bear a reasonable relation to the size of the debt and the employee's ability to pay. If possible the size of the deduction will be that necessary to liquidate the debt in no more than 1 year. However, the amount deducted for any period must not exceed 15 percent of the disposal pay from which the deduction is made,

unless the employee has agreed to a greater amount.

(2) Installment payments of less than $25 per pay period will be accepted only in the most unusual circumstances.

(3) Installment deductions will be made over a period of not greater than the anticipated period of employment.

(e) *When deductions may begin.* (1) Salary offset will begin as of the date stated in the Notice of Intent, unless a hearing has been requested.

(2) If there has been a timely request for a hearing, salary offset will begin as of the date stated in the written decision provided after the hearing.

(f) *Additional offset provisions.*—(1) *Liquidation from final check.* If employment ends before salary offset is completed, the remaining debt will be liquidated by offset from subsequent payments of any nature due the employee from AID as of the date of separation (e.g. final salary payment, lump-sum leave, etc).

(2) *Offset from other payments.* If the debt cannot be liquidated by offset from any final check, the remaining debt will be liquidated by offset from later payments of any kind due the former employee from the United States.

§ 213.19 Non-waiver of rights.

So long as there are no statutory or contractual provisions to the contrary, no employee payment (of all or portion of a debt) collected under this subpart will be interpreted as a waiver of any rights that the employee may have under 5 U.S.C. 5514.

§ 213.20 Refunds.

(a) AID will refund promptly to the appropriate individual amounts offset under these regulations when:

(1) A debt is waived or otherwise found not owing the United States (unless expressly prohibited by statute or regulation); or

(2) AID is directed by an administrative or judicial order to make a refund.

(b) Refunds do not bear interest unless required or permitted by law or contract.

Attachment 7D

COLLECTION OF CLAIMS BY ADMINISTRATIVE OFFSET

A. Purpose and Applicability

This attachment sets forth guidelines and procedures for the recovery of amounts owed AID by a supplier or contractor through the withholding of an amount equal to AID's claim from any funds owed the debtor by AID or another U.S. Government agency. These procedures do not apply to debts owed by other agencies of the United States or by any State or local government; nor do they apply in any case in which collection of the type of debt involved by administrative offset is explicitly provided for or prohibited by another statute. Administrative offset cannot be applied against a letter of credit (Federal Reserve Bank or Treasury Financial Communication System), however, suspension or revocation of letter of credit may be used to urge the indebted recipient early settlement of AID's claim.

B. Authority

Section 640A of the Foreign Assistance Act of 1961, as amended

Paragraph (b) of Section 640A, FA Act of 1961, as amended, authorizes the agencies to withhold from funds owed by any agency of the United States Government to a person who knowingly made false, fraudulent, or fictitious claims for payment from funds made available under the Act an amount equal to the refund, damages, liquidated damages, and exemplary damages claimed by the United States under this section.

Section 3716 of the Federal Claims Collection Act of 1966, as amended

Paragraph (a) of Section 5 of the FCC Act of 1966, as amended (31 U.S.C. 3716) authorizes collection of claims* outstanding not more than ten (10) years by administrative offset. (*the date of the claim shall be the date that the Bill for Collection is issued to the debtor.)

AID Regulation 13 - Collection of Civil Claims by the Agency for International Development

AID Regulation 13 incorporates by reference the Joint Regulations of the Comptroller General of the United States and the Attorney General of the United States (4 CFR Parts 101

through 105) prescribing standards for administrative action on civil claims by the U.S. Government for money or property pursuant to the Federal Claims Collection Act of 1966, as amended.

Section 102.3 of the Federal Claims Collection Standards jointly issued by the Attorney General of the United States and the Comptroller General of the United States

4 CFR 102.3 provides standards for collection by administrative offset, and procedural rights of a debtor.

C. Statutory Time Limitations

28 U.S.C. 2415 provides a six year limitation on initiation of actions on claims against debtors. However, if it is cost effective to leave the claim unresolved for more than 6 years, agencies may exercise the administrative offset right within ten (10) years after the notification of the initial claim in accordance with the Federal Claims Collection Act of 1966, as amended (31 U.S.C. 3716).

D. Definitions

As used in this Attachment

"Administrative Offset" means withholding money payable by the United States Government to or held by the Government for, a person to satisfy a debt the person owes the Government.

"Person" includes any individual, corporation, partnership, association or other legal entity.

E. Policy

1. The procedures described in this attachment may be invoked whenever it appears to the Office of Financial Management (M/FM) that such action is in the best interests of the Agency and is likely to result in the most expeditious collection of a claim. The procedures are especially appropriate for use in collection of claims of the following types:

a. Claims for refund, damages, liquidated damages, and exemplary damages arising under Section 640A, False Claims and Ineligible Commodities, of the Foreign Assistance Act of 1961, as amended.

b. AID/W-issued claims against suppliers or contractors which the debtors have not paid despite a reasonable amount of followup activity on the part of the issuing office.

c. USAID-issued claims which have been referred to AID/W for collection after having been deemed uncollectible at the USAID level.

2. Use of the administrative offset procedure, as described below, to collect amounts due AID is invoked only after consideration of the other courses of action which may be available under applicable statutes, regulations, or AID policy, either as alternatives to the administrative offset procedure or to supplement it. For instance, when AID claims grow out of grave offenses, prosecution of the offender by the Department of Justice under civil or criminal statutes may be more appropriate than administrative action by AID to recover damages. The propriety of suspension or debarment of the offending party under the provisions in AID Regulation 8, should be considered, as should use of the prior-review requirements of Section 201.33 of AID Regulation 1 to protect the Agency against the necessity of further claims against the same party upon continued violations of AID Regulation 1.

F. Procedures for Collection of Claims by Administrative Offset

1. Prerequisites

a. Under Section 640A of the Foreign Assistance Act of 1961, as amended

In order to secure recovery under this section, the billing office, after consulting with the Deputy Controller, Office of Financial Management (M/FM/DC), should (1) request the Office of General Counsel (GC) to institute suit in the United States district court for any judicial district in which the person alleged to have performed or participated in an act described by this section may reside or may be found, and (2) upon posting by registered mail to such person a notice of claim describing the basis therefor and identifying the funds to be withheld, withhold from funds owed by any agency of the United States Government to such person the amount claimed by AID under this section.

The amount to be withheld should include (1) an amount equal to 25 per centum of the amount sought to be wrongfully secured or obtained but not actually received, and (2) forfeiture and refund of any payment, compensation, loan,

commission, or advance received as a result thereof, and (3) in addition, the sum of $2,000 plus double the amount of any damage which AID may have sustained by reason thereof, or an amount equal to 50 per centum of any such payment, compensation, loan, commission, or advance so received, whichever is the greater, together with the cost of law suits.

Unless the person brings a law suit for recovery against AID in any United States district court within one year from the date of the notice of claim, such withholding of funds will be considered as the final determination of the rights and liabilities of the person under this Section.

b. Under Section 3716 of the Federal Claims Collection Act of 1966, as amended

(1) After trying to collect a claim from a person in accordance with the prescribed procedures, AID may collect the claim by administrative offset. When the claim is delinquent for 60 days, the AID billing office should send a written notice to the debtor advising that if the claim is not satisfied within 30 days, AID will collect the claim by administrative offset, and explaining that the debtor has the following due process rights:

(a) an opportunity to inspect and copy AID records related to the claim;

(b) an opportunity for a review within AID of the decision related to the claim; and

(c) an opportunity to make a written agreement with AID to repay the amount of the claim. (See Section E, Scheduled Installment Payments, of Attachment 7E of this Chapter.)

(2) Exceptions to the procedures - AID may effect administrative offset against a payment to be made to a debtor prior to the completion of the procedures required by paragraph (1) above if: (i) Failure to take the offset would substantially prejudice the Government's ability to collect the debt, and (ii) the time before the payment is to be made does not reasonably permit the completion of those procedures. Such prior offset must be promptly followed by the completion of those procedures. Amounts recovered by offset but later found not to be owed to the Government shall be promptly refunded.

(3) Type of Hearing or Review - Because in AID debt collection system, determinations of indebtedness rarely involve issues of credibility or veracity, review of the written record is ordinarily an adequate means to correct prior mistakes. AID determines that an oral hearing is normally not required, however, a "paper hearing", i.e., a review of the written record, shall be accorded to the debtor.

2. Coordination by M/FM/CAD

The billing offices, after exercising the required due process protections for the debtor who failed to respond within 30 days from the date of AID notice as prescribed under the FCC Act (see F.1. above) or immediately after determining the false, fraudulent, or fictitious claim as violation of Section 640A of the FA Act, shall certify to the Chief, Central Accounting Division, Office of Financial Management that the provisions of the FCC Act have been fully complied with, and that administrative offset action is hereby authorized. M/FM/CAD will then (1) prepare a list of such debtors and notify M/FM Divisions that have vouchering functions for administrative offset, and (2) forward a letter to U.S. Army Finance and Accounting Center, ATTN: FINCL, Indianapolis, IN 46249 to place those persons on the List of Contractors Indebted to the United States (see F.4. below).

3. List of Contractors Indebted to the United States

a. The "List of Contractors Indebted to the United States" (commonly referred to as the Army Holdup List) is prepared by the Department of the Army to provide a consolidated listing of all contractors and suppliers who have been reported by Federal Agencies to the Department as being indebted to the United States. The list is used by U.S. Government agencies, including AID/W and certain USAIDs, to divert payments otherwise due indebted suppliers to the appropriate office for application against the indebtedness.

b. The list is periodically supplemented by the Department of the Army through additions and deletions as required and is completely revised semi-quarterly. Copies of the supplements or revisions are received from the Department by M/SER/MO, AID/W for distribution within AID. In view of the size of the list and the cost of reproduction, distribution of the complete list is limited to M/FM, which is the certifying office for direct payments in AID/W, M/SER/COM, and to those USAIDs designated by M/FM when there is reason to believe that invoices from the indebted suppliers may be received for processing.

4. Procedures for Placing Names on the "List of Contractors Indebted to the United States"

To place a firm on the List of Contractors Indebted to the United States, an appropriate letter is prepared by the billing office for the signature of the Chief, Central Accounting Division (M/FM/CAD), to U.S. Army Finance and Accounting Center, ATTN: FINCL, Indianapolis, IN 46249. This letter gives the name and address of the debtor or the registered agent of the debtor, and the amount owed AID, the basis for the debt, and the date on which payment is or was due, together with a certification that the provisions of the FCC Act have been fully complied with. This letter requests that any amounts due the debtor firm, up to the amount of AID's claim (see F.1. above), be transferred to AID by a check made payable to "(name of debtor) or the Treasurer of the United States" (i.e., both names), and sent to the Cashier, Central Accounting Division, Office of Financial Management, Agency for International Development, Washington, D.C. 20523, accompanied by an identifying transmittal or a copy of the AID letter. The debtor is notified by registered mail that his/her name is being placed on the "List of Contractors Indebted to the United States."

5. Administrative Offset by Paying Offices

It is the responsibility of the M/FM Divisions that have vouchering functions to maintain a current M/FM/CAD list of debtors and a current copy of the List of Contractors Indebted to the United States. Whenever a voucher for payment is processed, these lists shall be screened to assure that the payee is not on such lists. If the name of the payee appears on such lists, assuming that the creditor agency has provided with appropriate procedural rights prior to puting on the list, the following procedures shall be followed:

a. If the payee is on either list because of a debt to AID, the procedures prescribed in Chapter 4 of AID/W Internal Procedures Manual or Chapter 5 of Controller's Guidebook, both under "Collections Against Current Vouchers", shall be followed. If the administrative offset is for credit to the same appropriation from which payment is made, amounts for both obligations (offset for credit and payment for charge) shall be shown. If the administrative offset is for credit to a different appropriation, a Form SF-1096 "Schedule of Voucher Deductions" shall be prepared.

b. If the payee is on a list because of a debt with another Federal Agency, the paying office shall schedule the voucher for payment in the normal manner except that the check is drawn in favor of "the payee or the Treasurer of the United States (or the General Accounting Office)"; i.e., both names, and together with supporting documents forwarded to the U.S. Army Finance and Accounting Center, ATTN: FINCL, Indianapolis, IN 46249. The Federal payee is determined by the coding on the List of Contractors Indebted to the United States (see General Instruction of the List). If the set-off involves more than one creditor-agency, a check will be drawn to cover each indebtedness and transmitted with a statement sufficient to identify the debts against which they are to be applied. When the amount due the contractor is in excess of the amount due the United States, an additional check for the balance due will be drawn in favor of and forwarded directly to the contractor.

c. The AID paying office should be aware of the following exceptions to withholding:

(1) Joint Venture - The United States may not set-off an unrelated claim against one member of the joint venture from funds owed the joint venture under a separate contract (39 Comp. Gen. 438).

(2) Walsh-Healey Action Violations (41 U.S.C. 35-45) - Indebtedness of contractors arising out of violations of said act may be satisfied only by withholding against contracts subject to the Walsh-Healey Act (Comp. Gen. B-144604, 18 Dec 61, 137 Ct. Cl. 681). Accordingly, checks due contractors placed on the List of Contractors Indebted to the United States for indebtedness by reason of violations of the said act, should be forwarded for set-off only if payments are due contractors under contracts also subject to the said act.

(3) Assignment of Claims Act of 1940, as amended (41 U.S.C. 15: 31 U.S.C. 203) - Payment may not be withheld from assignees under contracts assigned under this law. FAR 32.804 states specifically that assignees will not be subject to set-offs for any liability arising from the assigned contract.

d. When vouchers are presented for payment and there exists doubt as to the propriety of withholding, such as vouchers covering payment to companies with similar names and addresses, or the amount of accrued interest involved where code (P) follows the amount, U.S. Army Finance and Accounting Center, ATTN: FINCL, Indianapolis, IN 46249, should be contacted by letter, or by other means to determine the action to be taken. The telephone numbers are: AUTOVAN 699-3251, Commercial 317-542-3251, and FTS 317-335-3251.

6. Removal from the Lists

When the debt has been completely discharged, the responsible billing office so notifies M/FM/CAD who, in turn, amends its list of AID debtors for administrative offset and/or initiates action by means of a letter to the Department of the Army, to have the name of the firm or individual removed from the List of Contractors Indebted to the United States.

ATTACHMENT 7E

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Attachment 7E

Interest Charges on Claims Against Suppliers/Contractors under Form AID 282, AID 1450-4 or AID 1440-3 and Additional Charges for Payments Received After Due Date

A. Authority

1. Debt Collection Act of 1982 [P.L. 97-177] Section 11 adds a new subsection to the Federal Claims Collection Act of 1966 (31 U.S.C. 3717) which provides that the head of an agency shall charge a minimum annual rate of interest on outstanding debts on claims owed by persons that is equal to the average investment rate for the Treasury tax and loan accounts (known as Treasury Current Value of Funds Rate) for the twelve-month period ending on September 30 of each year, and assess (1) charges to cover the costs of processing and handling delinquent claims, and (2) penalty charge, not to exceed 6 per centum per annum, for failure to pay any portion of a debt more than ninety days past due.

2. 4 CFR 102.13 (the Joint Regulation issued by the Comptroller General of the United States and the Attorney General of the United States) prescribes standards for charging interest (referred to in this Attachment as "Late Payment Charge"), penalties, and administrative costs pursuant to 31 U.S.C. 3717. Subsection 102.13(c) further provides that an agency may assess a higher rate of interest if it reasonably determines that a higher rate is necessary to protect the interest of the United States.

3. AID Regulation 13 provides that interest shall be charged on claims for refund of overpayments from the date of such overpayment if the amount involved and the length of time during which the debtor had use of AID funds warrant such action.

4. HB 1 Supplement B, Section 24C1d, provides that interest shall be charged on claims against suppliers and contractors who have signed a form AID 282 (Supplier's Certificate and Agreement w/AID - Invoice-and-Contract Abstract), AID 1450-4 (Supplier's Certificate and Agreement w/AID for Project Commodities), or a form AID 1440-3 (Contractor's Certificate and Agreement w/AID - Contractor's Invoice-and-Contract Abstract) in event of violations of any of the terms of the certificate.

B. Definitions

For the purpose of this Attachment 7E, the following definitions apply:

1. Delinquent Debt

A debt is considered "delinquent" if it has not been paid by the date specified in the AID Bill for Collection (B/C, Form AID 7-129) (see B.9. below) or applicable contractual agreement, unless other satisfactory payment arrangements (see Section E. below) have been made by that date, or if, at any time thereafter, the debtor fails to satisfy obligations under a payment agreement with AID.

2. Interest Charge

The interest charged on claims for refund of overpayments from the date of such overpayment by AID through the date of Bill for Collection (B/C) as authorized under AID Regulation 13.

3. Late Payment Charge

The charge from the date of Bill for Collection (B/C) through the date of refund by the debtor on outstanding debts owed by persons if not paid on or before the due date as authorized under the Debt Collection Act of 1982. The "Late Payment Charge" used in this Attachment is equivalent to the "interest" as referred to in the Debt Collection Act of 1982 (31 U.S.C. 3717) and the joint regulation issued by the Comptroller General of the United States and the Attorney General of the United States (4 CFR 102.13).

4. Penalty Charge

The charge in addition to the "Late Payment Charge", accrued from the next day of the due date through the date of refund for failure to pay any portion of a debt more than ninety days past due. This charge need not be calculated until the 91st day of delinquency.

5. Rate of Interest Charge

Interest charged by AID shall be at the rate established by the Secretary of the Treasury in accordance with the Internal Revenue Code, 26 U.S.C. 6621(b). Appendix 7E-1 provides the rates established by the Treasury in accordance with the Internal Revenue Code.

6. Rate of Late Payment Charge

The rate of late payment charge authorized by the Debt Collection Act of 1982 is the minimum annual rate to be charged on overdue payments. The percentage rate will be calculated by the Treasury as an average of the current value of funds to Treasury for a 12-month period and will be published in the Federal Register each year by October 31 to become effective January 1. This current value of funds rate is subject to quarterly revisions and will be published in the Federal Register on or around the end of the first month of a calendar quarter, to be applied to overdue payments arising during the succeeding calendar quarter.

Pursuant to 4 CFR 102.13(c) (see A.2. above) and agreed by OMB, AID has determined that effective October 1, 1984, for AID billings for late payment charges, the interest rate is equal to the prompt payment interest rate established by the Secretary of the Treasury under Section 12 of the Contract Disputes Act of 1978, or the Treasury current value of funds rate, whichever is higher.

The applied rate will remain fixed for the duration of the indebtedness unless a different rate is prescribed for an authorized scheduled payment of the delinquent account (see Section E. below); late payment charge will accrue through the date of payment.

7. Rate of Penalty Charge

A fixed rate of 6 per centum per annum, for failure to pay any portion of a debt more than ninety days past due.

8. Date of Refund

The date of refund is considered to be the date on which the refund check is mailed to AID by the debtor. Normally it may be assumed that the check is mailed on the same date as issued. However, if there is more than a 3-day difference between the date of the check and that of the postmarked envelope, the postmark will govern. The time lag will be considered in determining whether to bill for erroneous computation of late payment charge (see paragraph F.1. below).

9. Due Date

The payment due date will be 30 days from the date of Bill for Collection. Under special circumstances, the due date is the same as the date of B/C.

C. Applicability

The procedures are applicable whether collection action is taken through issuance of Bill for Collection (B/C) or by administrative offset (see Attachment 7D of this Chapter) from a voucher payable to the debtor.

1. Interest Charge as authorized under AID Regulation 13

a. The procedures for interest charges provided herein are applicable to all claims for refund of overpayments and/or against suppliers/ contractors who have signed a form AID 282 (Supplier's Certificate), a form AID 1450-4 (Supplier's Certificate for Project Commodities), or a form AID 1440-3 (Contractor's Certificate) in event of violations of any of the terms of the certificate.

b. Interest is not charged in the case of a voluntary refund made by a supplier, contractor, carrier, or bank without issuance of a B/C, e.g., credits, allowances, or adjustment refunds payable to the importer arising out of terms of the contract or custom of the trade. (See G.1.e. below).

2. Late Payment and Penalty Charges as authorized under the Debt Collection Act of 1982

The procedures for late payment and penalty charges provided herein are applicable to bills for collection issued by AID to all persons other than any agency of the United States or any State or Local government.

D. Rules for Charging Interest and Late Payments

1. Period of Interest Charge

Interest normally is computed on a daily basis at the applicable rate(s) and is charged from the date of AID disbursement through the billing date. (Under certain circumstances, interest may be computed at a monthly rate and/or may cover a period differing from that stated above. See para. 3. immediately below.)

2. General Rule for Computation of Interest

In the majority of claims, the claim is developed from a single item (invoice or supplier's certificate) and definite information is available as to the date the payment was made by AID and the due date. In this case the Billing Office (a) determines the number(s) and/or fraction(s) of year for the applicable interest period(s) (see Appendix 7E-1) from the date of AID payment through the date of B/C, (b) multiplies the number or fraction of year to the applicable interest rate, (c) sums up the factors derived from item b above, and (d) multiplies the amount of refund by the sum of the factors (item c).

For example: An overcharge of $1,235 on a voucher paid March 13, 1975, is claimed on a B/C prepared with a billing date of June 30, 1980. The Billing Office would calculate interest as follows:

Interest Rate		No. or Fraction of Year		Factor	For Period
6%	X	120/365	=	.019726	3/13/75 - 6/30/75
9%	X	184/365	=	.0453698	7/1/75 - 12/31/75
9%	X	31/366	=	.0076229	1/1/76 - 1/31/76
7%	X	2	=	.14	2/1/76 - 1/31/78
6%	X	2	=	.12	2/1/78 - 1/31/80
12%	X	151/366	=	.0495081	2/1/80 - 6/30/80
		Total		.3822268	

$1,235 X .3822268 = $472.05 (Total interest).

3. Special Rules for Computation of Interest

In some cases it will be found that in developing the claim it is impossible or administratively infeasible to apply the general rule for computing interest as stated in paragraph 2 immediately above. Therefore, special provision is made for computing interest in the following instances.

a. Multiple-item Claims

In developing interest charges, each transaction (i.e., invoice or Supplier's Certificate) is considered separately according to the date it was paid. The interest charge, therefore, is not computed on the total amount of the claim but rather is the sum of the individual computations on each of the transactions making up the claim. Normally the method stated in paragraph 2 above is the preferred method of computing interest. However, in the case of claims consisting of numerous individual items reflecting varying payment dates plus various interest rates involved during these periods, the administrative burden presented by requiring computation on a daily basis makes this method unrealistic and uneconomical when considered in relation to the time required to make the computation. Accordingly when a claim consists of multiple items, the period on which the interest is computed for each item begins with the beginning of the month following the date of payment of the item and carries through the end of the month before the billing date. A "Schedule for Computation of Interest on Multiple-Item Claims" (see Exhibit 6-13 of Chapter 6, USAID Controller Guidebook) is designed for this purpose. The instruction for the Billing Office to prepare this schedule is prescribed in Chapter 6 of USAID Controller Guidebook.

b. Claim for Overpayment to, or Violation of Terms by, Contractor as Established by Site Audit

This type of claim usually results from adjustment of provisional to actual overhead, or from overpayments disclosed in the site audit. In accordance with audit procedures of the Office of Inspector General (IG), the contractor is first advised of the audit disallowance through the exit conference with the auditor. This is subsequently followed up by a letter from the contracting officer which provides 30 days for rebuttal or other commentary. (In some cases, additional time is also involved where contractors express disagreement and when overhead negotiations are scheduled.) In any event, the B/C is not issued until such time as the Billing Office is notified that a firm claim has been established and that it is proper to issue the B/C. In claims of this type, no interest charge is calculated, but the following clause should be included in the Bill for Collection: "(1) If payment is not received by AID on or before the due date, as

indicated above, a late payment charge will be charged from the billing date through the date of payment at an annual rate of _____% on the total amount of this bill, or the unpaid balance if partial payments are made before the due date. (2) If full payment is not received by AID within 90 days from the due date, the following additional charges will be assessed: (a) charges to cover the costs of processing and handling this delinquent bill, and (b) a penalty charge of 6% per annum on the unpaid balance of this bill accruing from the next day of the due date. (3) The above late payment and penalty charges should be calculated by you and included in your remittance. You will receive an amendment to this bill from AID covering any costs of processing and handling the delinquent bill."

c. Claim against Contractor for Settlement of Advance of Funds

(1) Receipt of Final Voucher

Contracts normally include a clause requiring submission of the final voucher within a specified number of days (usually 90) after expiration of the contract completion date. If the voucher has not been received within 30 days before expiration of the specified period, the USAID controller or M/FM/PAFD, AID/W directs a letter to the contractor reminding him/her of the expiration date for submission of the final voucher and repayment of the advance and advising that failure to submit by that date will result in issuance of a B/C and imposing of late payment and penalty charges on the outstanding advance from the date of B/C until it is paid.

(2) Issuance of B/C

If the final voucher is received within the specified period, the voucher examiner (USAID or AID/W) audits in the usual manner and determines the amount of advance remaining outstanding after applying the amount of approved expenditures as verified in the audit. If the final voucher is not received within the specified period, the entire amount of the outstanding advance is considered delinquent. Upon audit of the final voucher or expiration of the specified period, whichever is later, a B/C is immediately prepared requesting refund of the amount of advance determined to be outstanding as of that date. The B/C directs the debtor to compute and to include in his/her refund check, the late payment charge at the applicable Treasury rate from the date of B/C, plus 6% penalty charge if not paid within 90 days after the due date. However, such B/C should be kept in the Billing Office as a memorandum receivable but not processed through the AID mechanized Accounts Receivable system, because the amount thus billed is still in the "advance" account of the AID official G/L system.

(3) Subsequent Audit Disallowances

The B/C referred to above relates to the outstanding advance only. As a rule, IG's final site audit of the contract is performed at some later date. Any amounts required to be refunded as a result of disallowances made during the site audit are claimed in a separate B/C developed and processed in accordance with subparagraph 3.b. above. Any required adjustment of the previous refund of advance and payment of late/penalty charges is handled at that time.

d. Accounting Entries

Interest, late payment and penalty charges, when paid, are not available for AID use but must be deposited as general fund receipts. Therefore, in preparing the B/C, care must be taken to separate the amount representing interest due on such payments. The fund symbol (721435), the refund code (128), the check in the general fund receipt block and, the G/L accounts 1111/7231 are the same in all cases where interest is included in the B/C. When late payment and penalty charges are included in the remittance, the late payment charge will be credited to Account 721435 "General Fund Proprietary Interest, Not Otherwise Classified", and the penalty and administrative costs, to Account 721099 "Fines, Penalties, and Forfeitures, Not Otherwise Classified" (see I TFRM 6-8020.20e).

E. Authorized Scheduled Payment of Delinquent Accounts

As required by 31 U.S.C. 3716, prior to using administrative offset procedures to collect a delinquent account (see Attachment 7D of this Chapter), AID must provide the debtor an opportunity to make a written agreement with AID to repay the amount of the claim. Agreements whereby debtors pay overdue amounts over a period of time should be reviewed on an individual basis given A.I.D.'s authority to extend credit and in consideration of the intent of A.I.D.'s operations and programs. (See 4 CFR Part 102.11 concerning conditions for allowing collection in installments.) Late charges for these arrangements shall be applied, and a rate prescribed in B.6. above shall be utilized, and will remain in effect throughout the period the debt remains outstanding.

F. Special Notes for Processing Collection of Claim and Interest

1. Verification of Late Payment Charge Computation

As a part of the refund processing, the Billing Office who developed the original B/C verifies the computation of late payment and penalty charges. If the computation is incorrect and underpayment of late/penalty charge amounts to more than $25, an amended B/C is prepared in the amount of the underpayment and forwarded to the debtor. (If the amount of the underpayment warrants such actions, late payment charge on the underpayment may be charged from the due date of the original B/C through the date of payment of the additional amount due.)

If the underpayment of late charge amounts to $25 or less, the Billing Office may not take further action to collect the underpayment.

2. Application of Interest and/or Late Payment/Penalty Charge

Upon receipt of notice of collection from Cashier's Office either in the form of an annotated copy of B/C (Ref. 7D4 and 7E5 of this chapter) or a Notice of Collection/Adjustment (NC/A, Form AID 7-128), the Billing Office determines the portion of the remittance to be credited to general fund receipt accounts (including the interest and/or late payment/penalty charge computed by the debtor) and

a. Enters or corrects by this figure in the appropriate space on the copy of the B/C as applicable to Account 721435 (for interest and late payment charge) and/or Account 721099 (for penalties and administrative costs), and advises the USAID Accounting Office or M/FM/CAD, AID/W, accordingly, or

b. Enters this figure in the appropriate space on the NC/A as applicable to Account 721435 and/or 721099, and returns the NC/A to the Cashier's Office for distribution. In the case of partial late payments, the amount received will first be applied to the penalty and administrative costs, second to the late payment charge, and third to the outstanding principal (the amount of B/C).

3. Interest and/or Late Payment/Penalty Charge on Claims under Loan Program

In the case of loan transaction, the amount of the erroneous payment to the supplier/contractor has been included in the amount on which the loan interest charges to the borrower have been computed. With the supplier/contractor's refund of the erroneous payment plus interest and/or late payment/penalty charge, AID in effect is collecting interest twice on the single disbursement. In order to correct this situation, the amount representing the refund for the erroneous payment (not interest and/or late payment/penalty charge) is credited to the loan as of the initial date of the period for which interest due from the supplier/contractor was computed. This date normally is the date of the original disbursement but may vary as described in paragraph D.2. above. Crediting in this manner provides for automatic adjustment in the amount due from the borrower as interest on the loan. To assure that data necessary to accomplish the credit is abstracted by M/FM/LMD in AID/W for input to the computer, the Billing Office sends a copy of B/C or NC/A with one of the following annotations to AID/W attention M/FM/LMD:

a. Single-item Collection

Notes prominently in the "Remarks" space of NC/A or any blank space of B/C:

CREDIT $ (amount of erroneous disbursement) TO LOAN AS OF (initial date of interest computation).

b. Multiple-item Collection

Notes prominently in the "Remarks" space of NC/A or any blank space of B/C:

CREDIT ERRONEOUS DISBURSEMENTS TO LOAN IN THE AMOUNTS AND AS OF THE DATES SHOWN ON ATTACHMENT.

The Billing Office then provides attachments to the copy of B/C or NC/A showing the appropriate loan numbers, dates of credit, and individual amounts for credit. Xeroxed copies of the attachment furnished with the original B/C (with pertinent portions circled for M/FM/LMD attention) may be used for this purpose. AID/W M/FM/LMD picks up these amounts and dates in abstracting data from the copy of B/C or NC/A and processes through the loan accounts.

G. Forgoing/Waiver of Interest and/or Late Payment Charge - Exceptions to the Procedure

1. Forgoing/Waiver of Interest and/or Late Payment Charge

a. AID shall waive the collection of late payment charge on the debt or any portion of the debt which is paid within 30 days after the date on which late payment charge began to accrue.

b. AID shall waive the collection of penalties on the delinquent debt which is paid within 90 days past due.

c. If underpayment of interest and/or late payment charge amounts to $25 or less, the Billing Office may not take further action to collect the underpayment.

d. AID may waive, in whole or in part, the collection of interest, late payment charge, penalties, and/or administrative costs assessed under this Attachment under the criteria specified in this Chapter relating to the compromise of claims, or if it is determined by GC that collection of these charges would be against equity and good conscience or not in the best interests of the United States.

e. In some instances it may be considered appropriate to forgo billing for interest either as an inducement to voluntary refund by the debtor or for other legitimate reason. Any case where interest and/or late payment charge is clearly payable under the rules provided in this Handbook and is not billed must be approved by the USAID Controller or Chief, M/FM/CAD in AID/W and fully explained and documented in the case file in order that justification of the action will be clearly evident at any future date.

2. Questionable Application of Procedures

Any question concerning the applicability of these procedures or the charging or forgoing charging of interest and/or late payment charge will be handled on a case-by-case basis. Explanation and documentation of the decision will be provided in the case file.

Appendix 7E-11

List of Interest Rates Established by the Treasury
In Accordance with the Internal Revenue Code

The following rates are established by the Treasury in accordance with the Internal Revenue Code:

Period	Interest Rate
Through June 30, 1975	6% p.a.
July 1, 1975 through January 31, 1976	9% p.a.
February 1, 1976 through January 31, 1978	7% p.a.
February 1, 1978 through January 31, 1980	6% p.a.
February 1, 1980 through January 31, 1982	12% p.a.
February 1, 1982 through December 31, 1982	20% p.a.
January 1, 1983 through June 30, 1983	16% p.a.
July 1, 1983 through December 31, 1984	11% p.a.
Beginning January 1, 1985	13% p.a.

For the current applicable interest rate, consult M/FM/ASD, AID/W.

ATTACHMENT 7F

BILLING OFFICES

The bill number consists of ten digits (example, 33-000-9-0001). The first segment in the Bill Number consists of two numeric characters, identifying the AID/W billing office. (The absence of these two digits indicates a USAID billing office.) An AID/W billing office will use one of two billing office codes assigned to it depending on the transaction. One set of two-digit numbers identifies the transaction as an "issued bill," and the other set of two-digit numbers identifies the transaction as a "voluntary refund."

Office	Billing Function	"Issued" Billing Designator	"Voluntary Refund" Billing Designator
FM/CAD	Uncollectibles transferred from USAID's & AID/W Offices	33	--
FM/BFD	Banks, Other Agencies, Contracts, Borrower-Country Bills, VolAg.	40	90
FM/ESD/TTB	Employees indebtedness - travel, per diem, HHE - storage & shipments overages, balance of travel advances, foreign flag travel, etc.	41	91
FM/ESD/CPB	Employees indebtedness - salary overpayments; contributions to retirement, life insurance and health benefits for persons transferred to International Organizations	42	92
FM/ESD/ACB	Employee Reimbursable details to International Organizations, Other Agencies, State & Local Government	43	93
FM/SSD	Contractors, Vendors, Employees, Other Agencies, Misc., Operating Expense, Budget items	44	94

BILLING OFFICES (Continued)

Office	Billing Function	"Issued" Billing Designator	"Voluntary Refund" Billing Designator
FM/CAD	Excess Property	45	95
FM/PAD	Project and Nonproject overpayments excluding participants training bills to be collected at the USAID's	46	96
FM/PAD	Participant training bills to be collected at the USAID's	47	97
FM/SSD	Employee/insurance claims on medical-related services rendered foreign service employees and their dependents	49	99
SER/COM	Bills issued by the Surveillance and Evaluation Division for ineligible transactions and overpricing of commodities and commodity-related services subject to the requirements of AID Regulation 1	50	98

Attachment 7F

BILLING OFFICES

The bill number consists of ten digits (example: 33-000-9-0001). The first segment in the Bill Number consists of two numeric characters, identifying the AID/W billing office. (The absence of these two digits indicates a USAID billing office.) An AID/W billing office will use one of two billing office codes assigned to it depending on the transaction. One set of two-digit numbers identifies the transaction as an "issued bill," and the other set of two-digit numbers identifies the transaction as a "voluntary refund."

Office	Billing Function	"Issued" Billing Designator	"Voluntary Refund" Billing Designator
FM/CAD	Uncollectibles transferred from USAID's & AID/W Offices	33	--
FM/LMD	Collections under FACS for loan principal and interest	35	--
M/SER/MO	Recovery of Unauthorized Long Distance Telephone Calls	39	89
FM/BFD	Banks, Other Agencies, Contracts, Borrower-Country Bills, VolAg.	40	90
FM/ESD/TTB	Employees indebtedness - travel, per diem, HHE - storage & shipments overages, balance of travel advances, foreign flag travel, etc.	41	91
FM/ESD/CPB	Employees indebtedness - salary overpayments; contributions to retirement, life insurance and health benefits for persons transferred to International Organizations	42	92

BILLING OFFICES (Continued)

Office	Billing Function	"Issued" Billing Designator	"Voluntary Refund" Billing Designator
FM/ESD/ACB	Employee Reimbursable details to International Organizations, Other Agencies, State & Local Government	43	93
FM/SSD	Contractors, Vendors, Employees, Other Agencies, Misc., Operating Expense, Budget items	44	94
FM/CAD	Excess Property	45	95
FM/PAD	Project and Nonproject overpayments excluding participants training bills to be collected at the USAIDs	46	96
Unassigned	Formerly for participant training bills to be collected at the USAIDs	47	97
FM/SSD	Employee/insurance claims on medical-related services rendered foreign service employees and their dependents	49	99
SER/COM	Bills issued by the Survillance and Evaluation Division for ineligible transactions and overpricing of commodities and commodity-related services subject to the requirements of AID Regulation 1	50	98

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ACCOUNTING CONTROLS OVER CLAIMS UNDER P.L. 480, TITLE II, OPERATIONS

I. Purpose

A. This attachment prescribes procedures for AID accounting control over claims arising from the (1) transfer of agricultural commodities to cooperating sponsors (voluntary agencies, cooperating governments, and intergovernmental organizations except the World Food Program and United Nations Relief and Works Agency) under Title II of the Agricultural Trade Development and Assistance Act of 1954 (P.L. 480), as amended; (2) authorized sales of Title II commodities; and (3) improper utilization of grant funds provided for "self-help" projects authorized under P.L. 480, Section 204.

B. These procedures implement Title 22, Code of Federal Regulations, Chapter II, Part 211, "Transfer of Food Commodities for use in Disaster Relief and Economic Development, and Other Assistance," revised, as published in AID Regulation 11 - Transfer of Food Commodities for Use in Disaster Relief and Economic Development, and Other Assistance. The provisions of Title II, including the definition of terms applicable to this handbook, are contained in AID Regulation 11 and Handbook 9 - Food for Peace, P.L. 480, Title II.

C. These instructions further implement the functions and responsibilities of AID/W and Missions for administering Title II programs.

II. Establishment of Claims - Title II Commodity Transfers

A. Responsibility

1. AID Missions

a. AID Missions have primary responsibility for identifying and establishing on a timely basis all claims arising from the loss, damage, or improper utilization of commodities donated in cooperating countries under Title II, and for furnishing information thereon to AID/W as provided in paragraphs III. and IV. below. The "Food for Peace" officer as used in this handbook means the mission official having responsibility for managing the implementation of Title II programs or activities.

b. Missions are also responsible for action on claims arising from the fault of a third party (i.e., a warehouseman, a carrier, a processor, etc.) in the country of distribution of Title II commodities, as reported by the cooperating sponsor, including action on loss or damage in an intermediate country while en route to a landlocked

country of distribution. Missions instruct cooperating sponsors on whether or not to continue or discontinue collection action against third parties and on referral of the claim for collection action by the Mission. (See paragraphs III.C.2. and III.C.3. below.)

c. With respect to Title II commodities lost or damaged in ocean transportation for transfers to a cooperating government, Missions are responsible for assembling the documentation thereon based on reports of the cooperating government as prescribed in AID Regulation 11, Section 211.9(c)(1), and transmitting the information to AID/W for referral of the documentation to the U.S. Department of Agriculture (USDA) for appropriate claims action. (See paragraph III.D.2. below.)

2. Diplomatic Posts

Diplomatic posts at which an AID Mission is not established are responsible for (a) receipt of reports from cooperating sponsors on interior loss or damage to Title II commodities transferred for distribution in the country in which the post is located, (b) establishing the validity of any claim arising thereunder by documentation, and (c) referral of the report of loss or damage as set forth in P.L. 480, Title II to the AID organization performing the accounting function for AID activities at the post; e.g., delegated post, Area Controller Office, other AID Mission, etc. The report is the basis for the establishment of a claim for loss or damage, issuance of a Bill for Collection (B/C) therefor, and recording the amount due as prescribed in paragraph III.C.1. below. The diplomatic post where the claim originated has responsibility for followup with the cooperating sponsor as provided in P.L. 480, Title II.

B. Validity of Claims

1. These instructions are subject to existing AID guidelines for establishing valid claims for amounts due to the U.S. Government in connection with AID operations. The Mission Controller carefully reviews the findings and documentation leading to the establishment of a claim under Title II, based on the report and supporting detail received from the cooperating sponsor by the Mission Food for Peace Officer or the diplomatic post as prescribed in P.L. 480, Title II. The Mission Controller assures that the report of loss, damage, or misuse clearly establishes the liability of the cooperating sponsor before he issues a billing document against the cooperating sponsor. If the Mission Controller believes that the information already submitted has not clearly established the incurrence or absence of liability for loss, damage, or misuse, he requests additional information from the Food for Peace Officer.

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2. In establishing the validity of a claim, consideration is given, among other factors, to (a) the special relationship between AID and the cooperating sponsor toward achieving the unique and humanitarian objectives of the program (see P.L. 480, Title II, paragraph IV.A.); (b) normal commercial practices in the country of distribution in determining if the cooperating sponsor properly exercised its responsibility (see AID Regulation 11, Section 211.9(d).); and (c) restitution by replacement with similar commodities of equal value in lieu of payment by the cooperating sponsor to the U.S. of the value of commodities lost or damaged pursuant to a Mission billing which is otherwise issued for the purpose. (See AID Regulation 11, Section 211.9(d).) The Mission assures that a claim instituted against a cooperation sponsor gives effect to the contractual provisions in the underlying Food For Peace Program Agreement and other agreements between AID and the cooperating sponsor and between the cooperating sponsor and third parties for the effective implementation of Title II programs.

3. During the Mission review of the validity of the claim, no accounting controls over the potential receivable are established in the Mission records. However, appropriate followup techniques are instituted to assure proper action upon resolution of the merit of the claim. When the propriety of the claim is resolved, it is formally asserted by issuance of a B/C against the cooperating sponsor as evidence of a firm and clear liability to the U.S. Government.

III. Billing, Followup, and Collection Procedures - Title II Commodity Transfers

A. Formal Controls

Procedures for Mission issuance, processing, followup, collection, and reporting of billings against cooperating sponsors are compatible with the basic concepts and procedures applicable to Mission receivables arising from other AID operations in accordance with the formal controls prescribed in this chapter.

B. Supporting Documentation

1. The Mission Food for Peace Officer assures receipt of adequate and pertinent data and reports from cooperating sponsors as prescribed in Handbook 9--Food For Peace, including:

a. Periodic summary reports on the receipt, warehousing, and distribution of commodities.

b. Outturn reports for claims against ocean carriers with respect to Title II commodities transferred to cooperating governments.

c. Reports of physical inventories at prescribed intervals.

d. Reports of annual comprehensive internal audit conducted by the cooperating sponsor.

e. Reports of loss, damage, misuse, or diversions from authorized use occurring within the country of distribution or intermediate country.

2. The Mission Controller provides staff assistance to the Food For Peace Officer in financial and fiscal matters relating to the above reports and data. The information provided is evaluated for determining the existence of a valid claim in accordance with Handbook 9 and, upon confirmation of loss, damage, or misuse, supports the initiation of Mission collection action; or, in the case of ocean transportation loss or damage in government-to-government programs, prompt referral of the documentation to USDA through AID/W for pursuit of the claim. (See paragraph III.D.2. below.)

C. Interior Losses

1. Fault of Cooperating Sponsor

a. Establishing Mission Controls

(1) After the Mission Food for Peace Officer has ascertained that all the circumstances surrounding the reported loss, damage, or misuse of commodities support a claim, documented in accordance with paragraphs II.B.1. and III.B.1. above, and HB 9, he recommends that the Mission Controller issue a B/C to the cooperating sponsor. The Mission Controller assures the adequacy of the supporting documentation and consideration of the provisions of HB 9 prior to the issuance of the billing.

(2) Mission billings to cooperating sponsors are coded, numbered, and processed in the Mission accounts receivable ledger as an integral part of the Mission receivable function prescribed in this chapter, including reporting thereon in the monthly Mission Report of Billing and Collection Transactions (U-141). Billings issued to cooperating sponsors reflect the codes prescribed for Title II claim activity in this chapter, Attachment 7B. The amounts billed represent indebtedness payable in U.S. dollars or in local currency dollar equivalent amount as set forth in AID Regulation 11, Section 211.9(h). For claims collectible in U.S. dollars, the B/C shows in the "BILLING OFFICE ACTION" section the amount due as a refund for credit to USDA account 12X4336, "Commodity Credit Corporation Charter Act." In addition, on the copies

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of the B/C furnished to the cooperating sponsor, the "Explanation of Billing" section shows in bold letters or other appropriate marking, "CREDIT TO USDA ACCOUNT 12X4336 UNDER P.L. 480, TITLE II, COMMODITY TRANSFERS" as a basis for identifying any remittances which are received at AID/W. (See paragraph III.C.1.b. below.) All collections, in U.S. dollars, are reported on the Mission U-141 Report for credit to the USDA account 12X4336.

(3) All Mission P.L. 480, Title II, B/C's are issued in terms of dollar-stated claims, including billings under which remittances are made in local currency. (See AID Regulation 11, Section 211.9(h).) Thereby, both dollar and local currency repayable claims are susceptible to uniform reporting and processing within the AID receivable system as prescribed in this chapter. For claims payable in local currency, the B/C shows the amount of the dollar billing in both the "EXPLANATION OF BILLING" and "BILLING OFFICE ACTION" sections. Also, the "BILLING OFFICE ACTION" section shows the Treasury foreign currency sales account 20FT401 as the account to be credited with the collection. On the Mission U-141 Report, the billing transaction is reflected in dollars (column (8A)) against fund symbol "F401" (column (5)).

(4) Informal billings against cooperating governments as cooperating sponsors under Title II, in effect prior to these procedures, are converted to formal billings and reflected in the Mission controls as prescribed above. For this purpose, the Mission copy of the old billing is annotated for conformance with the billing number sequence and related transaction codes prescribed in Attachment B. The converted bill shows the same date as the bill issued under previous memorandum procedures. Old and new bill numbers, codes, and other idicia are shown on a conversion list maintained by the Mission Controller to identify remittances from the cooperating sponsors.

(5) B/C's issued to cooperating sponsors instruct the debtor to make remittances payable to the "U.S. Treasury." Voluntary agencies and intergovernmental organizations are instructed to pay their claims at AID/W with specific remittance to the Cashier, Office of the Controller. Other cooperating sponsors are instructed to make payment to the American Embassy Cashier Office (USDO), which is furnished with a copy of the billing. (See AID Regulation 11, Section 211.9(h).) In some cases, voluntary agencies and intergovernmental organizations may also remit to the American Embassy Cashier Office, which is furnished with a copy of the billing by the Mission where this method of payment is coordinated in advance between the cooperating sponsor concerned and the Mission. B/C's adequately explain the nature of the billing, the country or location identified with the incurrence of the loss or damage, and other appropriate clarification of the nature and basis of the claim. Each billing <u>must</u> include the commodity description, quantity,

and value of each commodity as shown on the report of loss prescribed in HB 9. Billings initiated on the basis of reports and supporting information on loss, damage, or misuse of Title II commodities emanating from a diplomatic post are controlled by the issuing Mission or other AID office servicing the post and are executed in accordance with the foregoing procedures.

b. Followup and Collection Action

(1) In coordination with the Mission Controller, the Mission Food for Peace Officer pursues followup action for recovery of amounts due from cooperating sponsors. The Mission Controller furnishes copies of B/C's to the Food for Peace Officer for this purpose. Upon receipt of remittances, the American Embassy Cashier Office annotates the B/C copy previously furnished by the Mission with the Certificate of Deposit (CD) number, date of deposit, dollar amount, whether remitted in dollars or local currency in accordance with AID Regulation 11, Section 211.9(h). The annotated billing is returned to the Mission Controller, with copy of the CD, for accounting control and inclusion in the U-141 Report.

(2) Where local currency is remitted, the Mission, upon receipt of the annotated billing as above, shows on the NC/A or equivalent document the units of local currency in the "Amount" block which identifies the remittance. However, in order to establish a basis for reporting and processing the collection transaction in accordance with the AID receivable system, as prescribed in this chapter, the NC/A or equivalent document shows in the "BILLING OFFICE ACTION" section the dollar value of the underlying B/C and the Treasury foreign currency sales account 20FT401 credited with the deposit. On the Mission U-141 Report, the collection is reflected as a dollar-equivalent transaction (column 8B)) against fund symbol "F401." See also Attachment B, Item 5. The Mission assures that the collection in local currency is effected at the rate of exchange required to satisfy the dollar-stated billing. Thus, both the amount billed and the amount collected are the same as reported in the U-141.

(3) With respect to remittances made at AID/W by voluntary agencies and intergovernmental organizations, the Central Accounting Division, Office of Financial Management, SER/FM/CAD, furnishes the Mission with advice of the collection as a basis for clearing the Mission receivable. The remittance and a copy of the B/C furnished by the remitter are transmitted by the Data Control Division, Office of Financial Management, SER/FM/DCD, to USDA, Attention: Fiscal Division, ASCS, Washington, D. C. 20250. The collection is recorded in the Mission's accounts receivable ledger and reported on the next following U-141 Report.

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(4) USDA is advised of amounts credited to USDA account 12X4336 upon receipt of (a) SF 1221, Statement of Transactions, by the servicing disbursing officer with respect to U.S. dollar collections or (b) Treasury Form BA 6641, Funding Authorization for Checking Account, by the Treasury Department with respect to the proceeds of sale from Treasury foreign currency sales account 20FT401.

c. Action on Uncollectible Amounts

(1) Criteria for Administrative Action

The Mission exhausts all means available to it to effect collection from cooperating sponsors. When further pursuit of collection is determined to be unproductive, uneconomical, and infeasible toward recovery from the debtor, in accordance with the criteria in this chapter and HB 9, the Mission may compromise a claim or suspend or terminate collection action on a claim. Monetary limitations, standards, and implementing procedures for Agency administrative action on Title II claims are prescribed in this chapter.

(2) Mission Control Over Administrative Actions

(a) When a Title II claim is compromised, the amount which is relinquished is written off the Mission accounts receivable controls. Upon collection of the balance the account is closed. When a Mission terminates collection action on a claim, the entire amount is written off the accounts. Suspended collection action on a claim is reflected as a continuing Mission receivable during the period in which collection effort is suspended. Based on a tickler file or other appropriate followup technique, the Mission Controller assures timely resumption of followup on suspended collection action in coordination with the Mission Food for Peace Officer. Administrative collection action is resumed as early as possible considering the circumstances surrounding the loss, financial ability of the debtor to make payment, and the status of the pertinent Title II program.

(b) Accounts reflecting writeoffs, including claims on which collection action has been terminated, are removed to an inactive file for subsequent administrative review. Missions report action on compromise of claims or on termination of collection action in the U-141 Report in accordance with the transaction codes prescribed in Attachment B.

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2. Fault of Third Parties

a. Responsibility of Cooperating Sponsors

(1) The responsibility of cooperating sponsors for assertion and pursuit of claims against third parties for damage, misuse, diversion, or improper distribution of Title II commodities is set forth in HB 9. The documentation prescribed therein provides the basis for identification and followup by the Food for Peace Officer with the cooperating sponsor in establishing whether or not recoveries have been made under third parties' claims or in determining the need for other action by the Mission directly with the cooperating sponsor. When, in the judgment of the Mission, the cooperating sponsor fails to make a reasonable effort to collect a valid claim against a third party or does not pursue timely collection to avoid barring the claim by undue delay, the cooperating sponsor may be liable to the U.S. Government for the value of the commodities lost, damaged, or improperly utilized. (See AID Regulation 11, Section 211.9(e).) Based on sufficient evidence and justification to assert the claim directly against the cooperating sponsor, the Mission pursues collection action by issuing a formal B/C against the cooperating sponsor.

(2) The Mission assumes responsibility for collection of third-party claims when (a) the Mission is requested to do so by the cooperating sponsor due to preclusion of recovery by the cooperating sponsor under circumstances beyond its control, (b) pursuit of the claim by the Mission is determined to be more effective and in the interests of the U.S. Government, and/or (c) the cooperating sponsor has discontinued operations in the country of distribution and right of action against the third party will be abandoned upon termination of the Title II program.

b. Mission Records on Third-Party Claims

(1) Followup files on third-party claims are maintained by the Food for Peace Officer and supported by documentation originated by the prescribed report of loss. (See HB 9.) The Mission Controller supports his review, comments, and clearances of the propriety of the third-party claim, from a technical accounting point of view, by appropriate documentation which is furnished when the report of loss is returned to the Food for Peace Officer for the latter's claims files. The Mission Controller retains a copy of the report of loss and accounting documentation, as required, for use in cross-reference to and followup with the basic claims file maintained by the Food for Peace Officer. The Mission Controller assigns a suitable numeric or alpha identification to each claim, as established in the report of loss, within a unique sequential

series independent of the nubmering system prescribed in this chapter, for formal billings. The Mission Controller's report file and the Food for Peace Officer's claims file, toegether with supporting documents, are maintained as memorandum records and support accounting-type actions requisite to the conduct of the Agency's functions and responsibilities for third-party claims as prescribed in AID Regulation 11 and HB 9. The Mission Controller provides staff assistance and technical advice to the Food for Peace Officer in maintaining an adequate and complete claims file with the establishment or performance of minimum additional records or accounting operations consonant with the foregoing objective. The Mission Controller's and Food for Peace Officer's files on third-party claims constitute a unified record of complementary elements and are jointly used for coordinated program and technical accounting and control purposes. (See HB 9.)

(2) Third-party claims are not bona fide receivables of the U.S. Government until asserted against the cooperating sponsor. Therefore, third-party claims are not formally controlled in the Mission accounts receivable ledger or evidenced by Mission-issued B/C's as in the case of receivables for which the Mission is accountable. (See paragraph III.C.1. above.)

(3) The memorandum records on third-party claims, maintained as stated above, identify both the third party and the cooperating sponsor which instituted claims action. Working arrangements are developed between the Mission Controller and the Food for Peace Officer to assure that advice on outstanding third-party claims is furnished to the American Embassy Cashier Office in order to permit the identification of remittances received from third parties and the preparation of an Advice of Collection by the Embassy Cashier Office to the Mission. (See AID Regulation 11, Section 211.9(h).) Mission reports on third-party claims activity to AID/W are submitted only as specifically prescribed by AID/W. When furnished, the reports are based on the information in the memorandum records described above.

c. Followup and Collection Action

The Mission Controller and the Mission Food for Peace Officer provide assistance and guidance to the cooperating sponsor for the conduct of effective followup with the third party at fault toward early collection of the amount due. See detailed guidelines on followup in HB 9. When remittance is received, the American Embassy Cashier Office furnishes an Advice of Collection, showing the Certificate of Deposit number, date, amount, and identity of the remitter, to the Mission Controller. Upon receipt, the Mission Controller annotates the report file on the third-party claim with the collection and

transmits the advice, or other suitable notification, to the Food for Peace Officer. The collection is reflected in the claim file maintained by the Food for Peace Officer and the file on the case concerned is closed. Periodically, the Mission Controller and the Food for Peace Officer reconcile the elements comprising the Mission memorandum records on third-party claims to establish agreement on claims outstanding and paid.

d. Action in Lieu of Recovery from Third Party

(1) Where recovery from the third party at fault cannot be effected and the cooperating sponsor is not deemed liable for contributory negligence or other faulty performance causing the loss or damage to Title II commodities in the possession of the third party and, also, where other surrounding circumstances do not warrant asserting the claim against the cooperating sponsor, the Mission Director, with the advice of the Mission Food for Peace Officer and the Mission Controller may approve a settlement for less than the full amount. Administrative action toward this end is in conformance with the monetary limitations, criteria, and procedures applicable to compromise of claims or the suspension or termination of collection action on Title II claims as prescribed in this chapter.

(2) When the Mission seeks recovery directly from the cooperating sponsor, based on a determination of liability and supporting evidence, the Mission Controller issues a formal B/C against the cooperating sponsor. As required, supplementary documentation is furnished by the Mission Food for Peace Officer to authenticate and confirm the validity of the claim asserted against the cooperating sponsor and the establishment of a related AID receivable in accordance with paragraph II. B. above. The billing issued to the cooperating sponsor is coded and numbered as prescribed in this chapter. The date of the bill is the date of issuance to the cooperating sponsor. The billing is reported in the Mission U-141 Report in the normal manner. On billings issued to voluntary agencies and intergovernmental organizations, the "Explanation of Billing" section of the B/C shows the credit account, as provided in paragraph III. C. 1. a. above, to permit identification of the remittance at AID/W.

(3) When an uncollectible third-party claim is disposed of by other Mission administrative action and the claim is not asserted against the cooperating sponsor, the Mission advises the cooperating sponsor accordingly. The memorandum records on the claim are annotated to reflect disposition by administrative action and the file on the claim is closed.

IIIC

3. Loss or Damage in Inland Transportation

a. Voluntary Agencies and Intergovernmental Organizations

Pursuant to AID Regulation 11, Section 211.7(d), voluntary agencies and intergovernmental organizations have responsibility for action on claims arising from loss or damage during inland transporation in the intermediate country to a designated inland point of entry in the recipient country in the same manner as prescribed for claims against third parties in paragraph III. C. 2. above. Remittances are made by inland carriers or other parties at fault to the American Embassy Cashier Office, which furnishes advice of collection to the Mission Controller for transmittal to the Food for Peace Officer Memorandum records and followup on these claims follow the requirements prescribed in paragraph III. C. 2. above.

b. Cooperating Governments

(1) The Mission which pays for inland transportation under government-to-government programs is responsible for establishing valid claims against inland carriers for loss or damage of commodities while in transit to the point of entry in the recipient country. The Mission Food for Peace Officer promptly furnishes the Mission Controller with supporting documentation as the basis for establishing the claim and requests that a B/C be issued for recovery of the amount due upon confirmation of the validity of the claim. The Mission establishes formal control over these claims and pursues collection in accordance with paragraph III. C.1. above. The debtor is instructed to make remittance to the Mission Cashier Office. Collections are deposited with the servicing disbursing officer to the credit of the AID account 72-12X4336, "Commodity Credit Corporation Capital Fund." The Mission advises AID/W of collection by Advice of Charge.

(2) Followup for collection is pursued by the Mission Food for Peace Officer in coordination with the Mission Controller as provided in paragraph III.C.1.b. above. Upon receipt of remittance, the Mission Cashier Office prepares a NC/A and furnishes a copy to the Mission Food for Peace Officer in addition to the normal distribution prescribed in this chapter.

(3) Administrative action on compromise of claims or on suspension or termination of collection action on claims against inland carriers in government-to-government programs is taken by the Mission in accordance with the monetary limitations, standards, and implementing procedures in this chapter.

III

D. Shipping Losses in Ocean Transportation

1. Voluntary Agencies and Intergovernmental Organizations

Pursuant to specific procedures prescribed in AID Regulation 11 with respect to Title II commodities lost or damaged in ocean transportation, outturn reports, and other prescribed documentation for claims against ocean carriers are submitted directly by voluntary agencies and intergovernmental organizations to USDA. These cooperation sponsors pursue restitution of losses directly with ocean carriers, within the limitations and conditions prescribed in AID Regulation 11, Section 211.9(c), and remit collections directly to USDA. When general average has been declared on a shipment, and Title II cargo loss or damage is handled by USDA under rights of subrogation to the cooperation sponsor's claim as documented in prescribed reports.

2. Cooperating Governments

a. Mission Action on Reports of Loss or Damage

Claims for loss or damage in ocean transportation of Title II commodities transferred to cooperating governments are pursued by USDA on the basis of documentation transmitted to it from the cooperating sponsor through the Mission and AID/W. The Mission Food for Peace Officer immediately reviews the outturn reports prescribed in AID Regulation 11 in order to assure that sufficient documentation is assembled to support the prompt filing of a claim by USDA against the ocean carrier involved. The Mission Food for Peace Officer verifies that the prescribed data are properly and accurately prepared, and promptly requests the cooperating-country government to immediately produce any missing data if necessary. The Mission Controller develops working arrangements with and furnishes necessary staff assistance to the Mission Food for Peace Officer in assuring that all data required for the pursuit of a claim for loss or damage during ocean transportation are furnished to USDA. The Mission immediately transmits the supporting documentation to AID/W, Attention: Office of Commodity Management, Transportation Support Division (COM/TR), for forwarding to USDA, Attention: Fiscal Division, ASCS, within 60 days from the final date of discharge of the commodity covered by the outturn report.

b. USDA Action

USDA determines liability or the absence thereof, files appropriate claims against ocean carriers, and pursues such claims to conclusion.

IV. Sales of Title II Commodities and Containers

A. Use of Proceeds

AID Regulation 11 provides that funds accruing to cooperating sponsors from the sale of containers and the sale of certain Title II commodities, including funds received from charges to recipients under specified programs, may be retained by cooperating sponsors. The proceeds accruing from authorized Title II commodity sales are required to be used for purposes which directly contribute to achieving the objectives of the program. (See Sections 211.5(h)(2) and (i).) The proceeds of sales of Title II commodities, where such proceeds are not available for use by cooperating sponsors, are credited to the Treasury foreign currency sales account 20FT401. (See Section 211.8(b).)

B. Host-Government Deposits to Special Account

1. When the cooperating sponsor is the host government, local currency proceeds available for use, as authorized above, are deposited in the name of the host government in a separately identified "Agricultural Commodity Account." Based on reports from the cooperating sponsor, as prescribed in the Food for Peace Program Agreement and Section 1570 of the AID Manual, the Mission Food for Peace Officer requests the Mission Controller to issue billings, if required, to the host government for deposit of proceeds of sale of Title II commodities. The funds are accounted for in the same manner as "Counterpart Funds," subject to the accounting and reporting requirements prescribed in 19-5, AID Foreign Currency Programs.

2. Reports to AID/W on the currencies in the "Agricultural Commodity Account" are prescribed in 19-5, Foreign Currency Program.

C. Proceeds of Sale Not Authorized for Use by Cooperating Sponsors

When the cooperating sponsor is not authorized to use the proceeds of sale of Title II commodities, pursuant to AID Regulation 11, Section 211.8(b), the Mission Controller coordinates with the Food for Peace Officer for receipt of prescribed reports from the cooperating sponsor on the disposition of the commodities involved as the basis for followup on remittances which are required to be made to the American Embassy Cashier Office. The Mission Controller also coordinates with the Embassy Cashier Office for receipt of Advice of Collection, showing the Certificate of Deposit number, date, amount, and credit to Treasury sales account 20FT401. These remittances are reflected as simultaneous billings and collections in the Mission U-141 Report in the U.S.-dollar equivalent amount based on the exchange rate prescribed in AID Regulation 11, Section 211.9(h). As requested, the Mission Controller participates with the Food for Peace Officer in effecting collection from cooperating sponsors when use of proceeds of sale of Title II

commodities is not authorized. If timely remittances are not forthcoming, the Mission Controller issues a formal B/C to the cooperating sponsor on the basis of the report of sale. These billings are subject to the same control and accountability as prescribed in paragraph III.C.1.above.

V. Recoveries Under Section 204 "Self-Help" Programs

The Food for Peace Officer furnishes supporting documentation to the Mission Controller as the basis for the issuance of a B/C for recovery of amounts established as valid claims against cooperating sponsors for improper utilization of funds for "self-help" projects authorized under P.L. 480, Section 204. See HB 9. The procedures and controls prescribed in paragraphs III.C.1. and III.C.3.b. above for claims under Title II commodity transfers and claims for loss or damage in inland transportation in government-to-government programs, respectively, are also applicable to amounts due under Section 204 operations. The cooperating sponsor is instructed to remit to the Mission Cashier Office, which deposits these collections with the servicing disbursing officer for credit to AID account 72-12X4336. The Mission furnishes an Advice of Charge on the collection to AID/W. Billing and collection transactions applicable to these claims are also reported in the Mission U-141 Report.

COLLECTION OF EMPLOYEE INDEBTEDNESS BY PAYROLL DEDUCTION
OR OTHER ADMINISTRATION ACTION (REPORT CONTROL SYMBOL W-591)

1. General. This attachment prescribes procedures for action on AID employee delinquent indebtedness to the United States Government when normal collection cannot be effected and the application of waiver authority on claims for overpayment of pay in accordance with applicable legislation.

2. Authority

a. Title 5 U.S.C. 5514 (P.L. 83-497, July 15, 1954) and Bureau of the Budget Circular A-14, September 4, 1954. Title 5 U.S.C. 5514 provides for recovery by agencies of erroneous payments to employees of the United States and members of the armed forces and reserve components in accordance with agency regulations approved by the Director, Office of Management and Budget (OMB). OMB Circular A-14 authorizes collection of erroneous payments by deduction from the gross pay of the individual or, in the case of the employee's separation or transfer from the creditor agency, collection or deduction from any amounts due the employee.

b. Federal Claims Collection Act of 1966, Title 31 U.S.C. 952 (P.L. 89-508, July 19, 1966). The Federal Claims Collection Act of 1966 (FCC Act) prescribes procedures for collection of claims arising from AID activities and other administrative action to effect settlement and disposition of uncollectible indebtedness.

c. Title 5 U.S.C. 5584 (P.L. 90-616, October 21, 1968). Title 5 U.S.C. 5584 provides authority for the waiver of a claim of the United States arising, on or after July 1, 1960, from an erroneous payment of pay to an employee of an executive agency in an amount aggregating not more than $500 in accordance with standards prescribed by the Comptroller General of the United States.

3. Scope

a. These procedures apply to amounts due from civilian personnel who are current or former employees as a result of the following:

(1) Any erroneous, improper or incorrect payment, including but not limited to (a) salaries or wages, including allowances, (b) reimbursements such as travel expenses, representation, etc., and (c) other payments.

(2) Any indebtedness as provided in this chapter.

b. "Current" employees include persons who have terminated their AID service but who have not received final payment of pay (salary or wages) and other benefits due them. "Former" employees include persons who are (1) employed by another U.S. agency; (2) presently receiving or eligible for retirement annuities under the Civil Service or Foreign Service Retirement Program, or entitled to withdrawal of contributions to the program; and (3) any other person whose outstanding indebtedness was incurred as an AID employee.

4. Establishing Employee Indebtedness, Followup and Collection

a. General. The conduct of the claims function with respect to amounts due from AID employees (current or former), including the issuance of Bills for Collection (B/C), followup for prompt payment, and collection and deposit of remittances, is prescribed in the base of this chapter.

b. Delinquent Employee Indebtedness

(1) Employee indebtedness which cannot be collected within 90 days of the incurrence of the debt, as determined by the date of the B/C, is considered to be delinquent. Alternative methods for recovery of delinquent employee indebtedness, namely, by payroll deduction, through a new employer agency, or by deduction from amounts available in the Civil Service Retirement Fund, are set forth in 5. below.

(2) When delinquent employee indebtedness cannot be collected, compromise of the claim or suspension or termination of collection action may be effected by AID in accordance with the FCC Act. Also, claims arising from erroneous payments of pay may be waived by AID in accordance with 5 U.S.C. 5584. Normally, suspension action on employee indebtedness is not taken since the debt is subject to continuing pursuit of collection until final determination of uncollectability by AID or referral to the General Accounting Office (GAO).

(3) Mission-employee indebtedness is never considered to be uncollectible as the basis for Mission action on compromise of the claim, termination of collection action, or waivers in connection with erroneous payment of pay. Disposition of Mission uncollectible employee indebtedness is effected only by AID/W including waiver of claims, pursuant to referrals from the Mission.

5. Recovery of Employee Indebtedness

a. Mission-Employee Indebtedness

(1) Mission controls over employee indebtedness continue in effect during pursuit of collection. AID/W assistance in effecting collection may be requested of the Employee Services Division (FM/ESD). Assistance by FM/ESD may be in the form of payroll deduction; request to a new U.S. employer agency

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for withholding of pay or other collection; or request to the Civil Service Commission for deduction or amounts available in the Civil Service Retirement Fund. The Mission's request for AID/W assistance is supported by a copy of the B/C issued to the employee and other supporting documentation. When recovery is effected by FM/ESD, the Mission is advised as a basis for clearing the employee receivable in its accounts and reporting thereon in the next Mission Report of Billing and Collection Transaction (Report Control Symbol U-141).

(2) In requesting AID/W assistance for amounts due from current employees, Missions recommend a reasonable period of time for effecting recovery by deduction from the employee's pay. FM/ESD assures that the amounts deducted do not exceed two-thirds of the biweekly gross pay from which the deductions are made, except that, to assure full collection before anticipated termination of employment with AID, amounts in excess of two-thirds are deducted if required. However, FM/ESD assures that deductions from pay of employees are in reasonable amounts and do not result in hardship to the employee.

(3) The Mission advises the employee of collections effected through the assistance of AID/W following receipt of the Notice of Collection/ Adjustment (NC/A) or equivalent document from AID/W.

b. Transfer of Uncollectible Employee Indebtedness to AID/W

(1) The conditions and circumstances governing the transfer of uncollectible Mission employee indebtedness to AID/W are set forth in the base of this chapter. The Mission referral to AID/W includes an appraisal of other recovery possibilities by means not available to the Mission; e.g., litigation and/or recommendation on administrative action, other than collection, as authorized by the FCC Act. The Mission transmittal, including prescribed supporting documentation, is addressed to the attention of: Central Accounting Division, (FM/CAD). The Mission closes the employee account receivable and the transfer to AID/W is reported on the next following Mission Report of Billing and Collection Transactions.

(2) The Mission advises the employee of the transfer of the indebtedness to AID/W for action. A copy of the transmittal to AID/W or other suitable notification may be used for the purpose. In the case of former employees, the advice is forwarded to the last known address of the debtor concerned.

(3) AID/W controls over Mission transfers and related administrative actions are prescribed in 7E7.

c. AID/W Employee Indebtedness

(1) Responsibilities of AID/W Billing Offices for pursuit of employee indebtedness are set forth in 7D2d(3). Collection by payroll deduction is

5c(1)

effected on recommendation of the Billing Office, which advises the employee of the method of recovery.

(2) Administrative action on AID/W uncollectable employee indebtedness, other than collection, is recommended by the responsible Billing Office to FM/CAD or through FM/CAD to the Assistant Administrator for Program and Management Services, AA/SER, for termination, or directly to the General Counsel (GC) for compromise. The Billing Office retains its suspense file on the claim until it is advised of the results of action by FM/CAD, AA/SER, or GC. Disposition of the claim is documented by a NC/A prepared by the Billing Office as a basis for recording the action in the official accounts.

d. Collection by Other U.S. Government Agency

(1) Requests for assistance in collecting indebtedness of former AID employees are forwarded by FM/ESD, in coordination with FM/CAD, as necessary to the payroll office of the new-employer agency as soon as it is established that the debtor is employed with the other agency. The employer agency is requested to make arrangements with the debtor for payment to AID either by payroll deduction or by direct remittance by the debtor. As feasible and possible, this method of recovery is applicable to both delinquent employee indebtedness established by AID/W Billing Offices or Missions where, in connection with the latter, AID/W has been asked to assist in collection of claims which continue to be held in the Mission accounts until receipt of advice of collection from AID/W.

(2) The former employee is advised by FM/ESD of the request to the new employing agency for collection. A copy of the request or other suitable advice may be used.

e. Collection by Offset Against Retirement Funds

(1) FM/ESD, in coordination with FM/CAD, as necessary, may request the Civil Service Commission (CSC) to set off the amount due from a former employee against funds in the Civil Service Commission Retirement Fund which are available either for payment under a retirement annuity (present or deferred) or withdrawal of contributions. Upon determination by CSC that funds are available, FM/ESD submits documentation as prescribed in the Federal Personnel Manual to the CSC. When setoff is made, the CSC forwards a check covering the amount and the identifying information to AID/W in accordance with the Agency's request. Recovery in this manner, as appropriate, is applicable to both employee indebtedness incurred at AID/W or Missions and is effected in accordance with the controls prescribed in paragraph d.(1) above.

(2) The debtor concerned is advised by FM/ESD, in coordination with FM/CAD as necessary, of action taken on setoff of the indebtedness against amounts available in the Retirement Fund.

5

f. Disposition of Employee Receivables Controlled by AID/W

(1) Employee indebtedness transferred by Missions to AID/W and employee indebtedness incurred at AID/W are cleared from the controls maintained in the central accounts upon collection. Normal NC/A documentation is initiated if the debtor remits directly. If collection is effected by payroll deduction, through another employer agency, or by setoff against the Retirement Fund, the NC/A is originated by FM/ESD. In the case of termination of collection, the NC/A is initiated by the responsible AID/W Billing Office. In the case of transfers to the GAO, the NC/A is prepared by Data Control Division (FM/DCD).

(2) Normally, AID does not take action on official suspension of employee indebtedness. Claims against employees continue to be held in the active claims file of the responsible Billing Office or, with respect to transfers to AID/W from the Mission, in the files of FM/CAD for ongoing review and pursuit of collection. There is no impact on the official controls over these receivables until the amount is collected or other administrative action is taken as provided in the FCC Act.

(3) Employee indebtedness referred by the General Counsel (GC) to the Department of Justice for litigation or other proceedings remains in the official accounts until advice through the GC of action taken pursuant to such referral. Upon receipt of notice, the responsible Billing Office prepares a NC/A establishing collection or other disposition of the indebtedness.

(4) When an employee indebtedness is settled by compromise by the GC, the responsible Billing Office prepares the NC/A for clearing the amount from the official accounts.

6. Collection Receipts. Receipts from collection of employee indebtedness are credited to the account shown on the underlying B/C. Recovery of erroneous, improper, or incorrect payments to employees is credited as an appropriation refund. Other collections may result in appropriation reimbursements or credits to the general fund of the U.S. Treasury and are processed in accordance with the accounting classification shown on the B/C.

7. Waiver of Claims for Overpayment of Pay

a. Initiation of Action. Waiver of claims for overpayment of pay, on and after July 1, 1960, to an employee is made in accordance with standards, including reporting, prescribed by the Comptroller General of the United States. (See 4 CFR, Chapter III, Parts 201-203.) Waiver authority granted by the statute is permissive and not mandatory and is exercised when collection of the claim is against equity and good conscience and not in the best interests of the United States. Cases involving erroneous payment of pay coming to the attention of AID in any manner may be considered for waiver. AID renders appropriate assistance to employees and other parties having a direct interest in seeking consideration of their cases.

b. Time Limitations

(1) Claims for erroneous payments of pay discovered on or before October 1968, may be waived until October 21, 1971. Claims for erroneous payments or pay discovered after October 21, 1968, may be waived until the expiration or 3 years following the date on which the erroneous payments of pay were discovered.

(2) Application for refund of amounts repaid by an employee to AID for an erroneous payment of pay must be made within a period of 2 years following the date of waiver of collection by AID. Normally, AID action on waiver and refund is concurrent without need for separate application for refund by the employee.

c. Standards for Waiver of Claims

(1) Definition of terms, including "employee" and "pay," governing the exercise of waiver authority by AID is provided in the standards prescribed by the Comptroller General. Cases of doubtful application of the definition of "pay" to a particular situation may be submitted for decision to the Comptroller General.

(2) A waiver determination is generally supported by findings that the erroneous payment occurred through administrative error and that there is no indication of fraud, misrepresentation, fault, or lack of good faith on the part of the employee or other person having an interest in obtaining a waiver of the claim.

(3) Waiver action on claims established by AID may be taken on all or part of a claim in an amount aggregating not more than $500 without regard to any repayments by an employee to AID except that AID may not waive a claim which (a) is the subject of an exception made by the Comptroller General in the account of an accountable official, (b) has been transmitted to the GAO for collection, or (c) referred to the Department of Justice for litigation.

(4) The facts and circumstances supporting waiver of a claim by AID are documented in a written record as prescribed in 7d. Cases are processed promptly so as to permit a waiver determination to be made within the prescribed time limitation.

(5) Waiver authority granted by 5 U.S.C. 5584 does not affect authority for administrative action under the FCC Act for compromise of a claim or for suspension or termination of collection action. Collection action on a claim for overpayment of pay may be suspended permitting waiver action where indicated.

7

d. Investigation of Claims

(1) Under the Centralized Payroll System, the majority of claims for overpayment of pay are established by FM/ESD in accordance with this chapter.

(2) When request for waiver is made by the employee or other person having an interest or where action is initiated by AID, FM/ESD or the Mission concerned furnishes a report of investigation of the claim, with recommendation on disposition, to FM/CAD. Final action on waiver is taken only by AID/W Mission referrals of claims to AID/W for waiver determination are processed as prescribed for transfer of uncollectible employee indebtedness. (See 5b and 5f.)

(3) The report of investigation of the erroneous payment of pay (addressed to the attention of: FM/CAD, when furnished by the Mission) shows:

(a) Amount of the erroneous payment and voucher on which paid.

(b) Date of discovery, circumstances under which made, and whether or not subject to an exception made by the Comptroller General.

(c) Any indication of fraud, misrepresentation, fault, or lack of good faith on the part of the employee or any other person having an interest in obtaining a waiver of the claim.

(d) Any other information as may assist AID in determining whether collection action under the claim would be against equity and good conscience and not in the best interest of the United States.

e. Waiver Action. Under Delegation of Authority from the Administrator, AID, through the AA/SER to the Office of Financial Management (SER/FM), and redelegation within SER/FM, FM/CAD exercises waiver determination on claims for erroneous payment of pay with the coordinate approval of the Controller or Deputy Controller, (SER/FM), when the claim is not in excess of $500 without regard to any repayment. However, waiver action on any claim aggregating over $250 is taken upon consultation with the GC.

(1) FM/CAD takes no waiver action on claims referred to the GAO for collection or the Department of Justice for litigation. If a report of investigation is made subsequent to the referral to the GAO, FM/CAD transmits the report and recommendation to the GAO for consideration. FM/CAD also advises the GAO when referral for collection is made to it and AID has previously considered and denied waiver of the claim.

(2) Referral of claims for overpayment of pay to the Department of Justice for litigation is not made unless AID has first considered the claim for waiver.

(3) FM/CAD refers the report of investigatigation and related recommendation to the GAO for determination if the claim is in an amount aggregating more than $500; or if the claim is in an amount aggregating $500 or less, without regard to any repayment and there is doubt as to whether waiver action is proper. However, the referral of any claim aggregating over $250 is taken upon consultation with GC.

(4) Documentation of claims considered for waiver action is maintained by FM/CAD. Reports are submitted in accordance with 7e(4)(c).

(a) Written Record. This consists of the report of investigation on each case considered; an account of corrective action taken, including continued pursuit of collection by AID or referral to the GAO and reasons therefor; an account of waiver action taken and reasons therefor; action taken on refund upon AID waiver of the claim; and other pertinent information, including consideration of waiver prior to referral to the Department of Justice for litigation.

(b) Register. FM/CAD maintains a register showing the disposition of each claim for erroneous payment of pay considered for waiver. Each waiver action is identified in accordance with the waiver numbering, certifying, and reporting requirements.

(c) Reports. In accordance with the 4 CFR 202.7, FM/CAD prepares a Report of Waiver of Claims for Overpayment of Pay (5 U.S.C. 5584) (Reports Control No. W-591) to the GAO 60 days after the close of each fiscal year on the amount waived, by individual claim, and the total amount refunded, by individual claim. See Attachment A for appropriate format. A preprinted AID form is not prescribed. FM/CAD also prepares form AID 9-1, Certification and Record of Waiver, including appropriate distribution.

f. Notification to Employee

(1) FM/CAD sends written notification to the employee, or other person having an interest in obtaining waiver of the claim, of the waiver determination or denial of waiver.

(2) FM/CAD also advises any employee who has repaid a claim, in whole or in part, waived by AID of his right to apply for refund to AID within 2 years of the date of the waiver action. Concurrent action on both waiver and refund is normally taken.

(3) Refunds are charged to the appropriation from which the erroneous overpayment of pay was made. Propriety of refund action is established by FM/CAD, which administratively approves the transaction as a basis for payment by the FM/ESD, when the amount of the refund is not in excess of $500.

7

g. Accounting Control Over Waivers. The underlying account receivable for a claim on which waiver action has been taken is closed and the account transferred to the inactive files. The supporting documentation is initiated by FM/CAD on a NC/A which provides the input to the AID accounts receivable system. If the amount waived does not eliminate the entire claim, collection of the balance is pursued in the normal manner by the responsible AID/W Billing Office or Mission.

8. Redetermination of Claim

a. Request for Review

(1) Employees or other individuals against whom action is taken for recovery of indebtedness, as provided in paragraph 5. above, are informed of their right as debtors to question the official determination of the amount of the claim. An appropriate explanation is included in the advice to the debtor on action taken by AID to effect recovery, including the alternative methods of collection set forth in 5a through e.

(2) Procedures for redetermination of claims against employees, excluding action on waivers as provided in paragraph 7., are prescribed below.

b. Review Action

(1) Upon request, the Mission or Billing Office assures that the indebtedness is valid in accordance with the criteria in this chapter. If the indebtedness is deemed valid and the debtor continues to contest the claim on which collection has been effected, a report of the case is prepared as a basis for consideration by the GC. The Mission or Billing Office assures proper documentation of the case to support full evaluation and judgment by the GC on the merit of the employee's contention. The GC renders an opinion on the matter and furnishes a copy thereof to the employee. If adverse to the employee, the GC opinion advises the employee of his rights to further legal remedies. Copy of the GC opinion is furnished to the responsible Billing Office or Mission. In the case of contested Mission claims, the copy is also furnished to the AID/W Billing Office having jurisdiction over similar claims.

(2) Pursuant to a settlement in favor of the employee resulting from legal proceedings, payment is made to the employee by FM/ESD on the basis of documentation furnished by the GC as evidence of the legal decision. The documentation is transmitted through the cognizant Billing Office to FM/ESD for payment action.

9. Employee Indebtedness Under Foreign Currency Programs. Missions are responsible for establishing, pursuing, and collecting employee indebtedness incurred under AID operations financed by U.S.-owned foreign currency in AID FT accounts. See 19-5, Foreign Currency Programs. Missions may request AID/W assistance in effecting collection of delinquent employee indebtedness arising in connection with these programs on an individual case basis. Indebtedness of foreign nationals paid in local currency may be recovered by payroll deduction by FM/ESD as foreign payroll is phased into the Centralized Payroll System at AID/W. Other employee indebtedness payable in local currency for credit to an AID FT account is collectible only at the Mission. In unusual cases, the Mission may request AID assistance in effecting collection from any funds available to the employee for credit upon conversion, if required, to the applicable AID FT account.

AGENCY FOR INTERNATIONAL DEVELOPMENT

Report of Waiver of Claims for Overpayment of Pay (5 U.S.C. 5584)
(Report Control No. W-591)

Fiscal Year 19___

Claim No.	A.I.D. Employee	Overpayment			Claims Action					Refund Action	
		Amount	Date Made	Date Discovered	Claim Established		Claim Waived		Amount of Claim Not Waived	Date	Amount
					Date	Amount	Date	Amount			
		$				$		$	$		$
1	2		3			4		5			6
	Totals										

REPORT OF WAIVER OF CLAIMS FOR OVERPAYMENT OF PAY (5 U.S.C. 5584)
(REPORT CONTROL NO. W-591)

1 Approving office symbol and consecutive number without regard to fiscal year.

2 Name of individual against whom claim for overpayment of pay is waived whether or not a current or former employee.

3 Amount of the overpayment of pay, date when paid to the employee, and date on which AID discovered that the erroneous payment was made. Date of discovery must comply with time limitations prescribed in paragraph 7.b.

4 Date of the Bill for Collection asserting the claim for recovery of the overpayment of pay and amount shown on the bill.

5 Date when a determination of waiver was made and the amount of the claim waived. Waiver action must comply with time limitations prescribed in paragraph 7.b. Show amount of claim not waived and subject to collection by AID.

6 Date and amount of refund to employee with respect to repayment to AID on claim which was waived.

AID REGULATION 13 - COLLECTION OF CIVIL CLAIMS BY THE AGENCY FOR INTERNATIONAL DEVELOPMENT

There follows below the text of AID Regulation 13 as published in the Federal Register on May 4, 1968 (33 F.R. 6811 and 6812).

Title 22—FOREIGN RELATIONS

Chapter II—Agency for International Development, Department of State

[A.I.D. Reg. 13]

PART 213—COLLECTION OF CIVIL CLAIMS BY THE AGENCY FOR INTERNATIONAL DEVELOPMENT

Chapter II of Title 22 is amended by adding a new Part 213 as follows:

Subpart A—General Collection Standards

Sec.
213.1 Applicability of prescribed standards.
213.2 Exceptions to applicability.
213.3 Omission not a defense.
213.4 Subdivision and joining of claims.
213.5 Fraudulent claims.

Subpart B—Administrative Collection of Claims

213.11 Prescribed standards.
213.12 Interest.

Subpart C—Compromise of Claims

213.21 Prescribed standards.

Subpart D—Suspension or Termination of Collection Action

213.31 Prescribed standards.

Subpart E—Referral to the General Accounting Office or to the Department of Justice

213.41 Prescribed standards.

AUTHORITY: The provisions of this Part 213 issued under sec. 621, Foreign Assistance Act of 1961, as amended, 75 Stat. 445 (22 U.S.C. 2402); sec. 3, Federal Claims Collection Act of 1966, 80 Stat. 308 (31 U.S.C. 952); and in conformity with Joint Regulations issued pursuant to the Federal Claims Collection Act of 1966 by the Attorney General and the Comptroller General prescribing Claims Collection Standards for Civil Claims by the Government for Money or Property, 4 CFR Ch. II.

Subpart A—General Collection Standards

§ 213.1 Applicability of prescribed standards.

The Joint Regulations of the Attorney General and the Comptroller General set forth in Chapter II of Title 4 of the Code of Federal Regulations prescribe standards for the administrative collection, compromise, termination, or suspension of agency collection action, and referral to the General Accounting Office and to the Department of Justice for litigation, of civil claims by the Federal Government for money or property. Except as set forth in this part, these standards (prescribed standards) shall be applied by the Agency for International Development (hereinafter designated as A.I.D.) with respect to its claims for money or property.

§ 213.2 Exceptions to applicability.

(a) The prescribed standards are not applicable to claims arising as a result of:

(1) Loans and sales for which collection and compromise authority is conferred by section 635(g)(2) of the Foreign Assistance Act of 1961, as amended;

(2) Investment guaranty operations for which settlement and arbitration authority is conferred by section 635(i) of the Foreign Assistance Act of 1961, as amended.

(b) The prescribed standards are not applicable to claims against any foreign country or any political subdivision thereof, or any international organization.

(c) The prescribed standards are not applicable in any instance where the Administrator of A.I.D. or his designee determines that the achievement of the purposes of the Foreign Assistance Act of 1961, as amended, or any other Act in whole or in part administered by A.I.D. requires a different course of action.

§ 213.3 Omission not a defense.

Failure by the A.I.D. to comply with any of the provisions of the prescribed standards or of the provisions of this part shall not be available as a defense to any debtor.

§ 213.4 Subdivision and joining of claims.

(a) A debtor's liability arising from a particular transaction or contract (for example, each individual Supplier's Certificate and Agreement with A.I.D.—Form 282) shall be considered as a single claim in determining whether the claim is one not exceeding $20,000 exclusive of interest for the purpose of compromise or termination of collection action. Such a claim may not be subdivided to avoid the monetary ceiling established by the Federal Claims Collection Act of 1966.

(b) The joining of two or more single claims in a demand upon a debtor for a payment exceeding $20,000 does not preclude compromise or termination of

collection action with respect to any one of such claims which does not exceed this amount exclusive of interest.

§ 213.5 Fraudulent claims.

Any claim as to which there is an indication of fraud, the presentation of a false claim, or misrepresentation on the part of the debtor or any other party having an interest in the claim shall be handled as set forth in 4 CFR 101.3.

Subpart B—Administrative Collection of Claims

§ 213.11 Prescribed standards.

The prescribed standards applicable to the administrative collection of claims are set forth in 4 CFR Part 102.

§ 213.12 Interest.

Under 4 CFR 102.10, A.I.D. may forego the collection of prejudgment interest as an inducement to voluntary payment in cases where such interest is not mandated by statute, contract, or regulation. However, in cases where the debt arises from an overpayment, prejudgment interest shall be collected from the date of such overpayment if the amount involved and the length of time during which the debtor had use of A.I.D. funds warrant such action.

Subpart C—Compromise of Claims

§ 213.21 Prescribed standards.

The prescribed standards applicable to compromise of claims are set forth in 4 CFR Part 103. These standards apply to the compromise of any claim which does not exceed $20,000 exclusive of interest.

Subpart D—Suspension or Termination of Collection Action

§ 213.31 Applicability.

The prescribed standards applicable to suspension or termination of collection action are set forth in 4 CFR Part 104. These standards apply to any claim which does not exceed $20,000 exclusive of interest.

Subpart E—Referrals to the General Accounting Office or to the Department of Justice

§ 213.41 Prescribed standards.

The prescribed standards applicable to referrals of claims to the General Accounting Office or to the Department of Justice for litigation are set forth in 4 CFR Part 105. Claims shall be referred to the General Accounting Office or to the Department of Justice, as appropriate.

This part shall become effective on the date of its publication in the FEDERAL REGISTER.

WILLIAM S. GAUD,
Administrator.

APRIL 30, 1968.

[F.R. Doc. 68-5362; Filed, May 3, 1968; 8:45 a.m.]

OPTIONAL FORM NO. 10
5010-104

Memorandum Recommending Administrative Action on Receivables

UNITED STATES GOVERNMENT

Memorandum

TO : Mission Director

DATE: September 1, 1974

FROM : Mission Controller

SUBJECT: Handbook 19 - Financial Management 7D2

In accordance with the above-referenced chapter, the following receivables are recommended for (compromise, suspension, or termination) or (transfer to AID/W as uncollectible for further action).

(List each indebtedness separately and give all information.)

Due from _____ (full name of debtor) _____

Amount _____ (balance in U.S. dollars or U.S.-owned foreign currency) _____

Date of Billing _____ (initial billing) _____

Bill for Collection Reference _____ (bill number) _____

Followup Action _____ (complete description of all efforts to obtain settlement subsequent to initial billing) _____

Debtor Response _____ (correspondence, contacts, or other communication) _____

Reason for Recommendation _____

_____

_____

Your approval on a copy of this memorandum will be appreciated.

Approved: _____
(Mission Director)

Date: _____

SF 1014 FORMAT

Mission General Ledger Account Receivable

General Ledger Account No. 30	Account Title:	Appropriation, Fund, or Receipt Account No.

Date of Entry	Reference	Description	Debit	Credit	Balance	Remarks
July 1, 1968	JV #65-1	Brought Forward	$	$	$ 400.00	
July 31	Form 7-236	Bills Issued - July	100.00		500.00	
July 31	Form 7-236	Collections - July		150.00	350.00	

REPORT OF BILLING AND COLLECTION TRANSACTIONS

US AID To _____

Country Code _____ Month of: _____ Report Number: U - 141

BILLING NUMBER (1)	DATE OF TRANSACTION (2)	TRANSACTION CODE (3)	APPROPRIATION CODE (4)	FUND SYMBOL (5)	GENERAL LEDGER ACCOUNT (6)	REFUND CLASS (7)	AMOUNT OF TRANSACTION	
							INCREASES (8A)	DECREASES (8B)
5 digits	6 digits	2 digits	3 digits	4 digits	2 digits		$	$
Use type of billing code and the four-digit sequential number. See Item 1, Attachment A.	See Item 2, Attachment A.	See Item 3, Attachment A.	See Item 4, Attachment A.	See Item 5, Attachment A.	See Item 6, Attachment A.	See Item 7, Attachment A.	Show amounts of bills issued, or of increases in amounts of bills issued, in dollars and cents.	Show amounts of collections against bills issued; and cancellations, compromises, or
			REPORT	TOTALS			XXXXXXXXX	XXXXXXXXXXX
							Summarize detail transactions in these columns on the last page of the U-141 by (1) transaction code and appropriation or fund code. See Attachment D(2).	

AID 7-296 (5-63)

REPORT OF BILLING AND COLLECTION TRANSACTIONS

US AID To _____

Country Code _____ Month of: _____ Report Number: U - 141

BILLING NUMBER (1)	DATE OF TRANSACTION (2)	TRANSACTION CODE (3)	APPROPRIATION CODE (4)	FUND SYMBOL (5)	GENERAL LEOGER ACCOUNT (6)	REFUND CLASS (7)	AMOUNT OF TRANSACTION INCREASES (8A)	AMOUNT OF TRANSACTION DECREASES (8B)
		REPORT	TOTALS (Attachment D (1))				$ XXXXXXXX	$ XXXXXXXX
	SUMMARY OF	MONTHLY	TRANSACTIONS					
		Transaction Code						
			Appropriation or Fund Code					
		61 (Billings)						
			923				XXXXXX	
			954				XXXXXX	
			956				XXXXXX	
			Total	Increases - Col.	(8A)		XXXXXX	
		71 (Collections)						
			921					XXXXXX
			954					XXXXXX
			956					XXXXXX
			Subtotal					XXXXXX
		81 (Adjustments/ Cancellations)	923					XXXXXX
		83 (Compromises/ Terminations)						XXXXXX
			000					XXXXXX
			Total	Decreases - Col.	(8B)			

These totals are the same.

These totals are the same.

AID 7-236 (5-63)

NOTE: Adjustments/Cancellations (Transaction Code 81) shown above $10,000 or more are explained as follows:

AGENCY FOR INTERNATIONAL DEVELOPMENT

RECEIPT FOR PAYMENT

Receipt Number 0000

Received of _____

_____ Dollars

For: _____

_____
(Signature)

_____
(Print Name)

_____
(Office Symbol)

AID 7-127 (8-88)

Offices Having Responsibility for Billing

Category of Billing	FM/ESD	FM/CSD	FM/RSD	FM/SSD	FM/BFD
Travel (Transportation and Storage)	x				
Contractors		x	x	x	x
Banks					x
Other Agencies		x	x	x	x
Telephone use - Personal Calls	x				
Miscellaneous Types				x	
Borrowers - Country Bills					x
Medical				x	
Voluntary Agencies					x
Personal Services					
International Organizations	x				
Other Agencies	x				
State and Local Govt.	x				
Participants (OIT)		x			
Administrative Budget					
JAO Details and Reverse State SAS				x	

OPTIONAL FORM NO. 10
5010-104

Memorandum for Transfer of Bills to AID/W and/or to the General Accounting Office

UNITED STATES GOVERNMENT

Memorandum

TO : C/ACC, Chief, Central Accounting Division DATE:

FROM : Billing Office

SUBJECT: Uncollectible Indebtedness

References: Handbook 19 - Financial Management, 11E4c

In accordance with the above reference, the following receivables are recommended for (suspension or termination) and/or (reporting to the General Accounting Office). Supporting documentation is furnished as attached.

(List each indebtedness separately and give all information.)

Due from _____ (full name of debtor) _____

Amount (balance in U.S. dollars or U.S.-owned foreign currency)

Date of Billing _____ (initial billing) _____

Bill for Collection Reference _____ (bill number) _____

Follow-up Action (complete description of all efforts to obtain settlement subsequent to initial billing)

Debtor Response (correspondence, contacts, or other action)

Reason for Recommendation _____

COLLECTION OF CLAIMS BY OFFSET

A. Purpose

This attachment sets forth guidelines and procedures for the recovery of amounts owed AID by a supplier or contractor through the withholding of an amount equal to AID's claim from any funds owed the debtor by AID or another U.S. Government agency.

B. Policy

1. The procedures described in this attachment may be invoked whenever it appears to the Office of Financial Management (SER/FM), with the concurrence of the Office of the General Counsel (GC), that such action is in the interests of the Agency and is likely to result in the most expeditious collection of a claim. The procedures are especially appropriate for use in collection of claims of the following types:

a. Claims for refund, damages, liquidated damages, and exemplary damages arising under Section 640A, False Claims and Ineligible Commodities, of the Foreign Assistance Act of 1961, as amended. For guideline in the use of remedies available to AID under Section 640A, see Handbook 15 - AID-Financed Commodities.

b. AID/W-issued claims against suppliers or contractors which the debtors have not paid despite a reasonable amount of followup activity on the part of the issuing office.

c. AID Mission-issued claims which have been referred to AID/W for collection after having been deemed uncollectible at the Mission level.

2. Use of the offset procedure, as described below, to collect amounts due AID is invoked only after consideration of the other courses of action which may be available under applicable statutes, regulations, or AID policy, either as alternatives to the offset procedure or to supplement it. For instance, when AID claims grow out of grave offenses, prosecution of the offender by the Department of Justice under civil or criminal statutes may be more appropriate than administrative action by AID to recover damages. The propriety of suspension or debarment of the offending party under the provisions in AID Regulation 8, should be considered, as should use of the prior-review requirements of Section 201.33 of AID Regulation 1 to protect the Agency against the necessity of further claims against the same party upon continued violations of AID Regulation 1.

C. Procedures for Using List of "Contractors Indebted to the United States"

1. Attachment H to Handbook 11 - AID Regulation 13 - Collection of Civil Claims by the Agency for International Development, incorporates by reference the Joint Regulations of the Comptroller General of the

United States and the Attorney General of the United States prescribing standards for administrative action on civil claims by the U.S. Government for money or property pursuant to the Federal Claims Collection Act of 1966. (See 4 CFR Chapter II.) One of the procedures available is publication of outstanding claims on the list of "Contractors indebted to the United States" (the so-called Army Holdup List) which is administered by the Department of the Army and circulated among U.S. Government agencies likely to be making disbursements to contractors or suppliers. Any such agency owing money to a firm whose name has been placed on the Army Holdup List by another agency diverts to the creditor agency any amounts due the firm until the firm's debt to the creditor agency has been discharged.

2. To place a firm on the Holdup List, an appropriate letter is prepared for the signature of the Controller or Chief, Banking and Finance Division (SER/FM/BFD), to the Commander, U.S. Army Finance Support Agency, ATTN: FINCY-AB, Indianapolis, IN 44629. This letter, which is cleared by GC, gives the name and address of the debtor and the amount owed AID. The letter need not justify the amount or explain in any detail the circumstances giving rise to the claim. The letter requests that any amounts due the debtor firm, up to the amount of AID's claim, be transferred to AID by a check made payable to "(name of debtor) or the Agency for International Development" (i.e., both names), and sent to the AID Office of Financial Management, Attention: Data Control Division, accompanied by an identifying transmittal or a copy of the AID letter. The debtor is notified by registered mail that his name is being placed on the list of "Contractors Indebted to the United States."

3. Placing the debtor's name on the Army Holdup List alerts other U.S. agencies to AID's claim and invokes the assistance of those agencies in the settlement of the claim. The Army Holdup List is also a basis for intercepting direct payments otherwise due to suppliers or contractors who are indebted to AID or another U.S. agency. The AID Office of Management Operations (SER/MO) receives the periodic distribution of the Army Holdup List and amendments thereto, and promptly distributes copies to SER/FM/BFD and the Office of Commodity Management (SER/COM) and a copy to certain Missions designated by those offices when there is reason to believe that invoices from the indebted suppliers may be received for processing. Certifying officers establish procedures for screening scheduled disbursements against the names on the Army Holdup List. If a payment is due a person whose name appears on the Army Holdup List, the paying office so notifies SER/FM/BFD and withholds payment pending instructions. The Mission paying office promptly notifies AID/W of collection by offset by airgram advice accompanied by a check in the amount of the offset for submission in accordance with HB 11. The offset is not reflected in the Mission's U-141 Report of Billing and Collection Transactions prescribed in 7D6. When offset of amounts due AID against payments owing to suppliers and contractors is effected at AID/W, SER/FM/BFD initiates a Journal Voucher

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(SF1017G) if the offset is for credit to the same appropriation from which payment is made, or a Voucher and Schedule of Withdrawals and Credits (SF 1081) if the offset is for credit to another appropriation.

4. When there is reason to believe that a supplier or contractor whose name is being placed on the Army Holdup List is likely to be due direct payments from AID/W or an AID Mission, SER/FM/BFD circulates the name to appropriate certifying officers by memorandum, airgram, or telegram if this action will result in notification significantly ahead of the routine distribution of the List.

5. When the debt has been completely discharged, SER/FM so notifies GC and other interested AID offices and initiates action by means of a letter to the Department of the Army, to have the name of the firm or individual removed from the Army Holdup List.

6. In the case of AID disbursements to a person or firm whose name is included in the Army Holdup List as being indebted to a U.S. Government agency other than AID, the payee's claim is scheduled in the normal manner except that the check is drawn in favor of the payee or the Treasurer of the United States; i.e., both names, and together with supporting documents is forwarded (through AID/W) to the Commander, U.S. Army Finance Support Agency, ATTN: FINCY-AB, Indianapolis, IN. 46249. The procedure to be followed in the processing of such disbursements is provided under "General Instructions" which are a part of the "Contractors Indebted to the United States" List.

D. Offset Under Letters of Commitment to Suppliers

In certain instances, procurement may be financed through the use of AID Letters of Commitment issued directly to suppliers. AID may withhold amounts otherwise due suppliers under such Letters of Commitment in order to collect claims of the types illustrated in B1. This procedure is handled within SER/FM, which is the paying office for Letters of Commitment to suppliers.

E. List of Contractors Indebted to the United States

1. The list, "Contractors Indebted to the United States" (commonly referred to as the Army Holdup List), is prepared by the Department of the Army to provide a consolidated listing of all contractors and suppliers who have been reported to the Department as being indebted to the United States. The list is used by U.S. Government agencies, including AID/W and certain Missions, to divert payments otherwise due indebted suppliers to the appropriate office for application against the indebtedness. (Page 7-0-9 is a partial list, for illustrative purpose.)

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2. The list is periodically supplemented by the Department of the Army through additions and deletions as required and is completely revised quarterly. Copies of the supplements or revisions are furnished to designated recipients by the SER/MO, AID/W. If there is reason to believe that a supplier or contractor whose name AID is placing on the Army Holdup List is likely to be due direct payment from AID/W or a Mission, SER/FM/BFD circulates the name to appropriate certifying officers in advance of the routine distribution of the Army Holdup List.

3. Limited Distribution. In view of the size of the list and the cost of reproduction, distribution of the complete list is limited to SER/FM, which is the certifying office for direct payments in AID/W, and to those Missions designated by SER/FM when there is reason to believe that invoices from the indebted suppliers may be received for processing.

GENERAL INSTRUCTIONS

1. Scope

The attached list contains the names of all contractors and carriers who have been reported to this command, as being indebted to the United States resulting from contractual dealings with the Department of Defense and other government departments. Debts to be included on the list should be reported to Commander, U.S. Army Finance Support Agency, ATTN: FINCY-AB, Indianapolis, IN 46249, with a synopsis of the facts (GAO Manual for Guidance of Federal Agencies, Title 4, Section 60).

2. Purpose

This list is the only publication of this type available to all government agencies. It is published by the U.S. Army Finance Support Agency, for the purpose of protecting the interest of the United States by collecting the amounts indicated from current payments due the respective contractors cited on the list and forwarding amounts withheld to this command for transmittal to the creditor-agency, or the General Accounting Office, as appropriate. (GAO Manual for Guidance of Federal Agencies, Title 4, Section 61). The placing of the name of a contractor on the list does not, of itself, prohibit government agencies from doing business with such contractor. The information contained herein is of a private nature and will be discussed only with the contractors or representatives of the firms involved.

a. Revisions of and supplements to the list

The list will be completely revised quarterly and supplemented as circumstances warrant by additions and deletions thereto. Agencies using the list must notify the U.S. Army Finance Support Agency, ATTN: FINCY-AB, of any corrections, deletions, or additions to the list.

b. Request for additional copies

In the event additional copies of the list or supplements are required, request should be made to U.S. Army Finance Support Agency, ATTN: FINCY-AB. However, only those copies absolutely necessary should be requested.

3. Code

The Code Letter symbols appearing opposite the name and amount of indebtness of each contractor are explained as follows:

a. The first column indicates the nature of the indebtedness.

(1) The symbol "R" indicates a contractor is indebted to the United States following renegotiation proceedings.

(2) The symbol "W" indicates a contractor is indebted as a result of Walsh-Healey Act violation.

(3) The symbol "X" indicates a contractor is indebted as a result of other than (R) or (W).

b. The second column indicates the Government agency to which the contractor is indebted. Agency codes and the government agencies are listed below:

A - Department of the Army
AA - Defense Civil Preparedness Agency
BH - Federal Housing Administration
BS - Department of State
BE - Bureau of Engraving and Printing
C - Reconstruction Finance Corporation
CA - Federal Aviation Agency
CE - Corps of Engineers
CW - National Oceanic & Atmospheric Administration
D - Department of Interior
DS - Defense Supply Agency
E - Atomic Energy Commission
F - Department of the Air Force
G - U.S. General Accounting Office
H - Dept of Health, Education & Welfare
I - Internal Revenue Service
J - Department of Justice
K - National Bureau of Standards and Department of Commerce
L - Department of Labor
M - Maritime Administration
N - Department of the Navy
NA - National Aeronautics & Space Admin.
O - U.S. Information Agency
P - Department of Agriculture
R - Defense Lending Div., Treasury
S - U.S. Marine Corps
T - General Services Administration
TV - Tennessee Valley Authority
U - U.S. Coast Guard
V - Veterans Administration
W - Department of Transportation
X - U.S. Postal Service
Y - Small Business Administration
Z - Public Housing Administration

c. The suffix "G" to the agency code indicates the indebtedness has been reported to the U.S. General Accounting Office (GAO Title 4, Section 61).

d. The asterisk (*) appearing in the column designated for "amounts" indicates that the exact amount due cannot be determined due to the accrual of interest or because of other circumstances pertaining to the indebtedness.

4. Exceptions to Withholding

a. Joint Venture

The United States may not set-off an unrelated claim against one member of the joint venture from funds owed the joint venture under a separate contract (39 Comp. Gen. 438).

b. Walsh-Healey Act Violations (41 USC 35-45)

Indebtedness of contractors arising out of violations of said act may be satisfied only by withholding against contracts subject to the Walsh-Healey Act (Comp. Gen. B-144604, 18 Dec 61, 137 Ct. Cl. 681). Accordingly, checks due contractors placed on this list for indebtedness by reason of violations of said act, should be forwarded for set-off only if payments are due contractors under contracts also subject to said act. Contractors placed on this list by reason of Walsh-Healey Act violations are encoded "W."

c. Assignment of Claims Act of 1940, as amended (41 USC 15: 31 USC 203)

Payments may not be withheld from assignees under contracts assigned under this law except as follows:

(1) Where the no set-off clause has been deleted (APP 7-102.8A(1))

(2) Where liability arises in connection with the contractor (APP 7-103.8a (2)); or

(3) Where the assignee will reassign to the assignor or release the monies which are excess to the assignee's beneficial interest.

5. Action to be taken when withholding is in question

When vouchers are presented for payment and there exists doubt as to the propriety of withholding, such as vouchers covering payments to companies with similar names and addresses, U.S. Army Finance Support Agency, ATTN: FINCY-AB, Indianapolis, IN 46249, should be contacted by letter, or by other means to determine the action to be taken. The telephone numbers are: Autovan 699-3718 or 542-3718, Area Code 317.

6. Instructions for Remittance

a. Other Than Agency Code "G"

The voucher covering amounts due the contractor should be processed through the accounts of the finance officer and the check drawn payable to "(Contractor's name) or Treasurer of the United States"; i.e., both names such as "John Doe and Company or Treasurer of the United States," and forwarded to the U.S. Army Finance Support Agency, ATTN: FINCY-AB, Indianapolis, IN 46249.

b. Agency Code "G"

The voucher covering amounts due the contractor should be processed through the accounts of the finance officer and the check drawn payable to "(Contractor's name) or U.S. General Accounting Office" and forwarded as prescribed above.

c. If the set-off involves more than one creditor-agency, a check will be drawn to cover each indebtedness and transmitted with a statement sufficient to identify the debts against which they are to be applied.

d. When the amount due the contractor is in excess of the amount due the United States, and additional check for the balance due will be drawn in favor of and forwarded directly to the contractor.

e. When the amount column contains an asterisk (*) or an amount plus interest, check will be drawn in the amount due and forwarded to U.S. Army Finance Support Agency, ATTN: FINCY-AB, Indianapolis, IN 46249.

f. All transmittals forwarding checks should contain sufficient information to identify the payment; i.e., vouchers with a citation to the invoice(s), or copies of invoices for which payment is due.

g. The contractor should be advised of the amount of any check transmitted to the U.S. Army Finance Support Agency, together with the amount of the indebtedness and the name of the agency which reported the indebtedness.

h. When checks to cover the amount stated as due the United States have been forwarded to the U.S. Army Finance Support Agency, payments may be made direct to the contractor.

PREPARED BY: CDR USAFSA (FINCY-AB)
Telephone No. Autovon 699-3718 or 542-3718,
Area Code 317

AERLAB INC. 1805 BELCROFT SOUTH EL MONTE,CA 91733	$1,245.18 PLUS INTEREST	X	NG
AEROLINEAS ARGENTINAS 9 ROCKEFELLER PLAZA NEW YORK, N.Y. 10020	$279.94	X	G
AEROTRONICS CORP. 6149 WATT AVE. NORTH HIGHLANDS, CALIFORNIA 95660	$318.38	X	TG
AETNA VAN LINES, INC. 711 N. FAYETTE STREET ALEXANDRIA, VIRGINIA 22314	$772.57	X	G
AGRICULTURE TRANS ASSN OF TEXAS P.O. BOX 749 FORT WORTH, TEXAS 76101	$1,885.75	X	G
AGRI-SERVICES, INC. P. O. BOX 218 ENCINAL, TEXAS 78109	$3,462.34	X	G
AIR AFRIQUE LOMO,TOGO AFRICA	$529.89	X	G
AIR ALGERIE 41 PLACE MAURICE AUDIN ALGER,ALGERIA	$388.04	X	G
AIR EXPRESS INTERNATIONAL AIR EXPRESS INTERNATIONAL BLDG.89 NEW YORK INTL.AIRPORT JAMAICA,NY 11430	$337.53	X	G
AIRGROWERS,INC. 211 VIRGINIA AVE. HOMERVILLE,GA 31634 REF ROGER JAMES DEFORESTATION + REFORESTATION HOMERVILLE,GA 31634	$18,660.50 PLUS INTEREST	X	A

AIRLINE PRECISION INSTRUMENT, INC. 3200-3208 LEEDS STREET BALTIMORE, MARYLAND 21229	$1,260.00	X	K
AIRSPUR-CARIBBEAN, INC. P O BOX 1493 SAN JUAN PUERTO RICO 00903	$4,132.21	X	G
AIRTECHNOLOGY CORPORATION 103 FOURTH AVENUE WALTHAM, MASSACHUSETTS 02154	$1,230.00	X	K
AKSARBEN MOVING + STORAGE,INC. 1114 DODGE ST. OMAHA,NB 68102	$47.90	X	G
AKUTRON, INC 7542 SANTA RITA CIRCLE GARDEN GROVE, CALIFORNIA 92641	$489.55 PLUS INTEREST	X	FG
AL'S ENTERPRISES,LTD. 746 AUAHI STREET HONOLULU, HAWAII 96813	$27,828.27 PLUS INTEREST	X	AG
ALABAMA FUEL SALES CO P.O. BOX 74034 BIRMINGHAM, AL 35223	$270,874.40 PLUS INTEREST	X	DSG
ALBINA CORP 3810 N MISSISSIPPI AVE PORTLAND OR 97227	$30,868.72 PLUS INTEREST	X	DSG
ALEX, E. J., CONSTRUCTION COMPANY FLAGG HILL ROAD WEST ACTON MA 01720	$9,420.00	X	XG
ALL PACK, INCORPORATED 11815 WILLIAMSON AVENUE CLEVELAND, OHIO 44107	$2,954.29 PLUS INTEREST	X	I

ATTACHMENT 7P

WAIVER OF CLAIMS FOR ERRONEOUS PAYMENTS OF PAY AND ALLOWANCES TO AID EMPLOYEES

1. Waiver Authority

Under Section 5584 of Title 5, U.S. Code as amended by Public Law 92-453, October 2, 1972, waiver authority for claims of the Government arising from erroneous payments of pay to civilian employees includes allowances (other than travel and transportation expenses and allowances and relocation expenses payable under 5 U.S.C. 5724a). The waiver authority covers allowances authorized under the Standardized Regulations (Government Civilians, Foreign Areas) promulgated by the Secretary of State under authority provided in various Executive Orders. (Overpayment of post differential is governed by waiver authority applicable to erroneous payment of pay.)

2. Time Limitations

a. Erroneous Payments of Pay

Under the legislation an application for waiver of an erroneous payment may be considered if received within 3 years from the date of discovery or within 3 years after October 21, 1968, whichever is later. The erroneous payment must have occurred not earlier than July 1, 1960.

b. Erroneous Payments of Allowances

The legislation also prescribes that an application for waiver of an erroneous payment of an allowance may be considered if received within 3 years from the date of discovery or 3 years from October 2, 1972, whichever is later. The erroneous allowance payment must have occurred not earlier than July 1, 1960.

c. Date of Discovery

The date of issuance of an AID Bill for Collection is considered as the date of discovery.

3. Implementation

Applications for waiver are handled in accordance with the standards prescribed by the Comptroller General of the United States (B-152040/-B-158422, dated December 5, 1972) for the waiver of claims for erroneous payments of pay and allowances. Paragraph 7C of Attachment 7G, Chapter 7, is generally in accord with current regulations of the Comptroller General.

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CHAPTER 8 - FINANCIAL REQUIREMENTS OF MISSIONS

CHAPTER 8

FINANCIAL REQUIREMENTS OF MISSIONS

8A. Mission Controller Function

1. General

a. This chapter describes the role of the Mission Controller; serves to acquaint Mission Directors and other Mission officials with responsibilities of Mission Controllers; and reminds field personnel in the Controller area of their assigned responsibilities in order to assure that the financial management function of the Mission is properly carried out.

b. The Mission Controller is responsible directly to the Mission Director for discharging the financial management aspects of Mission operations. The Mission Controller also provides advice and assistance to the Mission Director and other Mission officials with respect to financial practices and procedures applicable to program implementation. As used herein, "Financial Management" embraces those elements of management which deal with budgeting, accounting, reporting, financial analyses, and cash management. The Mission Controller, as the focal point for Mission financial management considerations, provides financial data to be used for and participates in the forecasting of the future resource requirements and provides the financial evaluation of work accomplished in comparison to previous plans and forecasts. By means of special reports, memoranda, and personal consultations, the Mission Controller keeps Mission officials informed of existing control procedures and the financial status of the various projects and programs in effect. Where necessary, he/she proposes financial management improvements to assure that Mission functions are conducted in an efficient manner.

c. The Mission Controller is normally a member of the Mission Director's senior management team. Typical functions of a Mission Controller are set forth below. All of these functions, however, will not exist in all Missions and, conversely, in some Missions, the Director may assign other duties to the Office of the Controller. In those smaller Missions which do not have a full-time Controller, the duties will be discharged by an employee selected by the Controller, AID/W. A Regional Controller may also be authorized to perform these functions.

d. The Mission Controller function includes:

(1) Providing the Mission with uniform guidance and procedures for financial management of all funds available to the Mission, including AID appropriated funds. AID local-currency funds, cooperating-country-local-currency funds advanced to the Mission in a trustee capacity, and to the extent applicable, counterpart funds.

(2) Participating in the formulation and review of proposed programs before submission to AID/W and conducting reviews of financial performance relative thereto.

(3) Maintaining a comprehensive accounting system and providing necessary financial and statistical data to the Mission Director and his/her staff.

(4) Developing and prescribing appropriate systems of internal control pertaining to all aspects of disbursement and collection of moneys and stewardship of resources financed therefrom; providing guidance on financial management principles and standards for cooperative services and other joint undertakings entered into with cooperating countries.

(5) Reviewing project implementation from the financial management point of view to determine whether project objectives are met economically and efficiently by the application of funds for manpower, supplies, equipment, and facilities from AID and cooperating-country funding sources.

(6) Providing the Mission staff and cooperating-country officials with assistance and advice relative to financial management practices and procedures applicable to program implementation.

(7) Advising the Mission Director regarding the financial implications of the provisions of existing or contemplated agreements. Recommending for such agreements appropriate financial procedures and controls, and language aimed at the effective attainment of AID financial management objectives.

(8) Providing guidance on the effect and significance of exchange-rate changes upon local currency payments and related matters. These basic responsibilities are explained below in greater detail.

2. Budget

In cooperation with the Program Officer and the Executive Officer, the Mission Controller participates in the following functions related to the Mission Budget:

a. Budget Formulation

(1) Cooperates with the Program Officer, Executive Officer, and other officers designated by the Mission Director in the formulation, preparation, and review of Mission requests for Program and Operating Expense Funds. Advises the Mission Director and Senior Staff Officers on the preparation of Mission requests to AID/W for Program and Operating expense funds, suggesting solutions to problems where needed; and recommends basic changes affecting the financial aspects of Mission operations.

(2) Supplies fiscal data needed for budget formulation, and ensures that such data relating to funds for AID programs are correctly and adequately stated in narrative submissions.

(3) Furnishes available cost factors derived from appropriate Mission records, needed for the development of estimates.

(4) Forecasts or reviews forecasts of workload, obligations, expenditures, and related items such as employment.

(5) Reviews all internal Mission requests for Program and Operating Expense funds to ensure (a) availability of funds and (b) compliance with the financial aspects of legislative requirements and Agency instructions.

b. Budget Execution

(1) Participates in the development of the annual financial operating plans of the Mission in line with fund availabilities. This involves a review of developments since submission of the original estimates, including review of financial progress for each of the activities; recent changes in cost factors; changes in available legislative and/or administrative authorities; and adjustments in fund availabilities made by AID/W.

(2) Continuously advises management by interpretive reports and special studies as to the progress of financial plans, the relationship of firm and prospective requirements, to available funds, the needs for additional funds, opportunities to effect savings, alternative methods of covering possible financial deficits, and of possible adjustment to increase the effectiveness of the Mission.

(3) Under financial operating plans approved by the Mission Director, assures that all applicable limitations and directives are adhered to with respect to program and operating expenses activities carried out with dollars, U.S.-owned local currencies, and counterpart and trust funds.

(4) Provides advice on financing and assists the Mission Executive Officer in negotiating administrative support agreements with the Embassy, and clears the financial aspects of such agreement.

(5) Analyzes on a continuing basis financial and statistical data pertinent to the development and revision of cost factors.

(6) Participates with the Executive Officer in establishing and maintaining necessary budgetary control over expenditures at the Mission, observing effectiveness of overall Mission controls, and the making of recommendations for improvements as appropriate.

(7) Consults with appropriate staff of the cooperating government to explain U.S. Government and AID budgetary procedures and to ensure cooperating-government cooperation in matters affecting Mission budgetary operations.

3. Accounting and Financial Reporting

The Mission Controller is charged with the responsibility for installing and maintaining an accounting and financial reporting system which provides local management with the information necessary to make operating decisions and AID/W with information of sufficient uniformity and detail to permit the exercise of needed controls and supervision. This responsibility includes the requirements for implementation of the Project Accounting Information System (PAIS), a subsystem of the total AID management information under the new approach to Agency Planning, Budgeting, Accounting, and Reporting (see Chapters 8E and 9F of this Handbook). Similarly, the Mission Controller establishes and maintains fiscal services pursuant to agreements with other U.S. Government agencies, such as the Peace Corps. His/her specific responsibilities for financial accounting and reporting are set forth below.

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a. Maintenance of Accounts

Establishes and maintains an adequate account system and financial control with respect to:

(1) Appropriated dollar funds available to the Mission for operating expenses activities and program purposes.

(2) U.S.-owned foreign currencies which are available to AID under the Foreign Assistance Act of 1961, as amended, related appropriation acts, and The Agricultural Trade Development and Assistance Act of 1954, as amended (P.L. 480).

(3) Drawdowns and utilizations of dollar and local currency loans, as assigned by AID/W, based on memorandum loan-ledger accounts on the financial status of AID loans as provided in Chapter 6D of this Handbook.

(4) Dollars and foreign currencies entrusted to the Mission by the cooperating country.

(5) Special foreign currency funds resulting from AID assistance; i.e., counterpart funds, etc.

(6) Cost elements involved in Mission operating expenses and program operations.

(7) Receivables due to and advance payments made by the Mission.

(8) AID-owned property at the Mission.

(9) Arrival of commodities furnished to the cooperating country as part of the AID assistance program, if records are not maintained by the host government.

b. Availability of Funds

(1) Assures that obligations are approved from the standpoint of fund availability through establishment of prevalidation techniques suitable to the needs of the program.

(2) In cases requiring AID/W or other-agency action, certifies fund availability on the requesting documents on behalf of the Mission.

(3) Assigns identifying obligation/document serial number to implementation orders, and other appropriate documents authorizing procurement for the benefit of projects and activities (see Attachment 8G), thereby signifying that clearance has been given and the Mission has completed the proper recording of administrative reservations, and obligations, as appropriate.

(4) Periodically reviews the status of obligated funds to ascertain whether they are currently, actually and fully required for the purpose for which obligated and takes action to obtain deobligation of funds determined to be in excess of requirements.

c. Financial Reporting

(1) Reports on the financial status of current programs measured against established plans, thereby permitting appropriate and timely revisions to programs as determined by the Mission.

(2) Provides leadership in devising Mission internal financial reports; provides all levels of management with financial reports and information commensurate with their responsibility, enabling them to measure their own performance and establish standards for future performance. Provides analyses of operational reports and data to highlight for Mission management areas of outstanding success and, especially, areas where problems exist or may be developing, with sufficient detail to indicate the corrective action required.

(3) Prepares and makes timely submission of a series of periodic and special financial reports to AID/W, as required.

4. Other Activities

a. The Mission Controller does not have responsibility for the audit, examination, and review of AID-financed and administered activities. This function is assigned to the Auditor General, and is performed by members of his/her staff.

* However, the Mission Controller is encouraged to utilize the services of competent public accounting firms to a greater degree in providing accounting and financial management consulting services within the project design as a part of program funding and in auditing host country contracts. Auditing services will be conducted on the basis of pre-approval by the Inspector General staff. *

* Revised

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* In their areas of responsibility, Mission Controllers are encouraged to use contract personnel to supplement direct-hire personnel for voucher examinations. However, when using contract personnel to provide voucher examination, procedures will need to be adopted which will limit internal control vulnerability.

b. The Mission Controller is responsible for:

(1) The fiscal and voucher examination of all program and administrataive-type vouchers and schedules presented for payment.

(2) Special Mission self-audits (internal reviews of various program and administrative operations at the Mission when requested by the Ambassador or the Mission Director). This function does not infringe upon the responsibilities of the AID Auditor General (AG).

(3) Followup on audit recommendations and exceptions, including requests for refunds when appropriate.

(4) Implementation of AID's cash management policy guidelines as provided in Chapter 16 of Mission Controller's Guidebook.

5. Other Financial Management Advisory Services

a. Project Approval and Implementation

The Mission Controller is responsible for providing for financial procedures and data for the preparation of all Mission-originated project proposals, project agreements, and implementation orders, giving effect to project planning and development documentation prescribed in Handbook 3. His/her basic responsibilities include:

(1) Analysis of project proposals to determine their financial feasibility. Additionally the Mission Controller will be required to review and concur in the specific assessment of methods of implementation and financing contained in project design documents for those approved in the field as well as those submitted to AID/W. The approval of this section will provide the basic approval for later issuance of financing documents requested by the USAIDs during project implementation. *

* Revised

(2) Review of project agreements to ascertain that the undertaking of both parties are clearly defined and follow those outlined in the project proposals, and that current policy and procedural instructions for issuance of implementing documents have been observed.

(3) Determination that the Project Assistance Completion Date (PACD) shown in each case represents a realistic estimate of the date by which all deliveries of goods and services will have been made to the project.

b. Nonproject Assistance

The Mission Controller participates in the Mission review and approval of procurement authorization applications and provides financial advice regarding cooperating-country procurement.

(1) Advises on the selection of the method of financing to be employed; i.e., Letter of Commitment, Direct Reimbursement, etc.

(2) Acts as liaison between U.S. banking institutions and foreign banking institutions and the cooperating country in matters pertaining to AID Letter of Commitment financing, as requested by AID/W.

(3) Assists in the interpretation of the provisions of AID Regulation 1 (see Handbook 15 and other AID policy or procedural directives pertaining to the financial aspects of commodity procurement.

c. Financial Review of Contracts

The Mission Controller has responsibility for participating in the review of proposed contracts whether financed in local currencies or dollars, which are to be executed or approved for financing by the Mission.

(1) Provides the Mission Contracting Officer with financial advice with respect to the proposed contractor's financial responsibilities.

(2) Determines and advises the Contracting Officer whether the financial standards established by AID and the AID Procurement Regulations are adhered to.

d. Pricing Analyses

The basic responsibility for the review of AID-financed commodity procurement transactions to determine compliance with price requirements of law and AID regulations rest with the Office of Commodity Management, AID/W. The Mission Controller assists in safeguarding AID against departures from these requirements through periodic examinations of Mission commodity procurement operations.

e. Cooperating-Country Financial Management Improvements

It is the responsibility of the Mission Controller, working with other senior officials of the Mission, to assist the cooperating country toward fulfilling its responsibilities in the establishment of effective control over the utilization of aid provided through AID channels. This responsibility is carried out by providing guidance to cooperating-government officials in the field of accounting and auditing, and related technical functions for institutional development to enable them to establish an adequate basis for sound financial management.

f. Financial Aspects of Loan Servicing

The Mission Controller is responsible for the financial aspects of loan servicing, including the collection and interpretation of data on the financial progress and status of all active loans in the cooperating country under the AID-administered loan program. (See Chapter 6D.)

g. Appraisal and Monitoring of Project Assistance Activities

The Mission Controller has an active role in the Project Assistance process as defined in Handbook 3. In addition to the customary Controller function of maintaining and reporting on the status of Project Assistance obligations, amounts earmarked, committed, expended, etc., he/she may be called upon from time to time to provide advice and assistance in formulating, reviewing, and monitoring the financial aspects of Project Assistance activities. He/she should serve as a member of the Project Assistance Executive Committee (or equivalent) and on the Mission committees and work groups which discharge the Project Assistance responsibilities. In the absence of such committees or work groups in one or more phases of the process, the Controller's functions should be discharged in cooperation with the Mission's Capital Development Office (or equivalent) and the various Project Coordinators.

(1) In the formulation phase, the Mission Controller:

(a) Participates, as financial adviser, in the Mission planning exercises conducted to arrive at recommendations with respect to funding levels and financial controls and procedures to be incorporated into the projects to be supported.

(b) As a member of the Mission Project Assistance Committee (or equivalent) or working Group, reviews applications and Intensive Review Requests, participates in Intensive Reviews by Mission, and assists in the preparation of the Project Identification Document (PID). See Handbook 3, Chapter 4. In addition to analysis of the financial data in the application, he/she advises on the borrower/grantee's technical capability to account for and maintain administrative control of funds and to prepare necessary financial reports, on conditions precedent that may be necessary to ensure compliance with financing provisions, and on appropriate recordkeeping, reporting, and auditing requirements to be provided for in Project Assistance Agreement documents.

(2) In the implementation and monitoring phase, the Mission Controller:

(a) Reviews and advises on fiscal and financial management provisions of proposed agreements, and implementation letters.

(b) Advises, and participates as necessary, in negotiations of agreements with borrower/grantees where issues arise which are of a financial management nature or have financial management aspects.

(c) Provides advice and assistance in the Mission's review and analysis of financial plans submitted by borrower/grantees pursuant to agreement requirements.

(d) Reviews and comments on financial reports submitted by borrowers/grantees pursuant to agreement requirements.

(e) Reviews and comments on financial aspects of proposed contracts relating to Project Assistance projects. Assures borrower/grantee ability to implement and control proposed contracts by review of borrower/grantee contract management and audit organization and his capability to ensure contractor compliance with financial and fiscal contract provisions, and of arrangements for obtaining data from contractors in support of AID-financed payments.

(f) Reviews or arranges for reviews of borrower/grantee accounting records as necessary to determine whether they are adequate to ensure and disclose compliance with all general and any special conditions or covenants in an agreement concerning systems of accounts and related reporting.

(g) Reviews, analyzes and comments upon financial reports submitted to Mission by grantees and borrowers, and by their public accountants. He/she also determines whether independent audit, when required under grant/loan agreements, was performed in a manner consistent with accepted U.S. audit practices, both as to nature and frequency of such audits, and whether it fulfills the provisions of the particular loan/grant agreement. He/she usually acts as Mission liaison with public accountants on problems encountered or clarification required.

(h) Is a clearance point for Mission submission of reports and correspondence concerning financial aspects of Project Assistance projects.

(i) Receives copies of Project Progress Reports and Project Completion Reports, and comments as necessary on financial matters in the reports.

(j) In the event of a borrower's delinquency or other evidence of financial difficulty, provides financial analysis expertise for Mission's consideration of the causes and possible solutions to the problem.

8B. Mission Allotment Accounting System

1. Purpose and Scope

a. The system of AID Mission allotment accounting for funds allotted to Mission Directors or other Mission officials from AID U.S.-dollar appropriations or funds for foreign economic assistance authorized under the Foreign Assistance Act of 1961, as amended, is maintained to assure compliance with various statutory, regulatory, and administrative requirements for fund control and reports to management and to outside agencies.

b. The system is applicable to Mission allotment accounting for both program and operating expenses funds. Detailed adaptation of the plan is set forth in the Mission Controller Guidebook and in the requirements for implementation of PAIS as an integral element of the Mission accounting operation. See 8E below and Chapter 9F of this Handbook.

2. Authorities

a. Section 3679, Revised Statutes, as Amended (Anti-Deficiency Act) (31 USC 665)

This statute prescribes the maintenance of an agency system of administrative controls to preclude the overobligation or overexpenditure of funds available in an appropriation or other fund for AID use.

b. Office of Management and Budget Circular A-34

In compliance with these regulations relating to apportionments and reports on budget status, funds which are allocated to AID from appropriations to the President or other Government agencies, or funds available from other sources are controlled by a system of allotments and other authorizations issued to designated AID officials for implementing AID's budgetary and financial programs effectively and efficiently. Allotments are made within the amounts of appropriations or other funds apportioned or reapportioned by the Office of Management and Budget pursuant to periodic request by AID.

c. Section 1311 of the Supplemental Appropriation Act, 1955, Public Law 663, 83rd Congress

This legislation prescribes the criteria for recording and reporting valid obligations. Detailed guidelines on implementing the concept of obligations for AID programs are contained in Chapter 1 of this Handbook and the Mission Controller Guidebook.

d. Other Requirements

These instructions give effect to various other regulatory requirements pertaining to Agency accounting systems and fund control standards which emanate from the central fiscal agencies of the U.S. Government. See the General Accounting Office "Policy and Procedures Manual for Guidance of Federal Agencies" setting forth standards and principles of agency accounting prescribed by the Comptroller General and other regulatory bulletins issued from time to time by the Office of Management and Budget and the Department of Treasury, and AID regulations which by publication in the Federal Register have statutory authority.

8B

3. Mission Allotments

a. Limitations

Mission allotments are subdivisions of AID funds for specified purposes and are subject to the same limitations on the incurrence of obligations and expenditures as are prescribed in Section 3679, Revised Statutes, for funds apportioned or reapportioned to AID. Mission establish allotment accounts to facilitate the exercise of fund control within the amounts allotted by AID/W and to assure against the overobligation or overexpenditure of such funds.

b. Funding Procedures

(1) Program Funds

(a) Within planning levels and guidelines established by the AID Administrator, as documented in the Operational Year Budget (OYB) or amendments thereto, Geographic Assistant Administrators are responsible for programming and for implementing all program funds for country assistance activities, except population funds, which are handled by the Bureau for Population and Humanitarian Assistance (PHA). Based on such approvals for implementation, the Geographic Assistant Administrators or their delegates request the Chief, Funds Control Division, Office of Financial Management (SER/FM/FCD), to allot funds for the approved purposes to Mission Directors or other designated AID Representative at the Mission or activity. Separate allotments are made for each of the major functional categories of assistance under Development Assistance; other program appropriation; and, generally, for loans and grants. (See Handbook 3, Chapter 9, for project approval, authorization, and funding actions.)

(b) Allotments for nonproject assistance, chiefly commodity import grant and loan programs, are made in AID/W to each Geographic Bureau.

(c) All project and development assistance funds for loans financed from the development lending appropriations are allotted to AID/W allottees.

(d) Development assistance funds for certain centrally funded Mission porgrams and projects are allotted to an AID/W allottee.

(e) Funds for all other project and development assistance are generally allotted to the Mission, including, in some cases, funds for projects benefiting more than one country and identified as regional projects.

(2) Operating Expenses Funds

Within the guidelines established by the AID Administrtor, the Assistant Administrator for Program and Management Services, after coordinating with Geographic Assistant Administrators, establishes the operating expenses requirements and approves funding plans requested by AID Missions. Based on approved funding plans, the Support Planning Division, Office of Financial Management (SER/FM/SPD) requests SER/FM/FCD to allot funds for approved purposes to Mission Directors or activity concerned.

(3) Advice to Missions

(a) Generally, a telegram notifying Missions of allotment action; i.e., establishment, increases or decreases, affecting Mission funding is dispatched to the Mission soon after the approval actions taken in 8B3b(2) above. The confirming allotment advice document is dispatched by air pouch as soon as possible thereafter. The purpose of the telegram is to permit the Mission to proceed with program implementation as early as possible after AID/W approval of funding plans. Missions maintain followup on the confirming advice of allotment and notify AID/W (Attention: SER/FM/FCD) if it is not received within the normal air pouch transmission time.

(b) SER/FM/FCD is responsible for issuance and control of allotments. Allotments may not be increased, decreased, or transferred without wirtten approval of that office. (See Chapter 4F1 of this Handbook on form AID 7-158, Request for and Advice of Allotment.)

c. Responsibilities of Mission Allottees

Accounting offices on behalf of Mission Directors or other AID Representatives to whom funds are allotted are responsible for administrative control over the funds received from AID/W. In carrying out this responsibility, Missions observe the following minimum requirements:

(1) Maintaining a system of accounting records designed to assist officers receiving allotments and other authorizations to control obligations and expenditures within amounts allotted or authorized.

(2) Prevalidating obligations as to availability of funds within the allotment or other authorization to cover the obligation and the expenditure to be made there under.

(3) Recording promptly all obligations and expenditures in the official records of the Mission.

(4) Furnishing timely and accurate reports to allottees and AID/W on the status of allotments.

4. Mission Accounting Records and Procedures

5. Reconciliation of Mission Expenditures to Disbursing Officer's Account

6. Internal Controls

7. Reporting

8C. Fiscal Year-End Guide for Mission's in Closing of Accounts and Submission of Reports

1. Purpose

2. Preparing for Fiscal Year End

3. Fiscal Year-End Actions

4. Reports Required

NOTE: Guidance on these procedures are to be provided in the Mission Controller Guidebook for use as an operating reference in conducting the day-to-day Mission financial management function and related operations. Pending issuance of the Mission Controller Guidebook, operating personnel consult provisions contained in the above captioned sections of this Handbook released by TM 19:1, 11/15/74. Instructions included in TM 19:1 applicable to these procedures should be maintained separately in a suitable binder or file, record, or other reference device for working needs of concerned Mission financial management staff and other interested personnel. Upon issuance of the Mission Controller Guidebook, these temporary instructions will be superseded and identified as obsolete in accordance with Mission directives management procedures. Attachments 8A and 8B, also issued with TM 19:1, are to be similarly held for interim guidance until formalized in directive material addressed to Mission needs in the Mission Controller Guidebook.

8D. Year-End Closing Procedures - Appropriation and Allotment Accounts

1. General

2. Procedures for Allotment Conversions and Consolidations

3. Mission Procedures for Allotment Conversions and Consolidations

4. Project-Type Assistance Accounts

5. Conversion/Consolidation Guide

8E. Project Accounting Information System

1. Background

a. AID's approach to Planning, Budgeting, Accounting, and Reporting has been developed to better assure: (1) that Agency programs reflect stated priorities in compliance with congressional mandates to concentrate on areas of basic human needs and (2) that programs are proceeding toward and achieving their objectives within the expected period.

b. The new approach requires that the total management information system reflect the interaction of the major Agency processes relating to project assistance, whether loan or grant-funded, as follows:

(1) Planning

(2) Budgeting

(3) Design and Approval

(4) Implementation

(5) Reporting

(6) Evaluation

c. The system incorporates five major computer-based management information subsystems. These are identified below and further described in Attachment 8C:

(1) Project and Accounting Information System (PAIS)

(2) Country Program Data Bank (CPDB)

(3) Economic and Social Data Bank (ESDB)

(4) Development Information Service (DIS)

(5) Project Performance Tracking System (PPT) Automation planned but not scheduled.

2. Purpose and Scope of PAIS

a. PAIS is a management information function which tracks financial progress from the signing of the project agreement to completion of delivery of AID-financed inputs. The basic inputs to the automated PAIS data base consist of:

(1) Planned obligations and expenditures

(2) Actual obligations and expenditures

(3) Benchmark data

b. PAIS provides data on project implementation for use in monitoring financial progress (planned vs. actual) and in discharging Agency financial management responsibilities. The subsystem is the source for accounting on actual U.S. dollars and U.S.-owned foreign currency obligations and expenditrues for AID projects, worldwide. Data are maintained for project inputs by funding source (loan or grant within appropriation) for each project on a life-of-project basis. Date for active projects are maintained on a fiscal year basis with current fiscal year activity maintained quarterly. PAIS also maintains certain project benchmark dates such as date of project agreement, terminal dates for first (initial) and second conditions precedent, terminal date for requesting authorization of disbursements, and terminal date for disbursement. See also Chapter 9F of this Handbook for PAIS reporting requirements.

c. PAIS interfaces with other automated systems of the total Agency management information structure. It is capable of collecting financial information in accordance with the requirements of the Activity Identification and Classification System (AICS), which is designed to meet AID's present programming priorities as set forth in Handbook 3, Appendix 6B.

3. Benefits

a. The information function served by PAIS gives effect to the concept of projects as "units of management." Based on reports from

PAIS, actual performance in financial terms is compared with planned performance. Financial activities under all projects, whether loan or grant financed, are reported on a consistent basis. Through integration with the new management information data base, PAIS makes possible the timely preparation of a series of special purpose, action oriented financial management reports for various levels of AID/W management.

b. PAIS is capable of aggregating data to the total agency level, and disaggregating data down to the lowest level for which there is a demonstrated management need. It is capable of manipulating data to produce reports on an exception, summary, and comprehensive basis. In addition to comparison of financial plans with actual financial results, PAIS can provide data for assessment, evaluation, and review of past performance with current and planned performance. Through the data base management system, PAIS can provide on-line access for ad hoc queries as this facility becomes operative.

4. Significant Accounting Concepts and Principles

a. Project Accounting Records for All Projects

(1) Each overseas accounting station and servicing accounting office in SER/FM, AID/W, is required to maintain project ledgers for all projects, irrespective of whether they are loan or grant funded.

(2) Project Ledgers are established in a manner that permits the recording of funds obligated, earmarked, and expended by "Project Inputs" (PI's). See 8E4d below for discussion of PI's.

(3) Pending revision of form AID 7-178, Technical Assistance Project Ledger, the Project Ledgers are maintained by making necessary changes in columnar captions and preprinted information appearing on existing stock for compliance with specifications prescribed by PAIS. Method of Implementation (MOI) accounting and reporting is not required by PAIS. This classification is to be deleted from the existing supply of Project Ledger forms. Specifications for new Project Ledgers will be provided in the Mission Controller Guidebook and internal AID/W, SER/FM operating instructions. Accounting by MOI is discontinued effective October 1, 1976.

b. Loan Accounting

(1) "Loan accounting" as distinguished from "project accounting" is performed by AID/W under the Loan Accounting Information System (LAIS). LAIS reflects the status of loans in terms of amounts loaned, amounts disbursed, amounts repaid, and amounts yet due for repayment. PAIS makes no change in LAIS.

(2) Upon Mission request to facilitate maintenance of Project Ledgers for loan projects, the Loan Division, SER/FM/LD, provides cable information on total loan disbursements for each loan project as reflected in LAIS maintained at AID/W. The information is furnished between the 25th and 30th of the month preceding the end of each quarter. In addition, Mission disbursements under Direct Reimbursement Authorizations (DRA's) included in the total are reported to facilitate the determination by the Mission of all disbursements made by the Mission but not included in the total reported by SER/FM.

c. Accrual Basis of Accounting

(1) All Project Ledgers for both loan and grant projects are to be maintained on a flexible accrual basis. See Attachment 8D.

(2) Conversion to loan project accounting is effected as follows:

(a) For on-going loan projects scheduled for completion in FY 1977, project ledgers may be established at the total project level by funding source on the cash disbursement basis.

(b) For on-going loan projects with a planned completion date extending beyond FY 1977, project ledgers may be established at the total project level by funding source on the cash disbursement basis for the "transition period" ending September 30, 1977. Commencing with FY 1978, Project Ledgers for all loan projects are to be maintained by project input and on an accrual basis.

(c) For loan projects commencing in FY 1977, project ledgers are to be established on the basis of PI's and maintained on an accrual basis.

(3) The accrual technique which best relates cost to accomplishment is used for all projects. The accrual basis is that which fits the project logic, nameley, that which enables management to best relate physical progress to financial progress. The flexible accrual concept includes the application of more than one accrual basis to an individual project. The accrual basis is jointly determined by the Mission Controller and the Mission Project Officer.

(4) In addition to constructive delivery, flexible accruals may include other bases such as percentage-of-completion, units completed, applied costs, etc., when more appropriate.

d. Project Inputs (PI's)

(1) Implementation of accounting at a Project Input (PI) level as described below is prescribed for projects commencing in fiscal year 1977 and thereafter. For projects with a beginning date prior to October 1, 1976, accounting at the Cost Component (CC) level is continued. Project Ledgers are modified to accommodate input by PI's as provided in 8E4a(3). See also Attachment 8D for accounting by PI's for new projects.

(2) Project Inputs are the resources necessary to achieve the desired outputs of a particular project. They describe the aggregation and/or categorization of such resources to the specific requirements of the project. Project Inputs are generally unique for each project and are used instead of standardized or uniform categorizations.

(3) Project Inputs may be specific services or commodities, or contributions such as:

(a) Feasibility studies
(b) Construction services
(c) Investment services
(d) Commodity-related services
(e) Training
(f) Consultant and expert services
(g) Capital commodities - equipment and supplies
(h) In-kind contributions

(See also Handbook 3, Appendixes 5B and 6F, Budget Tables for the PRP and PP, respectively.)

The system of project input accounting to provide financial information on each significant input, for each project, is documented by form AID 1300-3, Project Implementation/Procurement Advice (PIPA), as prescribed in Attachment 8G. See also detailed instructions and guidance in Handbook 3.

(4) AID's system of budgeting, accounting, and reporting on project activities of the Agency is a means of designing projects, monitoring their progress, and finally measuring their effectiveness with respect to accomplishing their goals or purpose. In terms of design the system allows for an increasingly detailed examination of the feasibility, cost, and complexity of accomplishing a specific development objective. At the Project Review Paper (PRP) (form AID 1330-3) level the project is discussed in broad terms not only with respect to the deficiency which it attacks but also in the matter of inputs required.

8E4d

(5) By the time the project reaches the Project Paper (PP) (form AID 1330-4) stage of design, a great deal more attention has been given to identifying the specific elements that will be required to implement this development category and their interrelation to one another within the category and their interrelation to one another within the category as well as to the other categories and the project as a whole, both in terms of cost and time phasing. The final step in the design phase, and the departure point from theory to reality, is the signing of the agreement by which time a firm course of action has been developed and costed out for each of the specific components.

(6) Since the purpose of the system is to track project activity and provide a sound basis for requesting resources, it is obvious that considerable thought must be given to the details of a project at the PRP level, but all of this detail need not be presented to either AID/W management or the Congress, except to the point that they may make a specific request. Thus, it is obvious that careful analytical work must go into the initial planning, with the thought in mind that as the project moves closer toward authorization and eventually implementation an increasing amount of detail tracking will be required by operating management--all of which is summarized in terms of money and planned accomplishments on form AID 750-8, Project Financial Implementation Plan (PFIP) (see Chapter 9F of this Handbook), and forms AID 1020-35, Critical Performance Indicator Network, and AID 1020-36, Critical Performance Indicator Description (the Project Performance Tracking (PPT) networks), and subsequently compared with the projects actual performance as reported on form AID 750-10, Project Financial Activity Report (PFAR) (see Chapter 9F of this Handbook).

(7) At the operating level an input must be stated in terms of some manageable unit that is measurable and trackable; both the PP and the Project Agreement should contain statements of inputs in precise terms as to unit, quantity, cost, and time phasing. At the same time these inputs should be stated in such a way that some logical aggregating is possible.

e. Reports to AID/W

Mission reports to AID/W giving effect to the requirements in 8E4 as prescribed in the PAIS reporting specifications in Chapter 9F of this Handbook.

8E

5. Project Financial Reporting for Mission Management

a. A well-designed accounting system is basis to a meaningful system of reporting. Project financial reports are designed to serve all levels of Mission management. Missions prepare reports which reflect project progress in financial terms at a level that is useful to Mission management.

b. The style of management, as well as management requirements, varies from Mission to Mission. Likewise, the experience and outlook of Project Officers, as well as top Mission management personnel, must be taken into account in developing the project financial reporting system within each Mission.

c. It must be recognized that financial management reporting techniques to meet project management needs is an ever-changing thing. Therefore, there is a continuing need to experiment and innovate with respect to project financial reporting. The project accounting and reporting system as a part of the overall financial management system should be designed to meet the financial data requirements for each project as set forth in the project papers at the Project Review Paper (PRP) stage. See Handbook 3, Chapter 5.

d. The general standards for Mission Project Financial Reports to Mission management follow:

(1) Reports are issued on a timely basis to disclose meaningful financial data for the period reported.

(2) Summary reports, at the total project level, are issued quarterly to reflect -

(a) Planned vs. actual accrued expenditures from inception to date

(b) Obligations to date

(c) Pipeline as of the end of the period reported.

(3) Detailed reports are designed to meet specific management needs based upon a determination of what is essential for evaluation of planned program accomplishment.

(4) Financial data presented in reports have adequate accounting support.

e. Illustrative examples in Attachments 8E and 8F are to be considered in designing Project Financial Reports for Mission management as shown in the following:

(1) Summary Project Financial Report (PFR-1)

(2) Project Expenditure Report by Project Specific Inputs (PFR-2).

6. System Inputs and Outputs

a. Financial Reporting System

System inputs to PAIS are provided by the reports prescribed in 9F of this Handbook. The rationale for the inputs and reporting instructions with illustrative report formats are in response to management information improvement requirements of the overall Agency approach to Planning, Budgeting, Accounting, and Reporting (see 8E1a above).

b. PAIS Output Products

The system outputs consist of:

(1) Specific purpose action oriented reports such as -

- Status of Project Implementation
- Accrued Expenditures by organization, country, and functional development purpose
- Pipeline Analysis by organization, country, and functional development purpose
- Summary of Projects Requiring Future Years' Funding

(2) Historical reports such as -

- Active and Terminating Projects by country, project purpose, and technical field
- Closed Projects by country, project purpose, and technical field
- Closed Projects - Regional and Worldwide Summaries by project purpose and technical field
- Obligations and Expenditures by Project Input
- Projected versus Actual Obligations
- Project Agreements Not Signed
- Initial Conditions Precedent Not Met

(3) Information pursuant to ad hoc queries.

7. PAIS Benchmarks for Project Review and Appraisal

a. During the project planning, development, and approval process, Mission project review and appraisal schedules are established for the purpose of regularizing the identification and monitoring the relationship of physical progress and financial performance during implementation. Specified dates are established for this purpose as benchmarks in PAIS; and the schedule for these dates is specified on the Critical Performance Indicator (CPI) network and in the Project Performance Tracking (PPT) system.

b. Mission positive reporting to AID/W (SER/FM/CAD) by Cable Advice (see Chapter 9F of this Handbook) confirms that review of financial benchmarks has been made and provides the date of such review; i.e., the "date benchmark met."

c. If no problem exists, the cable report to SER/FM/CAD, within the PAIS reporting function, is the only action necessary. If a problem exists, a separate "CPI (Critical Performance Indicator) Special" message from the Mission to the responsible Geographic Bureau at AID/W is required to be generated within the PPT (Project Performance Tracking) monitoring and reporting system. AID/W action on "CPI Special" reports and responsibility for Mission followup for corrective or remedial attention and action are carried out in accordance with evaluation and review requirements established by AID/W. Mission Controller involvement in follow-through on items in the "CPI Special" report is governed by these criteria.

Further instructions in the Mission Controller Guidebook and other directives provide guidance on the financial aspects of the PPT management information function.

8. Financial Analysis and Projection of Planned Project Expenditures

a. Introduction

(1) Implicit in the design of a development project is the preparation of a course of action that will lead to the accomplishment of the goals which the project is intended to meet. This course of action will occasion expenditures of funds, and when these expenditures are related to physical accomplishments they can be a measure of progress. It is therefore more than a mere academic exercise to prepare a plan of action and to cost out the plan of action so as to project the

financial implications of the planned physical activity. Such a plan of action along with the related financial projections will serve as a road map for the entire course of the project, and can help to insure that the project stays on its intended course.

(2) It is recognized that, given the nature of development assistance, slippages frequently occur for reasons that are beyond AID's control. Host governments that do not live up to their obligations, technicians who cannot be recruited, strikes and political disturbances which disrupt scheduled commodity deliveries are just a few of the hazards that a development project faces. All of these things can and do interfere with planned activity. Nevertheless, it is important that a carefully thought out implementation plan be prepared on every project. The very fact that development projects are fraught with potential delays makes the need for an implementation plan more essential than might be the case on a more complicated program of a domestic nature.

b. Aggregated Information - Sector, Country, Region, and Worldwide

In addition to a soundly based rationale for the need to have an implementation plan at the operational level, there is a need for aggregated information on AID's development assistance activities by sector, country, region, and worldwide to satisfy higher management and congressional requirements; PAIS is intended to fill that need. Aggregated information is only valuable and meaningful to the extent that the detailed information is correct. Thus if the information fed into the PAIS is to be meaningful it must be prepared professionally and consistently worldwide.

c. Timing of the Preparation of the Project Financial Implementation Plan

(1) While the PFIP (see Chapter 9F of this Handbook) is not prepared until the Project Loan or Project Grant Agreement has been signed, it is essential that a great deal of careful thought go into the financial planning of the project at the Project Review Paper (PRP) stage of design. It is the PRP that serves as the basis for the Congressional Presentation; and the total Project requirements can only be determined after a meticulous and detailed analysis of the various components which underlie the global summary data presented to the Congress.

(2) Even though projecting planned activity and expenditures can only be done in abstract terms (that is, planned activity/expenditures in the first quarter after signing the Agreem/nt, second quarter, etc.) at the PRP stage, it is a discipline that is well worth the effort in that early on in the design phase Project Officers and Financial Analysts collaborate so as to become familiar with the Project; the complexities and interrelationships of the various inputs and the financial implications of the planned course of action; and the effect that delays in implementation can have on funding requirements.

(3) In times of scarce and dwindling resources, and in the face of greater congressional control over the application of resources, it is important that funding requirements be stated as realistically as possible; and it is axiomatic that the more attention that is devoted to careful financial planning of the Project the less the chance that the funding request to the Congress will be over or understated.

d. Projecting of Accrued Expenditures

(1) Although the term "Accrued Expenditures" is generally understood by accountants and operating personnel alike, it is worthwhile that the meaning be restated since it is imperative that it be understood before a clear comprehension of the value of a well prepared PFIF can be had. Expenditures when reported on an accrual basis mean that they include an estimate of the cost for all goods and services which have been received, irrespective of whether or not the actual billing has been paid or even received. This means that in the case of equipment, for example, title has passed to AID or the Borrower/Grantee. Normally title passes on equipment or commodities when they have been delivered to a common carrier. In the case of services AID and/or the borrower/grantee have a liability once the services have been rendered; while on construction projects percentage of completion, as determined by a qualified engineer, is frequently the basis for the accrual. In all cases it is clear that expenditures on an accrual basis reflect what has physically happened on a project and are, therefore, a measure of accomplishments toward meeting the project's goals.

(2) A comparison of Planned Expenditures vs. Actual Expenditures, when both are prepared on an accrual basis, is a means of tracking project activity; and variations between the planned and actual can mean that there is a potential overrun, that time has slipped, or that goals will have to be modified. In the case of inputs which are interrelated, as in the case of a construction project which must be completed before certain equipment should be delivered, a variation

might mean that action will be required to defer the delivery of the equipment. In order to prepare periodic accruals Financial Analysts or Project Accountants must have access to information that reflects actual physical project activity. It is in the course of the design phase of the project that attention can be focused on how this information is to be channeled into the AID Mission and subsequently provided for either through special arrangements with contractors, suppliers, or host governments; or by the inclusion of special reporting requirements in the basic agreements.

(3) Although the PFIP contains nothing more than a one-line entry of projected expenditures for the life of the project, the underlying workpapers must be detailed analyses of individual contracts for personal services, commodity procurement schedules, construction contracts, and a wide range of other cost elements. It is through the design of the workpapers that the analyst focuses on the various elements of cost, determines the appropriate method of financing, projects expenditures with respect to time, and identifies the means by which the periodic accruals are to be made. These workpapers will serve over the entire life of the project, will be used by perhaps many Project Officers and Financial Analysts who will not have been involved with the proejct since its inception. Accordingly, workpapers should, like any well prepared analytical workpaper, be legible, understandable, dated, initialed, indexed, and cross-referenced. A well prepared set of workpapers will not only enable Project Officers and Analysts who are not familiar with a project to become quickly acquainted with it, as well as any problems which have surfaced; they will also document problems which have necessitated changes in the original plans, goals, and funding requirements. In addition, they will serve as valuable tools when during implementation variations in planned and actual expenditures do occur and the Analyst and Project Officer are attempting to determine the cause, significance, and broader implications of the variation.

(4) Each Financial Analyst will apply his/her own professional skills and background to the design and preparation of his/her workpapers, but the disciplines and standards should be uniform throughout the entire Agency in order to achieve the goals of sound financial projections of planned activity that can be aggregated for purposes of presenting summary information to various levels of management in a format that meets the needs of the level of management to which directed. See Attachments 8E and 8F for suggested report formats for internal Mission use. Mission reports to AID/W on PAIS implementation are prescribed in Chapter 9F of this Handbook.

ATTACHMENT 8A

RESERVED

ATTACHMENT 8B

RESERVED

ATTACHMENT 8C

TERMS RELATED TO THE AID FINANCIAL SYSTEM

AICS - Activity Identification and Classification System--A project coding system which allows retrieval of information on AID projects meeting current management, special reporting, and evaluation/design needs (see Handbook 3, Appendix 6B).

CPBD - Country Program Data Bank--A computer-based AID subsystem which provides a central source of current planning, budgeting, and project information through funding authorization only.

CPI - Critical Performance Indicator--A unique event, happening, or other condition essential and critical in monitoring performance against planned performance as set forth in the basic project implementation plan. CPI's are established by dates on a basic project network chart, the date being the time when they become critical to the project. Each CPI determines the time elapsing between the project start date and the planned achievement of the indicator.

DIS - Development Information Service--An automated subsystem which provides for retrieval of technical and evaluative research information based on both AID and non-AID sources and used primarily to serve project designers and evaluators.

ESDB - Economic and Social Data Bank--An automated subsystem serving as a single Agencywide source of economic and social data on country and sector profiles, by functional development categories.

PACD - Project Assistance Completion Date--The date denoting the completion of all AID-financed inputs to the project, including delivery of goods and related resources and performance of services required for achievement of the project goal, whether or not final disbursements have been made. PACD establishes the date of physical completion of the project rather than financial completion. PACD does not establish the date on which the project purpose is successfully achieved as verified by the logical framework methodology (see Handbook 3, Appendix 3E).

PAIS - Project Accounting Information System (described in 8E of this Handbook)

PFAR - Project Financial Activity Report--A computer preprinted form (form AID 750-10) used for each active project to report into the PAIS system identifying nonaccounting information and quarterly financial activity (see 9F of this Handbook).

TERMS RELATED TO THE AID FINANCIAL SYSTEM

PFIP - Project Financial Implementation Plan--A computer preprinted form (form AID 750-8) used to report into the PAIS system planned expenditures for each project (see 9F of this Handbook).

PI - Project Inputs--The terms used to describe the aggregation and/or categorization of resources necessary to achieve the desired outputs of a particular project. Project inputs are used instead of uniform categorization of resource requirements (see 8E4d and Handbook 3, Appendixes 5B and 6F).

PIAS - Project Information and Analysis Service--An AID/W activity which covers all subsystems of the total Agency management information system.

PIL - Project Implementation Letter--A document normally used by AID to convey general guidance or specific information to the borrower/grantee relative to actual implementation of the project and, in some cases where the B/G is the procurement agent for contracts, containing essentially the same information as the PIPA.

PIPA - Project Implementation/Procurement Advice--An AID implementation document (form AID 1300-3) for use in recording and/or confirming mutual agreement as to the implementation details related to the procurement of AID-financed project inputs (goods and/or services) in an approved project.

PO - Projected Obligations--A form (form AID 750-11) used to report into the PAIS system each funding source (loan/grant within appropriation) for which an obligation is projected for the current year (see 9F of this Handbook).

PPT - Project Performance Tracking--A subsystem which provides, by exception reporting, need-to-know information on critical implementation problems in timely fashion. The principal device is the Critical Performance Indicator Network prepared when the project is designed, submitted with the Project Review Paper (PRP) or the Project Paper (PP), and used for reporting during implementation of the project. PPT is adaptable to automation when approved by AID.

Att 8D-1, Ch 8, HB 19
(TM 19:19)

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DEPARTMENT OF STATE

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TO - AIDTO CIRCULAR A- 390

FROM - AID/W

SUBJECT - PBAR Related Financial System

REFERENCE - (a) A-AIDTO CIRCULAR A-234, April 19, 1975

1. The purpose of this airgram is to advise operating units of the results of the PBAR related financial system field tests (ANNEX A) and to summarize features of new project financial management requirements.

2. The referenced circular contains proposals to improve the project financial management system. Arrangements were subsequently made to test these proposals at eight missions. Seven of the test missions completed the test and submitted their detailed analysis of results during May 1976.

3. Test mission evaluation reports, together with extensive discussions with controllers at the Test Mission Controllers' Seminar conducted during February 1976, provided the basis for developing specific recommendations to upgrade the reliability and utility of project financial data. The following recommendations were approved by the Deputy Administrator on June 29, 1976:

(a) The development of accrued expenditure projections (time-phased costing of project implementation plans) for all projects, whether loan or grant financed, and the reporting of planned vs actual results at the funding source level.

(b) The application of project specific input and accrual accounting and reporting to new projects.

In addition, SER/FM will further develop and test the concept of a Financial Implementation Plan during FY 77.

ANNEX A - Field Financial Test Results/Approved Recommendations

PAGE 1 OF 2 PAGES

DRAFTED BY	OFFICE	PHONE NO.	DATE	APPROVED BY
GSRobinson:kas	SER/FM/STF	20082	7/7/76	Thomas A. Blacka, Controller

AID AND OTHER CLEARANCES
A/SER/PBAR:FFischer (Info)
SER/MP/DPC:EJLachman

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AIRGRAM DEPARTMENT OF STATE **AIRGRAM**

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4. The most effective way to move forward with worldwide implementation, considering the limited time available, is to conduct a series of field Controller seminars. Accordingly, a series of possibly six seminars will be conducted during August and September 1976. The seminars are to be conducted by SER/FM representatives for an average participation of seven Mission Controllers per seminar. The number of attendees is limited in order to enable active participation and responsiveness to financial questions and potential problem areas. Controller participants are to conduct a Mission briefing upon their return. Host mission clearances will be requested under separate cover. Seminar locations, dates, agenda, individual assignments, and selected materials will be provided after host country clearances are obtained.

5. Directives reflecting the changes required by these approved recommendations will be issued in due course.

ATTACHMENTS: ANNEX A - Field Financial Test Results/Approved Recommendations

KISSINGER

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JUN 25 12 01 PM '76
JUN 25 1976
EXECUTIVE SECRETARIAT

ACTION MEMORANDUM FOR THE DEPUTY ADMINISTRATOR

THRU: ES

THRU: AA/SER, Charles A. Mann
FROM: SER/FM, Thomas R. Blacka

SUBJ: Field Tests of the Financial Reporting System

Problem: To strengthen project design and execution through improved financial planning, budgeting, accounting and reporting.

Background: The PBAR Report of October 4, 1974, contains a set of concepts which provides the basis for modifying AID's program procedures and financial systems. The PBAR Task Force pointed up the need to update the Agency's financial systems, to provide accurate and relevant data to meet AID's current management needs more effectively. The Task Force Report stressed that project financial reporting should compare planned and actual expenditures.

AIDTO CIRC A-234, dated April 19, 1975, includes a detailed proposal (Annex A) for modifying the Agency's requirements for financial data in AID project assistance. The Circular called for tests to be undertaken to determine the feasibility of the recommendations set forth in the PBAR Task Force Report.

Scope of Financial Tests

Financial tests were initiated at eight missions in September and October 1975. Three missions (Thailand, Pakistan and Liberia) which were designated as "limited" test missions, were requested to develop project financial plans, account for and report (planned vs actual accrued expenditures) by project specific input for grant projects, and identify methods and techniques for the development of more reliable accrual data. Five missions (Afghanistan, Ghana, Guatemala and ROCAP, Panama and the Philippines) which were designated as "expanded" test missions, were requested to (1) plan, account and report (planned vs actual accrued expenditures) by project specific output for loan and grant projects; (2) determine the feasibility of accounting and reporting for loan financed projects on an accrual basis, and (3) also perform the aforementioned "limited" tests. Seven of the test missions completed the tests as of March 31, 1976. Evaluation reports have been received from each of the test missions.

Summary of Findings

Test mission evaluation reports, together with the extensive discussions with controllers at the Mission Controller Seminar conducted during February 1976, provides the basis for concluding that (1) it is feasible to plan expenditures for all projects on a quarterly basis and to report planned vs actual, (2) it is possible to further enhance the reliability of accrued expenditure data for

grant projects and also to account for loan financed projects on an accrued basis, and (3) accounting and reporting by project specific input was much preferred over accounting and reporting by project specific output.

In addition, during the course of the tests it became apparent that Controller involvement in the project design stage is essential and the inclusion in project documentation of a Financial Implementation Plan should provide the framework for project accounting and reporting. Comments on the major phases of the mission field tests follow:

1. Expenditure Projections - Reporting Planned vs Actual

Tests indicate it is feasible to develop time-phased expenditure plans on a quarterly basis for use in reporting planned vs actual accrued expenditures. Projections are essentially a procedure of costing-out implementation plans. One of the major problems in conducting the financial tests was inadequate implementation plans for most projects.

Mission directors and their immediate staffs generally found the reporting of planned vs actual expenditures to be a control devise useful in highlighting potential problem areas. Some Project Officers, however, did not personnally find the reports useful because, in their opinion, they were aware of the detailed status of their projects. Other Project Officers found the reports to be very useful and there was a consensus that project financial reports would be useful to those not involved with the projects on a daily basis.

We recognize that reporting planned vs actual expenditures represents a significant change in our approach to tracking financial implementation and may appear to pose a threat to some Project Officers and others. This indicates a special effort may be required to demonstrate in a constructive way the value of the project financial report as one of the tools available to the Project Officer in tracking project progress and identifying real and potential problems.

Quarterly projections for PAIS input hopefully can be submitted to SER/FM by November 15, 1976 for continuing projects, and upon obligation for new projects. We recognize that some operating units may have difficulty meeting this schedule due to workload/staffing problems. Additional efforts will be required to further define, develop and aggregate data for AID/W projects, which may result in some delay in implementing the system for certain projects. SER/FM will evaluate these situations on a case by case basis and either provide assistance or extend the submission date.

2. Improve Accrual Data for Grant Projects and Develop Accrued Expenditures for Loan Projects.

Test Mission Controllers believe that significant progress has been made in upgrading the reliability of accrued expenditure data. It is clearly recog-

nized however, that much remains to be done to enhance the quality of accrued expenditures to achieve the desired level of confidence by Agency management.

Based on the very limited tests and extensive discussions with tests mission controllers, we have concluded it is both feasible and desirable to develop accrued expenditures for all projects in order to more realistically depict actual progress of project implementation. Utilization of accrual data for loan projects is useful because disbursement data which is frequently used by AID/W to measure progress does not actually reflect this progress. We have also concluded that the type of project funding (loan or grant) does not determine the degree of difficulty in accruing expenditures, and additionally that it is desirable to concentrate financial expertise in those areas employing the greatest amount of resources. The elements which impact most heavily on accruing expenditures are (1) the availability of reports from implementing agents, (2) the project design, (3) the accrual basis to be used, and (4) the need for an incentive to carry out this requirement. This indicates that Mission Controllers, in cooperation with Project Officers, should develop early-on a Financial Implementation Plan for each proposed project.

3. Accounting and Reporting by Project Specific Input

The tests resulted in a definite preference for the project specific input approach. Project specific-inputs provide a maximum of flexibility, because they can either be an elaboration or aggregation of resource items. Therefore, very little difficulty was encountered using this method. In contrast, there was considerable difficulty in projecting and accounting by project specific output. In many cases the outputs are not readily quantifiable, excessive in number, and difficult to cost-out. Projections required the distribution of multiple inputs to multiple outputs. Difficulty was experienced when assigning accruals to output categories, since in many instances numerous goods or services were procured under one contract or procurement document that pertained to multiple outputs. In short, the accounting process was overly complicated. Of greatest import, however, Mission management did not find output reporting as useful or informative as input reporting.

4. Financial Management Action Plan

The tests indicate there is a definite need for the Controller to be involved in the development of a Financial Management Action Plan for each project Such an effort would include:

(a) Reviewing project specific inputs in terms of financial viability, e.g., their relationship to the Log Frame, problems involved in costing inputs, validity of cost estimates, provision for and financing of local costs, etc.

(b) Evaluating the financial and administrative capability of the implementing agents selected.

(c) Determining the project specific and/or sub-project accounting and reporting basis desirable for Mission management.

(d) Determining the appropriate accrued expenditure basis.

(e) Determining the methods of financing most suited to inputs and methods of implementation selected.

(f) Consideration of the use of cost/reimbursement techniques, e.g. the Fixed Amount Reimbursement (FAR) procedure.

(g) Designing and obtaining agreement on a plan of action to monitor and evaluate financial progress.

The adoption of a flexible accrual concept is key to the capability to relate financial data to project progress. Accrual techniques should be flexible in order to fit the specific needs and logic of each project. In the case of ICI loans for example, where disbursements to the borrower represent reimbursements for sub-loans financed, disbursements may be the appropriate accrual basis. On the other hand, in the case of projects utilizing FAR, the best method of accrual might be on the basis of certificate of completion or percentage of completion.

We have concluded that inclusion of a Financial Management Action Plan in the project documentation would significantly enchance our ability to track project financial progress. Accordingly, SER/FM intends to further develop and test this concept during FY 77.

5. Controller's Role and Manpower Implications

The tests indicate there is a need for Controller involvement in the planning and design phase of a project. We believe the resultant benefit will be improved project reporting and consequent improved implementation. Considerable manpower would be required to analyze all existing projects, assist in the development of implementation plans, determine the appropriate accrual and accounting basis, implement procedures to obtain the desired accrual and project specific input accounting data, and participate in the design of new-projects prior to the start of FY 77. Many of the existing projects were not designed under PBAR concepts, the methods of financing are not easily conducive to accruing and input accounting, and the agreements and contracts do not provide for the proper reports and voucher break-outs.

We do however, believe it's possible to develop expenditure projections for all projects, both loan and grant, at the funding source level and initiate planned vs actual reporting commencing with FY 77. We plan to conduct six field Controller Seminars during August and September 1976 in order to bring the non-test mission Controllers on-board and prepare them for implementation tasks. In order to ease the workload or gradualize implementation it is anticipated that FY 77 projections and accruals for existing grant and loan projects will remain on a constructive delivery and disbursement basis respectively. During FY 77 Controller personnel would thus (1) prepare FY 77 projections during the first quarter, (2) participate in the design of new projects, and

(3) analyze all on-going projects, determining the appropriate accrual and accounting basis, and provide for required input reports.

Although some additional effort and in specific instances a possible increase in the number of U.S. and local national personnel will be required to implement and maintain these systems improvements, it is believed that the above described gradualized approach will minimize such requirements. We recognize that certain missions which may have a large number of new projects will require temporary assistance from AID/W. It is our view however, that once implemented, there will be a number of workload tradeoffs which will result in more controller involvement on a professional basis, but not necessarily require significantly more manpower. Other refinements such as the proposal for improved contractor budgeting and financial reporting contained in SOG recommendation #12 and dated 6/19/75, are expected to resulting in a future assist to Controllers. An evaluation in depth of the financial system results is planned for the second quarter of FY 78.

Recommendations

The following recommendations were discussed in detail with Bureau representatives on June 16, 1976. Their suggestions have been incorporated herein.

It is recommended that the following steps be taken to update the Agency's financial systems to provide accurate and relevant data to meet AID's current management needs more effectively.

1. Expenditure Projections - Reporting Planned vs Actual

It is recommended that project financial reports, reflecting planned vs actual expenditures be submitted to SER/FM on a quarterly basis commencing with FY 1977.

Approved _____

Disapproved _____

Date 6/29/76

2. Enhance Accrual Data - Standardize Project Accounting and Reporting

It is recommended that

A. Appropriate operating units establish project accounting records for all projects, both loan and grant financed, not later than the end of the first quarter of FY 1977. No change is proposed in accounting for loans.

B. Accounting and reporting for all projects should be on a flexible accrual basis as soon as possible, but no later than September 30, 1977.

Approved _____

Disapproved _____

Date 6/29/76

3. Accounting and Reporting by Project Specific Input

It is recommended that as an initial step, during FY 1977 the requirement for accounting and reporting by method of implementation (MOI) for on-going projects be phased out and all new projects be accounted for by project specific input.

It is further recommended that commencing with FY 1978, arrangements be made to convert all projects to the project specific input basis of accounting. SER/FM in conjunction with PPC should develop a detailed proposal for converting all projects to this basis of accounting within a reasonable period, i.e., March 31, 1977.

Approved _____

Disapproved _____

Date 6/29/76

SER/FM/STF:GSRobinson:kas: 6/21/76

Clearance:
SER/FM:TDVerner _____ Date 6/22/76
SER/PBAR:FFischer (draft) Date 6/21/76
A/AID:EKosters (draft) Date 6/21/76

Att 8E-1, Ch 8, HB 19 (TM 19:19)

PROPOSED PFR-1 REPORT

NOTE: FOR MISSION USE

(Illustrative)

AGENCY FOR INTERNATIONAL DEVELOPMENT

SUMMARY PROJECT FINANCIAL REPORT

(Thousands of Dollars)

COUNTRY:

FOR PERIOD ENDING:

NO.	PROJECT TITLE	DATES		CUMULATIVE AS OF:		CURRENT YEAR TO DATE			TOTAL PIPELINE	REMARKS
						OBLIGATIONS	ACCRUED EXPENDITURES			
		START	EST COMPLE.	OBLIG.	ACCRUED EXPEND	ACTUAL	PLANNED	ACTUAL	Col. 1 and 3 less Col. 2 and 5	
				Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	
	GRANT FINANCED PROJECTS:									
	130-259 Small Farmer Income									
	180-266 Agriculture Research									
	199-260 Bicol River Basin Development									
	199-261 Agrarian Reform									
	220-248 Rural Electrification									
	etc.									
	TOTAL									
	ADD: TERMINATING PROJECTS									
	TOTAL AMOUNT FUNDED ON BRANT BASIS									
	FUNDING SOURCE:									
	Food & Nutrition					000		000		
	Pop Plan & Health					000		000		
	Ed & Human Resources					000		000		
	Selected Dev. Problems					000		000		
	TOTAL					000		000		

Att 8F, Ch 8, HB 19 (TM 19:19)
PROPOSED PFR-2 REPORT

NOTE: FOR MISSION USE

(Illustrative)

AGENCY FOR INTERNATIONAL DEVELOPMENT

PROJECT EXPENDITURE REPORT

BY PROJECT INPUT

(Thousand of Dollars)

COUNTRY:

PERIOD:

PROJECT NO:		CUMULATIVE AS OF:		CURRENT YEAR TO DATE			TOTAL PIPELINE Col. 1 and 3	
TITLE:				OBLIGATIONS	ACCRUED EXPENDITURE			
START DATE:	EST. COMPLETION	OBLIG.	ACCRUED EXPEND.	ACTUAL	PLANNED	ACTUAL	less Col. 2 and Col. 5	REMARKS:
TOTAL ACTIVITY		Col. 1 000	Col. 2 000	Col. 3 000	Col. 4 000	Col. 5 000	Col. 6 000	
PROJECT INPUTS								
1. Short Term Advisory Service								
2. Long Term Advisory Service								
3. Commodities, Primarily Technical Instruments and Equipment								
4. Training of 40 Participants								
TOTAL								

DEPARTMENT OF STATE

AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON

(Unification of Implementation Procedures and Documentation

DEC 13 1976

DEPUTY ADMINISTRATOR

MEMORANDUM FOR ASSISTANT ADMINISTRATORS AND HEADS OF OFFICE

SUBJECT: Unification of Implementation Procedures and Documentation

I have approved the attached airgram, which promulgates new Agency implementation procedures and documentation. It represents the culmination of a year-long effort to unify certain aspects of loan and grant implementation.

I am aware that some Bureaus have had strong reservations about one aspect of this total package. I am referring to the objections to the preparation and use of the new Project Implementation/Procurement Advice (PIPA) form in the case of B/G procurement.

Although we had virtually no such objections from the field missions which will have to prepare the PIPA, I want you to know that I have nevertheless given very careful thought to your views. The new procedures - as spelled out in the airgram and its attachments - represent several important modifications, based on your views, from the original proposal:

1. In the case of B/G procurement, only preparation of the PIPA facesheet is now required; and

2. Whether or not copies of the PIPA facesheet are sent to the B/G is left to the discretion of the Missions.

I was, however, not persuaded by the view that even the PIPA facesheet is unnecessary when the B/G is the procuring agent. It is true that the facesheet is not needed to authorize or initiate B/G procurement. But it is still needed to record summary financial data for the Agency's own project financial management and monitoring purposes.

As you know, we recently instituted a new project input accounting system. Among other features of the system, it will provide financial information on each significant input, for each project, for our Congressional project data sheets.

It is therefore necessary for us to record financial data, by project input, during the project implementation process. The PIPA facesheet will serve as an important source document for this type of data in the case of B/G procurement.

As noted in the airgram, the responsibility for incorporating the new PIL/PIPA concepts and procedures into Handbook 3 is assigned to PPC. I will also look to PPC to monitor the immediate use of the new procedures and documentation for all projects, utilizing the new Project Agreement formats.

John E. Murphy

Attachment:
Airgram

Att 8G-13, Ch 8, HB 19
(TM 19:19)

AIRGRAM

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SER/MP/DPC:WJFradenburg

TO - AIDTO CIRCULAR A- 650

E.O. 11652: N/A
FROM - AID/W

SUBJECT - Unification of Implementation Procedures and Documentation

REFERENCE - AIDTO CIRCULAR A-473

1. Refair transmitted to the field for comment a draft report, "Unification of Procedures and Documentation Leading to Procurement". The report had three principal thrusts:

a. Improvement of the quality of procurement planning;

b. The use of sequentially-numbered Project Implementation Letters (PILs) as a means of transmitting to the B/G guidance, information, documents and funding specifics on both loan and grant project implementation;

c. The use of the Project Implementation/Procurement Advice (PIPA) as a means of unifying the structure of essential procurement information for both loans and grants.

2. Based on comments received on subject report, the use of the PIPA has been refined as follows:

a. When a USG agency is the procurement agent, the PIPA is used to authorize a specific agent to procure, or direct the procurement of, one or more procurement transactions under a project input. It is also used for project monitoring and input accounting purposes described in the next paragraph.

b. When the B/G is the implementing agent, only the PIPA facesheet is prepared to abstract the relevant data from the PIL. It is then used within the Mission as an internal document to aid in monitoring project implementation by project input, and to serve as a uniform document to earmark funds in

Attachment: "Unification of Implementation Procedures and Documentation"

PAGE 1 OF 2 PAGES

DRAFTED BY	OFFICE	PHONE NO.	DATE	APPROVED BY:
DECarter DASohlin JREllis:ae	SER/MP SER/PBAR SER/SYS	29762 21249	12/9/76	DA/AID:John E. Murphy

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D/AID:HEKosters
SER/FM:TBlacka (draft)
TA/PPU:CFritz (subs)
SER/COM:WSchmeisser (subs)
ASIA/TR:TClark (draft)
PHA/PRS:DMcMakin (subs)
SER/CM:HDwelley (subs)
SER/SYS:FCFischer
DAA/SER:JOwens (draft)
AA/SER:CAMann (draft)
D/AID:WLParks

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the Mission's project input accounting system.

c. A PIPA facesheet will be prepared to earmark funds for project inputs, whether related to procurement or not. (The referenced study excluded the use of a PIPA when the input involved contributions to ICI activities and projects involving FAR.)

3. Mission comments on refair, plus those received from the principal AID/W Bureaus and Offices, were given full consideration in development of the final version of the PIL/PIPA documentation and procedures. These are set forth in the attachment and I direct their immediate use in all projects where the new Project Agreement formats are used (see AIDTO CIRCULAR A-503), and encourage PIL/PIPA utilization in continuing projects prior to a mandatory date for continuing projects of October 1, 1977 (except for projects with PACDs in FY 1978).

4. Responsibility for incorporating the concepts and procedures of the Attachment into Handbook No. 3 is assigned to PPC. Pending distribution of the appropriate handbook materials, Missions are authorized to reproduce the Attachment for distribution to the B/G, for its information.

5. Several Missions raised questions concerning whether the PIPA replaced the PIO/P. SER/SYS and SER/IT are currently working on the development of a training module in the PIPA series to replace the PIO/P. Meanwhile, Missions should continue to use the PIO/P document until further notice.

ROBINSON

PLEASE SEND TO LIST P WITH THE ATTACHMENT

ATTACHMENT
TO AIDTO CIRCULAR A

UNIFICATION OF IMPLEMENTATION PROCEDURES AND DOCUMENTATION

PART I

BILATERAL PROJECTS

29 November 1976

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PART I - BILATERAL PROJECTS

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Unification of Implementation Procedures and Documentation

I. Background

AIDTO CIRCULAR A-473, dated 26 August 1976, transmitted a draft report on Unification of Procedures and Documentation Leading to Procurement. Subsequent analysis of comments from the field and from AID/W offices resulted in adopting the implementation and documentation procedures outlined in this instruction. Background information and description of the then current procedures may be found in the cited airgram and are not repeated herein.

II. Coverage

The implementing documents included in this instruction are designed to be used in conjunction with the new project agreement formats distributed by AIDTO CIRCULAR A-503. Accordingly, the provisions of this instruction are effective immediately upon its receipt for all new projects where funding is authorized on or after 1 October 1976. To the extent that on-going projects are converted to the new agreement formats (see Para 2 of AIDTO CIRCULAR A-503), the procedures herein are also applicable, though missions are encouraged to utilize them for other on-going projects prior to a mandatory date of October 1, 1977 (except for those with PACDs in FY 1978).

III. Policy as to Responsibility for Implementation

It is AID policy that the Borrower/Grantee (B/G), to the extent it has the capacity and capability, be responsible for implementation of mutually agreed-upon projects for which AID authorizes use of U.S. funds.

IV. Project Implementation Concepts

Implementation is the execution of the project, as agreed upon in a project agreement by the signing parties. ("Implementation planning and pre-implementation actions", or "gearing up" actions taken before the agreement is signed or has come into effect, are also included in this definition of implementation.)

It is recognized that the approval process through which the project passes includes the preparation of an "Implementation Plan" and that a summary of this plan, with such changes as deemed necessary, may be included in the detailed project description contained in Annex 1 of the agreement.

It is generally not possible to provide in the agreement detailed information to the B/G on all matters which will arise during implementation. Consequently, the amplification of certain parts of the agreement is necessary during implementation. To illustrate, after the agreement has been signed, mutual agreement on specifications for rural schoolhouses, or on revisions, may be made by designated representatives of the parties in order to augment and clarify the detailed project description.

V. Procurement Planning

A. Policy

It is AID policy that procurement planning be an essential part of the overall project implementation planning process. Such planning identifies early in the project design and approval process major procurement actions which, among other things: (a) provide a key point of departure for developing the PPT system; (b) assist in establishing the feasibility of the proposed action; and (c) aid in meeting the requirements of Sec. 611 of the FAA

Moreover, the Congressional Presentation (CP), which is based on an approved PRP, includes a proposed breakdown of project inputs. Cost estimates shown in the PRP must result from a conscientious effort to project the quantities, qualities and delivered costs of each of the categories of inputs required for the project to the extent it is possible to do so at that time. It is recognized that there may be some differences between inputs shown in the CP and those in the final implementation plan.

B. Purpose

Procurement planning is conducted jointly between the mission, the Borrower/Grantee (B/G) and other participating parties, if any, in order to develop a detailed plan of action for purposes of coordinating the delivery of project inputs. Such a plan translates and supplements the rather broad-gauged data already in the PRP and PP. It is a "time-phased" expression of the work which must be done-- and the resources or inputs required -- during the foreseeable life of the project to achieve, or contribute to the achievement of, project outputs. It also serves as a major management tool in crystallizing mission and B/G planning for project execution, and enhances actual implementation and monitoring by providing a recognized base against which many project actions can be measured. Finally, the plan provides a convenient summary record of all procurement actions proposed for the major participants, and displays the time-phasing for their initiation over the life of the project.

C. Relationship of Procurement Planning to Other Budget Formats

The project inputs included in the procurement plan and schedule are directly related to those elements inthe Summary Cost Estimate and the Financial Plan table in the PRP and PP. Consequently, such a plan supports the financial and the implementation plan sections of the PP and, in part, forms the basis for the development of project costs used in the Congressional Presentation at the time of the PRP.

In addition to directly supporting certain schedules included in the PRP and PP, the cost estimates in the procurement plan are also useful in relating project costs to the project authorization and allotment process, as well as the project agreement, since the procurement plan contains most of the major expenditures anticipated in the project.

D. Major Procurement Planning Considerations

1. General Planning Factors

Normally, procurement planning takes into consideration, among other things, the following factors:

a. the number and types of contract/procurement actions proposed in order to implement each input;

b. the source and origin of the goods/services proposed for procurement;

c. the lead times required and the date when the items are physically required for use on the project, e.g., when commodities are to be delivered to the project, when land must be delivered, when consultant contracts must be made, when personnel are to arrive on site, etc.;

d. the qualifications, capacity, etc., of the organization proposed as procuring agent to perform the services required;

e. the cost of each input broken down by discrete procurement actions showing the fiscal year in which funding is required. Host-country contributions to inputs (both in kind and cash) are also considered and priced-out in U.S. dollar equivalents. The rate of exchange should be noted.

2. Additional Planning Factors

In addition to the above factors, the following questions are also addressed whenever AID or another U.S. Government agency is designated as the procurement agent:

a. What are the significant deviations from normal procurement and related practices, such as:

(1) expansion or contraction of the AID source rule;

(2) proprietary procurement;

(3) negotiated procurement;

(4) waiver of advertising requirements;

(5) waiver of AID marking requirements; or

(6) additional delegation(s) of authority; and/or

(7) special provisions applicable to the procurement transactions beyond normal practices; and

(8) preference for a particular supply source (also considered in (2) above).

b. What additional procurement steps might be feasible and should be undertaken between PP approval and agreement signing, when and by whom. Note AIDTO CIRCULAR A-289, dated May 20, 1976, on Pre-Implementation Actions.

E. Responsibilities and Procedure

1. Missions

Missions, in collaboration with the B/G, are responsible for the preparation and maintenance of a project procurement plan for all projects. In addition, whenever AID/W is proposed as one of the procurement agents, missions are required to include in the PRP and PP Implementation Plans a procurement plan to the extent it is feasible to do so. This is necessary in order that AID/W may assess its capability to implement the actions proposed on the plan. When AID/W is not one of the procurement agents, the procurement plan may be included in the PRP and/or the PP, at the option of the USAID.

2. AID/W

a. During the development of the procurement plan, AA/SER offices may be requested by the USAID to consult on a variety of technical matters, e.g., estimated prices, delivery schedule, capabilities of the proposed procurement agent(s), etc.

b. AA/SER offices will render advice or comment on the procurement plan submitted with the PRP and PP, including all the factors noted in Section V.D. above and the following:

(1) provide guidance or pose questions which can be useful in the preparation of the PP;

(2) advise regarding the feasibility of the proposed starting date and performance schedules, and reasonableness of cost estimates;

(3) advise, if appropriate, regarding the capability of the proposed authorized agent to perform the procurement transaction;

(4) advise regarding the requests for waivers and delegations;

(5) provide any other suggestions or views that can be useful in the design of the project or the preparation of procurement-related documents.

F. Preparation Guidelines

All AID-financed projects are supported by a procurement plan, unless there are no services and commodities involved. The degree of specificity of the plan depends on the type and complexity of the project and, consequently, a universal set of standards cannot be meaningfully applied to all projects. In cases where the procurement is of a complex nature, the use of a worksheet "Project Procurement Plan and Schedule" (Section VIII) may be of some help. (In very large projects or projects of an unusual nature, missions may require personnel skilled in particular procurement systems who are not available on mission rolls. In this event, missions should seek assistance from appropriate sources, including neighboring missions and AID/W.)

VI. Project Implementation Letter (PIL)

A. Policy

It is AID policy that upon agreement signing, the Project Implementation Letter (PIL) be used as the official channel through which AID communicates with the B/G on all matters related to project implementation. It is understood that a considerable amount of communications related to project implementation is of a routine/operational nature, and mission directors may, at their discretion, exclude such communications from the PIL series.

B. Definition

The Project Implementation Letter (PIL) is a serialized document normally prepared on mission letterhead stationery and signed by the mission director or his/her delegatee. PIL's are serially numbered for each project, beginning with the number "1" for the initial instruction to the B/G and subsequent PIL's are numbered 2, 3, 4, etc.

C. Coverage

1. General Application of PIL's

PIL's will normally convey general guidance or specific information to the B/G relative to actual implementation of the project; for example:

a. To confirm mutual agreement to changes provided for in Annex 1, Section A, of the project agreement;

b. To notify extension of the Project Assistance Completion Date (PACD);

c. To notify that conditions precedent are met;

d. To notify approval or denial of request for extension of terminal dates to meet conditions precedent to disbursement;

e. To treat specific matters related to Special Covenants and General Covenants;

f. To confirm agreements on methods of procurement previously and informally agreed to prior to the signing of the Project Agreement.

g. To clarify or amplify methods of disbursement;

h. To transmit the Project Implementation/Procurement Advice (PIPA) when the USG is the procurement agent.

2. Specific Application of PIL's to Project Inputs

a. When the B/G is the Implementing Agent

Usually, the basic or first PIL furnishes the B/G with instructions and guidance pertaining to the project agreement with respect to the specific conditions and requirements that the B/G must satisfy. Subsequent PIL's may be confined to address matters related to implementing a project input. They should be used to confirm mutual agreements and understandings reached by AID and the B/G on specific details for implementing the AID-financed project input and, when doing so, a PIPA Facesheet is prepared to abstract the pertinent data from the PIL for internal mission management use only. However, neither this PIL nor the companion internal PIPA need repeat the information contained in the basic PIL.

> NOTE: The above does not preclude the missions from including all the implementation details on all project inputs in one PIL. If this is done, however, a PIPA abstract is required for each input included in the PIL.

b. When the USG is the Implementing Agent

When the USG is the implementing agent, the details normally contained in the PIL when the B/G is the agent are incorporated instead into the PIPA. Under these circumstances, the PIL assumes the features of a transmittal document with the substance of the procurement covered in the accompanying PIPA. (For further details, see Section VII and subsequent sections for instructions on completing the PIPA forms.)

D. Exceptions to the Use of the PIL

Under the PIL system, USAID directors are fully responsible for making certain that PIL's are not used to amend project agreements. PIL 's

are used only when the terms of the project agreement specifically provide that the authorized parties may effect minor changes or when the project agreement provides "... such other time (or period, etc.) as the parties may agree to in writing". Except as specifically authorized, all substantive changes in the project agreement are accomplished by formal amendments to the agreement.

VII. Project Implementation/Procurement Advice (PIPA)

A. Policy

It is AID policy that a Project Implementation/Procurement Advice (PIPA) Facesheet (AID-1300-3) with appropriate attachments as specified herein, be used as the document for implementing all AID-financed project inputs that are obligated by the project agreement. (See Handbook 3, Project Assistance, for guidance.)

B. General Definition and Purposes of the PIPA

The PIPA is a serialized AID implementation document designed:

1. to strengthen project management by providing a uniform structure through the use of a single document, regardless of the procurement agent, for the documentation of essential information on implementation of project inputs;

2. to earmark funds required to implement all AID-financed inputs obligated by the project agreement;

3. to standardize basic information related to implementing an AID-financed input, thus simplifying data preparation, verification, storage and retrieval requirements;

4. to rationalize project planning and implementation by providing a link between the project inputs shown in the Financial Plan (Annex 1 to the project agreement) and actual implementation; and

5. to simplify project input accounting by providing a single uniform document for use in posting the project ledgers.

C. Specific Uses and Characteristics of the PIPA

1. When the B/G is the Implementing Agent

When the B/G is the implementing agent, only the PIPA Facesheet is used to abstract the relevant data from the PIL and is used within the mission as an internal document to aid in monitoring project implementation by project input, and in serving as a uniform document to earmark funds in the mission's project input accounting system.

The internal PIPA consists of a PIPA Facesheet (AID-1300-3) only. Since it abstracts data set forth in the Project Implementation Letter, Block 8 of the PIPA Facesheet is annotated to identify the number of the PIL to which

it relates. Additional entries in this block, such as a brief description of the nature of the action proposed, may also be indicated. However, the completion of this block beyond the insertion of the relevant PIL number is optional at mission discretion. Internal PIPA's are also characterized by the absence of the B/G signature in Block 10a.

2. When a USG Agency is the Procurement Agent

When a USG agency is the procurement agent, the PIPA is used to authorize a specific agent to procure, or direct the procurement of, one or more procurement transactions under a project input. The PIPA also:

a. contains all essential details needed to effect the procurement; and

b. records mutual agreements and understandings reached by the B/G and AID on the details for implementing a project input.

PIPA/s authorizing USG procurement are characterized by the modules attached to the PIPA Facesheet (AID-1300-3). The Facesheet may contain one or more modules, depending on the number of separate contract actions (including PASA's) and/or commodity procurement transactions required to be undertaken by a named procurement agent.

D. Preparation and Issuance of PIPA's

1. When the B/G is the Implementing Agent

A PIPA Facesheet (AID-1300-3) is prepared in accordance with the instructions contained in Section IX. One PIPA Facesheet is prepared for each project input, regardless of the number of inputs referenced in the governing PIL. (See Section VI.C.2a for further guidance.) Internal PIPA's may be issued with or following the execution of the project agreement. While there is no fixed time limit for their issuance, PIPA's are generally prepared at the time the B/G has finalized its plans for implementing an input and submits a request to AID for approval of a specific action, e.g., approval of a scope of work, approval of an IFB, etc.

2. When the USG is the Implementing Agent

a. Project Inputs Not Related to Procurement

Substantially the same procedure as shown in Section D.1 above is followed with respect to preparation and approval of non-procurement PIPA's, e.g., inputs where financing of Intermediate Credit Institutions are involved or activities financed through the Fixed Amount Reimbursement technique.

b. Project Inputs Related to Procurement

(1) Mission as Procurement Agent

Whenever the mission is the procurement agent, a memorandum or draft PIPA Facesheet with appropriate modules is prepared to

describe the essential details to effect the proposed procurement. Upon award of contract(s) or issuance of purchase order(s), a final PIPA Facesheet is prepared and an appropriate number of copies of the contract/purchase order documents sent to the B/G through the issuance of a transmittal PIL.

(2) GSA as Procurement Agent (Store Stocks)

When goods from GSA store stocks are procured, the same general procedure shown in (1) above is followed. (See specific instructions contained in Section IX.)

(3) Another Mission, AID/W or Other USG Agency as Procurement Agent

Whenever another mission, AID/W or a U.S. Government agency is the procurement agent, the mission prepares the following forms, as required:

-- PIPA Facesheet (AID-1300-3) - Section IX.

-- PIPA Services (Pages 1 and 2) (AID-1300-4 and 1300-4a) - Section X.

-- PIPA Commodities (AID-1300-5) - Section XI.

The PIPA Facesheet is to be prepared regardless of the type of procurement involved. It is negotiated with the Host Government and conveyed via a PIL to the Host Government for its signature.

E. Responsibilities and Procedures

1. Project Officer

The project officer is responsible for:

a. determining the appropriate time for the preparation of the PIPA. (Such determinations take into account the appropriate lead times required to obtain the services/commodities involved.)

b. preparing the PIPA in consultation with the B/G and appropriate mission staff, including the controller; and

c. signing Block 9a of the PIPA Facesheet to signify that the proposed action accurately reflects the mutual agreement and understandings reached between AID and the B/G for implementing the input.

2. Mission Controller

The mission controller is responsible for:

a. assisting the project officer in preparing the PIPA's;

b. earmarking funds in the project ledger to cover the amount shown in Block 7f of the PIPA Facesheet;

c. signing Block 9b to record fiscal clearance. This clearance signifies that the total value of all outstanding PIPA's, including those in process of issuance, plus other commitments not covered by a PIPA, does not exceed the amount obligated by appropriation in the relevant project agreement.

3. Borrower/Grantee

When the B/G is the implementing agent, no signature is required in Block 10a of the internal PIPA Facesheet prior to issuance. If an agency of the USG is the procurement agent, however, the mission, at its discretion, may request the B/G to sign the PIPA Facesheet. In this event, the signature in Block 10a signifies:

a. concurrence in the implementation details contained therein; and

b. certification that the provisions of the PIPA are consistent with the terms and conditions of the project agreement.

4. Mission Director

The mission director, or his/her authorized designee, as prescribed by written delegation of authority, is responsible for:

a. assuring that the provisions of the PIPA are consistent with the terms and conditions set forth in the project agreement; and

b. signing Block 10b for AID to signify that the activity is approved for implementation.

5. AA/SER Offices

AA/SER offices are responsible for:

a. taking action to effect the procurement when designated as the procurement agent; and

b. coordinating the procurement request whenever a U.S. Government agency other than AID is the procurement agent.

F. Amendments

PIPA values may be adjusted at any time:

1. provided the proposed change is consistent with the provisions of the project agreement; and

2. provided the proposed new value of the PIPA does not exceed the total obligation in the project agreement when combined with all other PIPA's

and reservations under the same project.

There is no requirement for processing amendments to PIPA's in order to realign their estimated values to actual costs based on actual values of contract, purchase order, etc. However, good management practices dictate that either this be done or, alternatively, the adjustment process be part of the PIL series.

G. Reproduction and Distribution of PIPA's

1. Reproduction

Pending an initial distribution of the PIPA forms by AID/W to the field, missions are authorized to reproduce a limited quantity for their use when needed.

2. Distribution

a. PIPA's Relating to B/G Implementation

No distribution outside the mission is required when the PIPA relates to a B/G-implemented project input.

b. PIPA's Relating to USG Implementation

-- Procurement Agent (two copies for each procurement action covered in the PIPA)

-- AID/W Project Files (one copy)

-- AA/SER offices (two copies for coordination with USG agencies)

-- B/G (one or more copies as required)

VIII. Project Procurement Plan and Schedule

The Project Procurement Plan and Schedule format and preparation guidelines follow on pages 12 and 13.

FORMAT PROJECT PROCUREMENT PLAN & SCHEDULE	COOPERATING COUNTRY:	DATE:
PROJECT TITLE:	PROJECT NUMBER:	☐ ORIGINAL Amendment Number

PROJECT INPUT/ TYPE OF SERVICE OR COMMODITY 1/	PROCUREMENT SOURCE (COUNTRY)	IMPLEMENTING AGENT/LOAN OR GRANT 2/	DATE REQUIRED	CONTRACT AWARD/P.O. ISSUANCE DATE			
				FY	FY	FY	ALL YEARS
A. U.S. INPUTS (U.S. $ THOUSANDS OR EQUIVALENT)							
TOTAL							
B. COOPERATING COUNTRY INPUTS (FUNDS IN EQUIVALENT U.S. $ THOUSANDS)							
TOTAL							
C. OTHER DONOR INPUTS (FUNDS IN EQUIVALENT U.S. $ THOUSANDS)							
TOTAL							

1/ TYPE OF SERVICES: i.e., PASA; PSC; Technical, etc., and designate preferred source, i.e., TVA; J. Doe; U. of Colorado.
TYPE OF COMMODITY: Generic name, i.e., computer and brand name and manufacturer where there is a preference, i.e., 360/50 IBM.

2/ For Part A - US Inputs Only: Implementing Agent: Indicate as appropriate the letter code whether the implementing agent is A - AID; B - Borrower/Grantee; C - Contractor; D - Agent of the B/G; or E - USG agency other than AID: Loan or Grant: Indicate the letter code whether inputs are: G - Grant-Financed or L - Loan-Financed.

RATE OF EXCHANGE

U.S. $1=

PROJECT PROCUREMENT PLAN AND SCHEDULE

PREPARATION GUIDELINES

The degree of specificity of procurement planning depends upon the type and complexity of the project and, consequently, a universal set of standards cannot be meaningfully applied to all projects. However, the following guidelines may be useful in gauging the approximate status of procurement planning relative to the development of projects as they advance through the planning process. Full account should be taken of the procurement planning material presented in Section V.D. of this attachment.

A. At the Project Review Paper Stage

At this stage in project development, the project procurement plan and schedule is intended to summarize each project input and itemize the major procurement actions to be taken under each of these inputs to the extent known at that time.

In addition, PRP estimates reflect consideration of all elements expected to be contained in the PP estimate based on limited surveys and the judgment of experienced experts, rather than on detailed analyses that require extensive effort.

B. At the Project Paper Stage

1. General Application

Preparation of the project procurement plan and schedule with the PP, in almost all instances, is in final form and constitutes as accurate a determination as possible of the costs of each project input relating to the procurement of goods and services over the life of the project. Costs associated with the individual procurement elements normally result from an in-depth analysis and, when required, will be the result of considerable time and effort in order to establish the feasibility of the proposed action.

2. Complex Projects

When the PP is approved, the procurement plan and schedule is usually complete and the project inputs are well defined. Thus, it includes a schedule for the procurement of all goods and services, an identification of source and origin and an indication of the methods of financing, among other things.

However, it is recognized that there may be situations where additional work may be required, for example, to complete specifications, which may prevent the finalization of the plan. Nevertheless, this should not delay the development of a procurement plan and schedule at the PP stage, based upon the best estimates available at that time.

IX. PIPA Facesheet (AID-1300-3)

The PIPA Facesheet follows on the next page and preparation instructions on pages 16-19.

DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT

PROJECT IMPLEMENTATION/PROCUREMENT ADVICE

PIPA - FACESHEET

1. Procurement Agent:

2a. PAGE 1 OF ___ PAGES (TM 19:19)

2b. Module(s) Attached

3a. Project & PIPA No.

3b. ☐ Original

Amendment No.

4. Project Title:

5. Project Input Number and Description

a. Number

b. Description

6a. Loan Number:

6b. FACD

7. AID FINANCING AVAILABLE FOR THIS INPUT BY IMPLEMENTING AGENT

a. Appropriation Number	b. Allotment Symbol	EARMARK			
		c. Previous Total	d. Increase	e. Decrease	f. New Total

8. Implementation Guidelines

REF: PIL Number: _____

9a. Project Officer clearance:	Date	9b. Fiscal clearance:	Date

10a. FOR THE BORROWER/GRANTEE:	10b. FOR THE AGENCY FOR INTERNATIONAL DEVELOPMENT:
Signature	Signature
Title / Date	Title / Date

AID-1300-3(10-76)

PIPA FACESHEET
(AID 1300-3)

PREPARATION INSTRUCTIONS

--Original Issuances--

Block 1 - Procurement Agent: Enter the name of the agent (U.S. Government agency, B/G or its agent) designated to procure or direct the procurement of the goods or services.

Block 2 - Page Number and Module(s) Attached

1. Block 2a - Page Number: Form AID 1300-3 is always numbered Page 1. Normally, the space provided in Block 8 of the PIPA Facesheet will be sufficient for most entries. However, in the unlikely event that additional space is required, a PIPA Continuation Sheet, form AID 1300-6, is prepared. In this case, the PIPA Continuation Sheet is numbered Page 2, and the total number of pages in the PIPA Facesheet set is shown, i.e., page 1 of 2, page 2 of 2.

2. Block 2b - Module(s) Attached: Insert "None" when (a) the B/G or its agent is designated as the procurement agent (see Block 1 above), (b) the PIPA relates to a non-procurement activity such as ICI or FAR financing and (c) when the mission is the procurement agent. In all other cases, each module, i.e., the set of forms with the appropriate continuation sheets for each procurement transaction is assigned an alphabetical letter in consecutive order, beginning with the letter "A", the second module "B", the third "C", and so forth. To illustrate, when three modules are involved, the following entry is made to Block 2b: "A thru C".

Block 3 - Project Number, PIPA Number and Document Status

1. Block 3a - Project and PIPA Number: Enter the seven-digit project number from Block 4 of the PP, followed by a dash and a three-digit PIPA serial number.

(PIPA numbers are three-digit numbers assigned in numerical sequence to PIPA's as they are initiated or issued. Numbers run consecutively for the project as a whole, beginning with 001 for the initial PIPA and consecutively thereafter for the life of the project.)

2. Block 3b - Document Status: Check the block opposite "Original" if the PIPA is an initial issuance.

Block 4 - Project Title: Enter the title of the project as shown in Block 7 of the PP.

Block 5 - Project Input Number and Description

1. Block 5a - Input Number: Enter the appropriate project input number to which this PIPA relates. (Input numbers are digits assigned by the mission to each AID-financed input in a project, i.e., 1, 2, 3, and so forth, until all inputs are numbered in consecutive order. Input numbers are maintained for the life of the project and are reflected in the Project Financial Plan--Annex 1 to the project agreement.)

2. Block 5b - Input Description: Enter the description of the project to which Block 5a relates.

Block 6 - Loan Number and Project Assistance Completion Date

1. Block 6a - Loan Number: Where applicable, enter the loan number of the project agreement; otherwise, leave blank.

2. Block 6b - PACD: Enter the month/day/year of the Project Assistance Completion Date from the relevant project agreement.

Block 7 - AID Financing for This Input by Implementing Agent
(Enter all Funding Estimates in Thousands of U.S. Dollars)

1. Block 7a - Appropriation Number: Enter the appropriation number.

2. Block 7b - Allotment Symbol: Enter the relevant allotment symbol(s).

3. Earmark

a. Block 7d - Increase: Insert the estimated amount of funds required by the procurement agent to implement the transaction(s) delineated in Block 8 below.

b. Block 7f - New Total: Insert the same figure(s) shown in Block 7d.

Block 8 - Implementation Guidelines
(Insert the Relevant PIL Number to Which This PIPA Relates in the Space Provided for This Purpose.)

1. PIPA's Related to B/G Implementation: Briefly describe the specific procurement transaction(s) covered by the PIPA. If more than one transaction is involved, indicate the amount of funds earmarked for each. The combined total should then equal the Block 7f total.

2. PIPA's Related to Mission Procurement: Enter the following remark: "See the attached purchase order(s) and/or contract(s)."

3. PIPA's Related to GSA Store Stock Purchases: Enter the following remark: "See the attached requisition(s) issued in accordance with FEDSTRIP procedures."

4. PIPA's Related to USG Procurement (Other Than the Above): Enter the following remark: "See the attached module(s) for a description of the action requested of the procurement agent designated in Block 1." (See Part II of Handbook 3, Project Assistance, for further guidance.)

Block 9 - Mission Clearances

1. Block 9a - Project Officer Clearance: The clearance of the project officer is recorded in this block. His signature signifies that the content of the PIPA is consistent with the mutual agreements and understandings reached between AID and the B/G

2. Block 9b - Fiscal Clearance: Fiscal clearance is recorded in this block. This clearance signifies that the total value of all outstanding PIPA's, including those in process of issuance, plus other commitments not covered by a PIPA (e.g., salary payments to local national project personnel funded from local currencies purchased with dollar project funds, and similar items) does not exceed the amount obligated by appropriation in the relevant project agreement.

Block 10 - Signature Blocks

1. Block 10a - Signature Block for the Borrower/Grantee

a. PIPA's Related to B/G Implementation: Leave blank.

b. PIPA's Related to USG Implementation: Missions are encouraged to obtain the signature of the B/G's representative on the PIPA. However, this is not an AID requirement prior to the issuance of these documents.

2. Block 10b - Signature Block for AID: The signature in this block is that of the director of the mission or his/her authorized designee, as prescribed by written delegation of authority. The signatures on the PIPA attest to the fact that its provisions conform to the provisions of the project agreement.

--Amendments--

Limitations on Use of PIPA Amendments

PIPA values may be adjusted at any time, provided: (1) the proposed change is consistent with the provisions of the project agreement and does not materially affect the purpose or structure of the project; and, (2) the proposed new value of the PIPA does not exceed the appropriate level specified in the project agreement when combined with all other commitments under the same project.

Need for PIPA Amendments

1. PIPA amendments are used to earmark increments of funds needed to cover transaction(s) not previously included in the original PIPA. For example, the original PIPA may have earmarked funds for the procurement of equipment with delivery required in one year. A PIPA amendment after the equipment is delivered may be needed to earmark funds for the issuance of a contract for the installation of the equipment. Changes of under $1,000 do not require amendments to the PIPA.

2. There is no general requirement for processing amendments to PIPA's in order to realign their estimated value to actual costs. However, at the discretion of the mission and the B/G, PIPA amendments may be used for significant changes. Then the PIPA is completed in accordance with the above instructions concerning the preparation of the "Original" PIPA's with the following exceptions:

1. Block 3b - Document Status: Enter the number of the amendment. Amendments are numbered consecutively against each original PIPA, i.e., 1, 2, 3, etc.

2. Block 7 - AID Financing Available for This Input by Implementing Agent

Block 7c - Previous Total: Insert the figure shown in Block 7f of the most recent PIPA.

Block 7d - Increase: If pertinent, insert the estimated increase over the figure shown in Block 7c of the most recent PIPA; otherwise, leave blank.

Block 7e - Decrease: If pertinent, insert the estimated decrease over the figure shown in Block 7c of the most recent PIPA; otherwise, leave blank.

Block 7f - New Total: Insert the revised estimated costs (Block 7c, plus 7d, or minus 7e).

X. PIPA Services (AID-1300-4)

The PIPA Services forms follow on the next two pages and the preparation instructions are on pages 23 - 27.

DEPARTMENT OF STATE AGENCY FOR INTERNATIONAL DEVELOPMENT PROJECT IMPLEMENTATION/PROCUREMENT ADVICE PIPA SERVICES *(Use Continuation Sheet (AID-1300-C) if needed)*	1. Cooperating Country:	2. Project and PIPA Number:	3a. Module Letter:
			3b. Page 1 of __ Pages
			3c. Original [ ] Amendment Number
	4a. Allotment Symbol:		4b. Amount:

5. SCOPE OF WORK

6. TECHNICIANS

a. NUMBER: b. SPECIALIZED FIELD: c. GRADE/SALARY d. DURATION:

7. ESTIMATED PERIOD OF THE CONTRACT		8. REPORTS REQUIRED:	9. DUTY POST:
a. SERVICES TO START: BETWEEN: AND:	b. DURATION:		

10. CHECK ONE

a. Contractor to be Evaluated by:	b. Access to Classified Information:	c. Dependents	d. Type of Contract:	11. LANGUAGE:
[ ] AID [ ] B/G	[ ] WILL [ ] WILL not be required.	[ ] WILL [ ] WILL not be permitted to accompany contractor.	[ ] Construction [ ] A&E [ ] Tech. Asst. [ ] Other	

12. RELATIONSHIP OF CONTRACTOR TO AID AND THE B/G:

13. LIAISON OFFICIALS

a. FOR AID (Name and Title):	b. FOR THE B/G (Name and Title):

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DEPARTMENT OF STATE

AGENCY FOR INTERNATIONAL DEVELOPMENT

PROJECT IMPLEMENTATION/PROCUREMENT ADVICE
PIPA

SERVICES

(Use Continuation Sheet (AID-1300-C) if needed)

1. Cooperating Country:	2. Project and PIPA Number	3d. Module Letter:
		3b. Page ___ of ___ Pages
		3c. Original ☐ Amendment Number ___
4a. Allotment Symbol:		4b. Amount:

14. LOGISTICAL AND LOCAL SUPPORT TO CONTRACTOR

a. Specific Items: *(Insert "X" in applicable column at right. If entry needs qualification, insert an asterisk and explain in b. below or on a continuation sheet.)*	IN KIND SUPPLIED BY		FROM CURRENCY SUPPLIED BY		TO BE PROVIDED OR ARRANGED IN SUPPLIES
	AID	BORROWER/ GRANTEE	AID	BORROWER/ GRANTEE	
(1) Office Space					
(2) Office Equipment					
(3) Housing and Utilities					
(4) Furniture					
(5) Household Equipment (Stoves, etc.)					
(6) In-Country Transportation					
(7) Transportation To & From Country					
(8) Interpreter/Secretarial Services					
(9) Medical Facilities					
(10) Vehicles (Official)					
Other (Specify) (11)					
(12)					

b. Additional facilities available from other sources.

15. ESTIMATED BUDGET

-RESTRICTED MATERIAL-
(For AID and Cooperating Country Use Only)

	AID FUNDS REQUIRED
a. Salaries and Wages	
b. Indirect Costs (Overhead)	
c. Consultant Fees	
d. Differential & Allowances	
e. Travel & Transportation	
f. Equipment & Materials (Logistical Support)	
g. Equipment & Materials (Project Commodities)	
h. Participant Costs	
i. Other Direct Costs	
j. TOTAL	
k. Inflation Factor	
l. Contingency	
m. GRAND TOTAL	

AID-1300-4a(10-76)

PREPARATION INSTRUCTIONS

PROJECT IMPLEMENTATION/PROCUREMENT ADVICE

(PIPA)

SERVICES

A complete set of the PIPA Service Module (AID-1300-4 and 1300-4a), plus (where appropriate) PIPA Commodity form(s) (AID-1300-5) and PIPA Continuation Sheet(s) (AID-1300-6), is required whenever AID/W or another USAID is designated as the procurement agent to procure services. Instructions for completing the AID-1300-4 and AID-1300-4a, and guidance for determining when a PIPA Commodity form(s) (AID-1300-5) is required, are discussed below. Preparation instructions for AID-1300-5 (PIPA Commodity Module) and AID-1300-6 (PIPA Continuation Sheet) are included in separate attachments.

PIPA Service Module - Page 1
(AID-1300-4)

Block 1 - Cooperating Country: Insert the name of the cooperating country

Block 2 - Project and PIPA Number: From Block 3a of the PIPA Facesheet (AID-1300-3).

Block 3 - Module Letter, Page Number and Document Status:

1. Block 3a - Module Letter: Modules are assigned an alphabetical letter in consecutive order, beginning with the letter "A"; the second module, "B"; the third, "C", and so forth. To illustrate, if the first module in a PIPA series is assigned the letter "A", then all pages related to this same module are also assigned the letter "A" Insert the appropriate module letter in this block.

2. Block 3b - Page Numbering: AID-1300-4 is always numbered Page 1 Continuation pages are numbered consecutively. The total number of pages in the collated module should be shown, e.g., Page 1 of 2 Pages.

3. Block 3c - Document Status: From Block 3b of the PIPA Facesheet.

Block 4 - Allotment Symbol and Amount:

1. Block 4a - Allotment Symbol: Enter the appropriate allotment symbol from Block 7b of the PIPA Facesheet to which this module relates.

2. Block 4b - Amount: Enter the estimated dollar amount of this module to be funded from the allotment shown in Block 4a above. This figure should equal the amount shown on line 15m of AID-1300-4a.

NOTE: The total shown in this Block 4b should also equal the amount shown in Block 7f of the PIPA Facesheet, unless other modules in the same PIPA set are to be funded from the same allotment. In this event, the sum of the amounts shown in Block 4b of all related PIPA modules should equal the appropriate allotment amount shown in 7f of the PIPA Facesheet.

Block 5 - Scope of Work: Provide a clear, adequately detailed, concise description of what the contractor will be required to do. This is a prime requisite for the efficient and satisfactory procurement of the authorized services. The scope of work is to include all of the technical information required to contract or to effect a Participating Agency Service Agreement. Refer to existing guidance on this matter and use PIPA Continuation Sheet (AID-1300-6) if needed.

NOTE: Where feasible, discuss the planned outputs expected to result from this contract. Also identify project indicators (quantitative or qualitative) that may be used as a measure or may be observed to demonstrate project progress. Refer to HB 3, Chapter 3, for further guidance.

Block 6 - Technicians: (a) Number, (b) Specialized Field, (c) Grade and/or Salary, (d) Duration of Assignment: When possible, this section should list the technicians by number, fields of specialization, grade and/or salary and periods of assignment (worker-months).

NOTE: When other personnel requirements exist, such as special experience, physical qualifications, age limitations and the like, they are to be included in the PIPA Continuation Sheet (AID-1300-6). If the mission or cooperating-country agency will need to review the bio-data of the technical personnel, this also is to be stated.

Block 7 - Estimated Period of the Contract:

1. Block 7a - Services to Start: Enter the dates (month/year) when the services are required.

2. Block 7b - Duration: Enter the total calendar months proposed for the contract. However, if it is to be funded in tranches, enter only the number of calendar months to be financed at that time. Additional funding increment(s) will be recorded by amending the PIPA. The mission may wish to explain incremental funding plans in a PIPA Continuation Sheet (AID-1300-6) with the original PIPA.

Block 8 - Reports: Specify in this block or on the PIPA Continuation Sheet (AID-1300-6) the (a) recipient of the reports, (b) number of copies required, (c) frequency, (d) type of reports and language. Two copies of each PASA report must be provided to SER/DM/ARC. The appropriate project number is to be indicated on each report. Requirements in this connection are to be analyzed carefully and tailored to the needs of each project. Such reports are used in evaluating both project progress and contractor performance.

Block 9 - Duty Post: Identify where the services are to be performed. When some services are to be performed at locations other than the principal site, identify the locations and any unusual factors (such as climatic conditions, limited accessibility, etc.), the number of months of technicians' services required at each site, the need for field travel and other relevant factors (particularly when these might have a significant bearing on costs, the physical requirements of technicians or their willingness to accept the assignment).

Block 10 - Contractor Evaluation, Access to Classified Information, Dependent Travel and Type of Contract:

1. Block 10a - Contractor Evaluation: Designate whether AID or the B/G will be responsible for evaluating the performance of the contractor.

2. Block 10b - Access to Classified Information: Indicate which contractor or PASA employees, if any, will require access to restricted premises or classified material. If such access is necessary, state the level of security clearance that will be required opposite the "Will" block by indicating whether Confidential ("Conf") or Secret ("Sect") access is required.

3. Block 10c - Dependents: Insert a checkmark in one of the two boxes to indicate whether dependents will be permitted to accompany the employees of the contractor or the participating agency. This determination will often affect the ability of the contractor or agency to recruit necessary personnel.

4. Block 10d - Type of Contract: Enter whether the contract is for design, technical assistance, architectural and engineering, construction or other services. In the latter case, specify, for example, if the contract is PASA, PSC, etc.

Block 11 - Language: Indicate the language proficiency levels (speaking "S" and reading "R") required of the technicians. (See Chapter 4 of Handbook 28.) If language proficiency is not essential, show "None required". When a language requirement is indicated, the technician's proficiency will be tested by AID/W to determine whether the specialists meet that requirement. If the language requirement is not met, language training may be authorized by the contracting officer with the concurrence of the appropriate bureau.

Block 12 - Relationship of Contractor to AID and the B/G: (1) Insert the name of the cooperating-country agency and/or institution for which the proposed technical services are to be provided. Describe, generally, the organizational structure (attaching an organizational chart, if available). Indicate the particular areas within the agency and/or institution which will be the direct points of contact for the technicians. State insofar as practicable, the lines of authority and supervisory responsibility as they may affect the supplier. Identify also, as appropriate, other national or

local agencies and institutions which will benefit directly or indirectly from the services to be provided. (2) Indicate the administrative and operational responsibilities of the contractor or participating agency and its employees in relation to the mission. (Identify and explain joint responsibilities or divided ones.)

Block 13 - Liaison Officials:

1. Block 13a - AID Liaison Officials: Insert the name, title and location of the designated AID/W and mission liaison officials.

2. Block 13b - Cooperating-Country Liaison Official: Insert the name, title and address of the cooperating-country official responsible for maintaining liaison with the contractor or participating agency.

PIPA Service Module - Page 2
(AID-1300-4a)

Block 14 - Logistical and Local Support to Contractor:

1. Block 14a - Specific Items: Any logistical support that either the mission or the cooperating country will furnish to a contractor or a participating agency, or that a contractor is expected to provide or arrange for himself, must be indicated or listed. The information given must be reliable, as well as explicit for each category, since both price estimates and contractual commitments by AID to the contractor or participating agency supplying the services and by the supplier to his employees will be based upon it. The project agreement must agree as to the specific items of logistical support to be provided by the mission and the cooperating country.

Logistical support anticipated from the cooperating country is to be confirmed before submission of the PIPA and fully specified within it. Cooperating countries are to be aware of, and have accepted, their obligations as stated in this block and are to be in a position to fulfil them. Promised facilities, when possible, are to be approved by the mission to assure that they are suitable to the anticipated needs of the supplier and are in acceptable condition.

2. Block 14b - Additional Facilities Available from Other Sources: List those privileges and/or facilities whose availability for AID contractor/employee use is not yet determined and state whether the mission intends to exercise its best efforts to obtain such privileges and/or facilities for them.

Block 15 - Estimated Budget: Complete the budget schedule to indicate the proposed U.S. dollar costs required for the procurement action. The total in Block 15m should agree with the total included in Block 4b of this form.

NOTE: The cost estimates shown in this table are subject to the restrictions set forth in Handbook 3, Appendix 5D, Section A9, Confidentiality of Estimates, and are not to be disclosed to non-governmental parties. Also, note the guidance given for Block 7b when incremental funding is being used. Block 15 might also be affected.

PIPA Commodity Form (AID-1300-5)

A PIPA Commodity Form (AID-1300-5), completed in accordance with the preparation instructions for that form, is required whenever the amounts shown in lines 15f or 15g is $50,000 or more. An AID-1300-5 is required to support each of these line entries when this amount is exceeded. The amount shown in Block 4b of the AID-1300-5 should equal the amount shown on line 15f or 15g of AID-1300-4a, respectively.

XI. PIPA - Commodities (AID-1300-5)

The PIPA Commodities form is on the next page and preparation instructions follow on pages 30-31.

DEPARTMENT OF STATE AGENCY FOR INTERNATIONAL DEVELOPMENT PROJECT IMPLEMENTATION/PROCUREMENT ADVICE PIPA COMMODITIES	1. Cooperating Country:	2. Project and PIPA Number:	3a. Module Letter:
			3b. Page ___ of ___ Pages
			3c. Original [ ] Amendment Number
	4a. Allotment Symbol:		4b. Amount:

5. COMMODITY DESCRIPTION

5a. ITEM NUMBER	5b. QUANTITY	5c. DESCRIPTION, SPECIFICATIONS, INSTRUCTIONS AND SPECIAL PROVISIONS *(Include catalog name, number and price, where appropriate)*

PREPARATION INSTRUCTIONS

PROJECT IMPLEMENTATION/PROCUREMENT ADVICE

PIPA Commodity Module (AID-1300-5)

AID-1300-5 is not used when ordering stock items from the General Services Administration or when the mission is the procuring agent. Instead, requisitions are prepared by the mission in accordance with FEDSTRIP procedures and submitted directly to the GSA; or, in the latter case, purchase orders are issued by the mission. In other instances, AID-1300-5 is prepared as follows:

Block 1 - Cooperating Country: Insert the name of the cooperating country.

Block 2 - Project and PIPA Number: From Block 3a of the PIPA Facesheet (AID-1300-3).

Block 3 - Module Letter, Page Number and Document Status:

1. Commodity Procurement by a Service Contractor: When procurement under a service contract is estimated to be $50,000 or more for either logistical support items (line 15f of AID-1300-4a) or for project purchases (line 15g of AID-1300-4a), blocks 3a and 3b are completed as follows:

a. Block 3a - Module Letter: Enter the same module letter that is shown in Block 3a of AID-1300-4.

b. Block 3b - Page Number: Enter the next page number in sequence to the last number used in the module designated in "a." above.

2. Commodity Procurement by a USG Agency:

a. Block 3a - Module Letter: Modules are assigned an alphabetical letter in consecutive order, beginning with the letter "A"; the second module, "B"; the third, "C", and so forth. To illustrate, if the first module in a PIPA series is assigned the letter "A", then all pages related to this same module are also assigned the letter "A". Insert the appropriate module letter in this block.

b. Block 3b - Page Numbering: AID-1300-5 is always numbered Page 1. Continuation pages are numbered consecutively. The total number of pages in the collated module should be shown, e.g., Page 1 of 2 Pages, Page 2 of 2 Pages, etc.

3. Block 3c - Document Status: From Block 3b of the PIPA Facesheet.

Block 4 - Allotment Symbol and Amount:

1. Block 4a - Allotment Symbol: Enter the appropriate allotment symbol from Block 7b of the PIPA Facesheet to which this module relates.

2. Block 4b - Amount: Enter the estimated dollar amount of this module to be funded from the allotment shown in Block 4a above.

Block 5 - Commodity Description:

1. Block 5a - Item Number: Assign line item numbers in sequence for each commodity item listed in Block 5c.

2. Block 5b - Quantities: Insert opposite each number in Block 5c the desired quantity and indicate the unit of measure of each commodity item to be procured.

3. Block 5c - Commodity Description, Specifications, Instructions and Special Provisions: (See also HB 15, Appendix D7, for additional guidance.)

a. Description: Insert opposite each number in Block 5a a brief commodity description in usual commercial terminology. Each item is normally described by its technical nomenclature and specifications. When it is expedient to cite catalog references or brand names, the words "or equal" are added and the catalog identified by name of company and date it was issued. It is also desirable to use more than one brand name before the "or equal", if possible.

b. Specifications: See HB 15, Appendix D7 (9t(3)), for guidance on this matter.

c. Instructions and Special Provisions: Identify the required delivery dates of the commodities and, in the case of procurement by a service contractor, applicable procurement rules and source requirements. See HB 15, Appendix D7 (Section 9t(4)), for additional guidance. AID-1300-6, PIPA Continuation Sheet, may be used to discuss these matters.

XII. PIPA Continuation Sheet (AID-1300-6)

The PIPA Continuation Sheet is on the next page and preparation instructions are give on page 34.

DEPARTMENT OF STATE AGENCY FOR INTERNATIONAL DEVELOPMENT PROJECT IMPLEMENTATION/PROCUREMENT ADVICE PIPA CONTINUATION SHEET	1. Cooperating Country:	2. Project and PIPA Number:	3a. Module Letter:
			3b. Page ___ of ___ Pages
			3c. Original ☐ Amendment Number ___
☐ PIPA Faceshet ☐ Services ☐ Commodities	4a. Allotment Symbol:		4b. Amount:

5. USE THIS FORM TO COMPLETE THE INFORMATION REQUIRED IN ANY BLOCK OF THE PIPA FORM. INDICATE BLOCK NO. OF

PREPARATION INSTRUCTIONS

PIPA CONTINUATION SHEET

(AID-1300-6)

The continuation sheet, Form AID-1300-6, is used when additional space is required on any of the following forms: PIPA - Facesheet (AID-1300-3); PIPA - Services (Pages 1 or 2) (AID-1300-4 and 4a); and PIPA - Commodities (AID-1300-5). Instructions for completing this form are as follows:

Unnumbered Block - Form Title: Check the appropriate box to indicate whether the PIPA Continuation Sheet relates to the PIPA Facesheet, PIPA Services or PIPA Commodity Modules.

Block 1 - Cooperating Country: Insert the name of the cooperating country.

Block 2 - Project and PIPA Number: From Block 3a of the PIPA Facesheet.

Block 3 - Module Letter, Page Number and Document Status:

1. Block 3a - Module Letter:

a. Continuation of PIPA Facesheet: Enter "None" when the Continuation Sheet relates to the PIPA Facesheet.

b. Continuation of Modules: Enter the same letter shown in Block 3a of the relevant PIPA Services or Commodity Modules to which the PIPA Continuation Sheet relates.

2. Block 3b - Page Numbering: The first page of the PIPA Continuation Sheet is assigned the next number in sequence following the last page number of the module to which it relates.

3. Block 3c - Document Status: Check the same information as shown in Block 3b of the PIPA Facesheet.

Block 4 - Allotment Symbol and Amount:

1. Block 4a - Allotment Symbol:

a. Continuation of PIPA Facesheet: Leave blank.

b. Continuation of Modules: Enter the appropriate symbol(s) from Block 7b of the PIPA Facesheet.

2. Block 4b - Amount:

a. Continuation of PIPA Facesheet: Leave blank.

b. Continuation of Modules: Enter the amount shown in Block 4b on the Services and/or Commodity Modules, whichever is appropriate.

Block 5 - Narrative Block: Use this portion of the form to complete the information required in any block of the PIPA Facesheet and Modules. Insert in the left margin, opposite each entry, the block number to which the entry is rela

UNIFICATION OF IMPLEMENTATION PROCEDURES

AND DOCUMENTATION

PART II

AID/W-ADMINISTERED PROJECTS

29 October 1976

UNIFICATION OF IMPLEMENTATION PROCEDURES AND DOCUMENTATION

PART II - AID/W-ADMINISTERED PROJECTS

I. Introduction

This section is Part II of a two-part study on the unification of implementation procedures and documentation. Part I concerns the implementation of bilateral projects. This part concerns implementation of projects administered by AID/W. To the extent that the procedures and processes in Part I differ from those in this part, they are so noted in the following sections.

II. Procurement Planning

Procurement planning is an essential part of the overall implementation planning process, regardless of which organization administers the project. Accordingly, the provisions of Part I, Section V, on procurement planning are equally applicable to AID/W-administered projects.

III. Project Implementation Letters

Since the B/G is not a party to AID/W-administered projects, the provisions of Part I, Section VI, on the use of the Project Implementation Letter are not applicable.

IV. Project Implementation/Procurement Advice (PIPA)

A. Policy

It is AID policy that a Project Implementation/Procurement Advice (PIPA) Facesheet (AID-1300-3) with appropriate attachments, as specified herein, be used as the document for implementing all project inputs where funds are allotted to AID/W. (Project inputs for AID/W-administered activities are shown in the Financial Plan section included in the Project Paper, which is an attachment to Part II of the Project Authorization and Request for Allotment of Funds form (PAF) (AID-1330-6).)

B. Timing for Issuance

PIPA's may be issued with or following the issuance of the PAF. However, their issuance should be timed to assure that the procurement authorized in the PIPA results in the issuance of an obligating document prior to the expiration of the funds shown in the PAF.

C. Responsibilities and Procedures

1. AID/W-Administering Offices

AID/W organizations are responsible for:

a. identifying the project inputs required to produce the project outputs;

b. determining the timing for delivery fo these inputs;

c. determining when the procurement agent initiates the procurement action in order to meet project targets;

d. preparing the PIPA in accordance with the instructions contained in Part I of this report, as modified by Attachment A to this Part II.

2. SER/FM

Assures that funds are available within the allotment to cover the increase in funds shown in Block 7 of the PIPA Facesheet and, where appropriate, that the increase does not exceed the amount specified in the PAF.

3. SER Procuring Offices

SER offices are responsible for:

a. taking action to effect the procurement when designated as the procurement agent; and

b. coordinating the procurement request whenever a U.S. Government agency other than AID is the procurement agent.

D. Amendments

1. General

PIPA values may be adjusted at any time, provided:

a. the proposed change does not materially affect the purpose or structure of the project and it is consistent with the project agreement; and

b. the proposed new value of the PIPA does not exceed the appropriate level specified in the project authorization and allotment of funds.

2. Upward Adjustments of PIPA Values

An issued PIPA, requiring an upward adjustment in its value, is authorized through the issuance of an amendment. PIPA amendments are

prepared in accordance with the instructions included in Attachment D (Part I), as modified by Attachment A to this Part II. To assure compliance with 1. above, SER/FM clearance in Block 9b of PIPA amendments involving upward adjustments is required prior to issuance.

3. Other Adjustments of Estimated PIPA Values to Actual Costs

There is no financial requirement for processing amendments to PIPA's in order to realign their estimated values to actual costs based on the actual value of contracts, purchase orders, etc. The contract, purchase order, etc., serve the dual purposes of realigning PIPA values and acting as the obligating document for the project.

E. Reproduction and Distribution

1. Reproduction

Pending the availability of the PIPA forms from SER, AID/W offices are authorized to reproduce a limited quantity to meet their essential requirements.

2. Distribution

An appropriate number of copies are distributed outside the originating office, as follows:

-- AA/SER (2 copies for each procurement action covered in the PIPA)

-- Project File (1 copy if not in originating office)

PREPARATION INSTRUCTIONS

PROJECT IMPLEMENTATION/PROCUREMENT ADVICE

AID/W-ADMINISTERED PROJECTS

I. General

Part I of the PBAR study on the Unification of Implementation Procedures and Documentation under bilateral projects contains instructions in Sections IX. - XII. for the preparation of the PIPA forms. To the extent that the preparation instructions contained in that attachment differ from the procedures for preparing the PIPA when it involves an AID/W-administered project, they are so noted below.

II. PIPA Facesheet (AID-1300-3)

A. Original Issuances

Block 1 - Procurement Agent: Identify the agent (e.g., SER/CM or SER/COM) or mission designated to procure or direct the procurement of the goods or services.

Blocks 2a, 2b: No change.

Blocks 3a, 3b: No change.

Block 4: No change

Block 5 - Project Input Number and Description: Enter the appropriate number and description of the project input to which the PIPA relates. (Input numbers are digits assigned by the AID/W office to each AID-financed input in a project, i.e., 1, 2, 3, and so forth until all inputs are numbered in consecutive order. Input numbers are maintained for the life of the project and are initially reflected in the Summary Cost Estimate and Financial Plan, which is included in the PRP and PP.)

Block 6a - Loan Number: Leave blank.

Block 6b - PACD (For AID/W Projects Only): Insert the last date (month/day/year) when funds are available for this input.

Block 7 - AID Financing Available for This Input by Implementing Agent: No change.

Block 8 - Implementation Guidelines: No change.

Block 9 - AID/W Clearances

1. Block 9a - Project Officer Clearance: The clearance of the project officer is recorded in this block.

2. Block 9b - Fiscal Clearance: Fiscal clearance is recorded in this block. This clearance signifies that funds are available within the allotment and, where appropriate, that the total value of all outstanding PIPA's, including those in process, does not exceed the amount specified in the PAF.

Block 10 - Signature Blocks

1. Block 10a - B/G Signature: Leave blank.

2. Block 10b - AID Signature: The signature is that of the AID/W official authorized to sign the PIPA as prescribed by a written delegation of authority. This signature also attests to the fact that its provisions conform to the value, scope and content of the project paper and project authorization.

B. Amendments

No change.

III. PIPA Modules

There is no substantive change to the instructions contained in Part I of this report for the preparation of the various modules in that report when these forms are used to implement AID/W activities.

CHAPTER 9 - MISSION FINANCIAL REPORTS

CHAPTER 9

MISSION FINANCIAL REPORTS

9A. U.S. Dollar Appropriation Reports - General

1. Scope

This section contains general information relative to the preparation and submission to AID/W of periodic financial reports developed from U.S. dollar accounting records. The specific instructions for each of the reports are contained in individual sections of this chapter. Each section contains a narrative description and instructions pertaining to the preparation of the report, the source of the data, verification requirements, and an illustrative exhibit showing the report format required by AID/W. As individual fiscal reports are modified, eliminated, etc., only the subsection for that particular report will be affected. Reports prescribed by the Project Accounting Information System (PAIS) are set out separately in 9F of this Chapter.

2. Availability of Reporting Data

The data required to be reported in accordance with this section are obtainable from the detailed accounting records maintained by the Mission pursuant to the instructions contained in HB 19, Chapter 8 and related requirements in the Mission Controller Guidebook and from the Disbursing Officer's accounts.

3. Preparation and Submission of Reports

a. Report Format

(1) Reports prescribed by PAIS, Attachment 9E, are submitted by cable in the format prescribed in Attachments 9F, 9G, and 9H. The format for the Summary by Allowance, Reconciliation with Allowance Ledger is described in Attachment 9I.

(2) Other prescribed reports, 9A4b are submitted by cable and, in the case of the Summary by BPC Ledger Transactions and Reconciliation with Disbursing Officer's Accounts, Report Control Number U-101, by Mission preparation on lightweight paper stock, legal size 8 1/2" x 14", to facilitate handling and analysis of the reports by AID/W.

b. Accounting Cutoff

In view of the urgency for prompt and effective financial reporting, an accounting cutoff is authorized to be arranged by the Mission Controller shortly before the close of the calendar month. This cutoff date is coordinated with the Disbursing Officer in order that payments processed through the budget allowance accounting records of the Mission and reported as disbursements are paid by the Disbursing Officer in the same month.

The accounts for the last month of the fiscal year are held open for a reasonable period until all activity has been recorded with special attention given to the inclusion of all valid obligations, or adjustments thereto, which are to be covered by the Section 1311 certification.

c. Due Dates

The monthly, quarterly, and annual U.S. dollar appropriation reports listed in 9A4b and Attachments 9E (PAIS reports) must be submitted to reach AID/W on the dates indicated therein and in the applicable section covering individual reports. Missions are to endeavor to submit the end of fiscal year reports as early as possible in advance of the due dates for year-end reports, and are not to delay the forwarding of these reports until the remaining reports have been completed.

d. Timely Reporting

Every effort must be exerted to meet the reporting deadlines established by this section. Continued requests to Mission for emergency telegram reports will indicate inefficient Mission administration requiring corrective action by AID/W.

e. Number of Copies

(1) The U-101 report, 9A4b below, is prepared in an original and two copies. The original and one copy are forwarded to AID/W. The remaining copy is retained by the Mission. The original of the report is signed by the Mission Controller or official acting in that capacity.

(2) The reports prescribed by PAIS are submitted in the number of copies shown in Attachment 9E.

f. Mailing Reports

(1) The U-101 reports are assembled for mailing in an original and one copy. The address which should be used is as follows:

Chief, Central Accounting Division
Office of Financial Management
M/FM/CAD SA-12
Agency for International Development
Washington. D.C. 20523

(with the following legend in large letters and clearly visible)

Attention: AID/W Mailroom
Contains Fiscal Reports (U-101)
Deliver to Addressee Unopened

9A3f

* (2) Keep the U-101s and supporting documents separate from other routine mailings to AID/W. Supporting documents for the U-101s should include AOCs issued to AID/Washington and any items reported on Line E of the U-101. Separate the U-101s and mark the original for FM/CAD and the copy for the Bureau DP office. Do not send in revised reports except at the end of the year. Make corrections in the next month's activity. NOTE: Original disbursement vouchers (i.e., SF 1221s and supporting documents) should be sent to M/FM/CAD, Attn. Central File Room, on a monthly basis.

*

g. Section 1311 Certification

The U-101 Reports for the last month of each fiscal year MUST bear the Section 1311 certification.

4. Summary of Reporting Requirements

a. General

The checklist below summarizes the regular Mission reports of U.S. dollar appropriations required by AID/W, the frequency with which they are due, and the applicable section containing instructions for preparation of the report. See also attachment 9E for PAIS reports.

b. Checklist of U.S. Dollar Appropriation Reports

Report No.	Title of Report	AID/W Due Date	HB/Chapter/Section
U-101	Summary of BPC Ledger Transactions and Reconciliation with Disbursing Officer's Accounts.	Monthly-Not later than 8th calendar day after the close of month being reported, including last month of the fiscal year.	HB 19 9B
U-102	Flash Report of Obligations and Disbursements.	Monthly, Telegram sent to arrive in AID/W beginning of business of first working day after close of month being reported.	HB 19 9C
U-105	Cable U-101 Report.	As requested.	

*Revised

9A

5. Other Reports

Although the basic requirements for control of U.S. dollar funds are fulfilled by the regular reports required by this chapter, additional financial reports have been prescribed in other chapters of this handbook to provide uniform Mission financial data relative to the Agency's assets and liabilities, and its income and expenses. When a definite need is indicated, supplemental analytical and management reports may be made for Mission operating officials.

9B. Summary of BPC Ledger Transactions and Reconciliation With Disbursing Officer's Accounts (Report U-101)

1. General

a. The monthly Summary of BPC Ledger Transactions and Reconciliation with Disbursing Officer's Account (Report No. U-101) covers U.S. - dollar funds of Missions for program, operating expense, and/or U.S. dollar trust fund purposes. It provides basic information for the preparation of Agency-wide monthly reports which set forth the accomplishments of the Mission in financial terms. AID/W uses this report as a source to the automated accounting and reporting system. To be of maximum value all reports must be timely and accurate.

b. The instructions and guidelines set forth herein apply to all MISSION ACCOUNTING STATIONS. All offices operating under the Centralized Disbursing Procedures, Treasury, and the Regional Administrative Center (RAMC) are required to reconcile with Disbursing Officer's accounts on a delayed basis because of the late receipt of the SF 1221 Statement of Transactions. Attachments 9A, 9B, and 9C illustrate delayed reconciliation reporting on the U-101 Reports. Attachment 9A reflects the first month's operations on the delayed reconciliation concept. Attachment 9B is a sample of the second month's report on which lines G and H are used for reconciliation of the net disbursements reported on the prior month's U-101 Report. Attachment 9C is a sample of the third and subsequent months' reports.

2. Report Format

The prescribed report, prepared on legal-size lightweight paper (14 x 8-1/2 inch), is designed to facilitate machine processing and to minimize errors. All items are to be shown on one page, if possible. Attachments providing additional data relating to the U-101 Report must also be submitted on legal-size paper and must clearly identify the specific report and line of the report to which this information relates. Attachments 9A, 9B, and 9C illustrate the report format as follows:

a. Line A is a summary of budget allowance transactions recorded by Budget Plan Code (BPC).

9B2 b. Lines B thru H outline the reconciliation between Net Disbursements vouchers column of the SF 1015, Budget Allowance Ledgers and Net Disbursements reflected in the Disbursing Officer's accounts for the appropriation being reported.

c. Line I is an analysis of Accrued Expenditures reflected in the "NET ACCRUAL" Column of Line A on each quarterly report. A Line J is shown on all 9/30 reports to reflect certain categories of Mission outlays (Disbursements) as required by the Office of Management and Budget (OMB) Circular A-84. "Special Notes" clarifying adjustments and irregularities are shown in applicable sections. (See 9B3c(4).)

3. Preparation of Report

a. General Guidelines

* (1) Each month, a single report for each appropriation account, for which there are "open" budget allowance accounts, is to be prepared. "Open" budget allowance accounts are (a) current-year budget allowance accounts, and (b) prior-year budget allowance accounts available for disbursement purposes. The U-101 reports should be prepared by the accounting station; for example, a single U-101 report for each 1221 entity.

(2) Show all of the applicable budget allowance accounts under each appropriation being reported.

(3) The information required for the second and third lines of the report is taken directly from the appropriate accounts; i.e., Travel Advance Ledger, Other Mission Expenditure Ledger, etc.

(4) Under any appropriation for which no budget allowance was made to the reporting Mission for which an other Mission expenditure has been made (i.e., an AOC issued) a report must be prepared. In these reports, the appropriate information is shown on lines "C" and "F" only. Line "A" is left blank.

(5) Under no circumstances is an AID/W allowance to be reported. *

b. Report Heading

(1) Coding for the appropriation, the country number, and the date of the report, illustrated in Attachments, is as follows:

(a) Enter the Treasury Appropriation Symbol and the five character appropriation code which is an alpha-numeric code. Under no circumstances should the allottee code, which is the first position in a Budget Plan Code (BPC), preceed the three character alpha code, nor should a fiscal year designator be omitted. As the U-101 reports are submitted by Treasury appropriation symbol, they can include multiple Budget Plan

*Revised

9B3b(1)(a)

Codes. There will be instances where all BPCs on a given U-101 report do not have the same fiscal year designator (digits 5 and 6 of the BPC). When multiple funding sources on a single U-101 report do occur, the most recent funding year should be used as the fiscal year designator for the appropriation code in the upper right hand corner of the report.

(b) Enter the three digit reporting country code number (i.e., 641 for Ghana) as shown in HB 18 - Benefiting Country Codes.

(c) Enter the month and calendar year of the report (i.e., 0182 for January 1982).

c. Explanation of Report Item

(1) Summary of BPC Ledger Transactions

(a) Transactions Recorded in Mission Budget Allowance Accounts (Line A)

Transactions reflected in budget allowance ledgers are reported in applicable columns of the U-101 Report as described below:

1. Budget Plan Code - Codes which identify the budget allowances received by the Mission and reported per 9B3a(1).

2. Budget Allowance Amount - Amounts of the budget allowances received by the Mission or unliquidated balance brought forward as of 10/1. This column also reflects the value of unliquidated obligations transferred from closed accounts. Detailed procedures for transfer of unliquidated obligations are explained in the Mission Controller Guidebook.

3. Obligations - Current Month - Total amount of obligations incurred or adjusted and recorded during the month in the "Obligations Incurred" column of the various budget allowance ledgers being reported as well as adjustments to prior months' which have not been previously reported.

4. Obligations - Cumulative - Amount of cumulative obligations incurred or adjusted and recorded in the "Obligations Incurred" column of the various budget allowances from the effective date of the Advices of Budget Allowance through the end of the reporting period.

5. Disbursements - Current Month - Payments chargeable to the Mission (whether paid locally, by AID/W, or other Missions) recorded during the report month in disbursement columns of the various budget allowance ledgers being reported.

9B3c(1)(a)

6. Disbursements - Cumulative - Amount of payment from the effective date of the Advice of Budget Allowance through the end of the reporting period (whether locally, by AID/W, or other Mission) recorded in the disbursement columns of the various budget allowance ledgers being reported. (NOTE: Refer to STATE cable 354119, dated 12/22/82, for the procedures in effect until the implementation of FACS Phase IV.)

7. Unobligated Balance - Amount of unobligated balances reflected in the budget allowance ledgers. This amount must equal the difference between budget allowance amount and obligations - cumulative columns.

8. Net Accruals - Net Accruals; i.e., Accounts Payable and other accrued liabilities less Prepaid Expenses as recorded in the Net Disbursement Vouchers - This Mission column of the various allowance ledgers pertaining to allowances being reported. Program Fund and Operating Expenses Net Accruals are reported quarterly and reflect the constructive receipt concept of accrued expenditures promulgated in OMB Circular 68-10 and applied in PAIS.

(2) Reconciliation of Allowance Expenditures to Disbursing Officer's Account

Reconciliation of the current month payments reflected in the Mission's budget allowance accounts with the net disbursements made by the disbursing officer is made by completing the following items as appropriate:

(a) Net Advances (Line B)

Current month advance activity is shown in Column 2 and cumulative-to-date advance totals are shown in Column 4.

1. Lines B-1 and B-2, respectively, show the net amount of travel and quarters advances paid during the report month. Only travel advances for which the reporting Mission is accountable are reported on line B-1, including those paid or recovered by other offices and transferred by Advice of Charge (AOC). (All advances paid by the reporting office for other accountable offices are reported on line C.)

2. Advances to contractors are reported on Line B-3. Other advances are explained in detail (i.e., itemized) and reported on Line B-4. (Show the end of month outstanding balance for each type of advance on the respective line for the advance in Column 4.) All advances paid by the reporting office for other Missions are reported on Line "C".

9B3c(2)

(b) Disbursements Made this Month Chargeable to Other Offices (Line C)

Report the amounts paid by the local disbursing officer for AID and other Missions, including amounts of travel advances for which those offices are accountable. Amounts reported on Line C are determined by an analysis of the current month's postings in the right column under "Net Disbursement Vouchers" of the ledgers entitled "Payments for Other Missions."

1. Column 1 relects the AOC number. The AOC number should consist of nine digits only as follows: digits 1-3 the issuing country code, digits 4-6 the receiving country code, and digits 7-9 a sequential number. Any information included in the AOC number for Mission or Regional Administrative Management Center purposes is not shown on the U-101 Report.

2. Column 2 reflects the amount of the AOC as issued.

3. Column 3 previously entitled "AID/W Travel" is not to be used. This heading is now deleted. (See Attachment 9A.)

4. Column 4 is used to identify the Mission charged.

(c) Disbursements Made by Other Offices Chargeable to this Mission (Line D)

Payments made by those offices which have been recorded in the reporting Mission's Budget Allowance or Advance Accounts during the report month from AOC's. Amounts reported in Line D are determined by an analysis of the current month postings to the "Other Missions" disbursement column in the applicable budget allowance ledgers.

1. Column 1 reflects the AOC number assigned by the Mission issuing the AOC.

2. Column 2 reflects the amount of the AOC.

3. Column 3 previously entitled "Charges Rejected" is not to be used. This heading is now deleted. (See Attachment 9A.)

4. Column 4 identifies the issuing Mission.

(d) Miscellaneous Items Processed by this Mission (Line E)

Line E reflects items credited to the appropriation by the Disbursing Officer, which are not recorded in the Mission's accounting records, and describes each type. There are only four types of items which should appear on Line E. (1) Mission transfers of credits for participant training costs are transferred for current year and prior year budget allowance accounts. Participant credits are reported quarterly. Missions are required to submit a separate attachment to U-101 reports for each appropriation in which an accrual for participants is reported on Line "E". The purpose of the attachment is to identify by individual PIO/P number the amount of accrual being transferred to AID/W.

9B3c(2)(d)

The amount of accrual shown for each PIO/P number and the total of the attachment must agree with the amount reported on Line "E" of the U-101 report. The attachment may be either a listing or a copy of the journal voucher. For further information on the development of the accrual amounts, see the Controllers Guidebook - Chapter 13 and Handbook 19 - Chapter 10,Section J: Accounting for Participant Training. The other three items are as follows: (2) U.S. Dollar Trust Fund Deposits, (3) Appropriation Reimbursements Collected (not refunds, refunds are recorded on Line A as credit disbursements), and (4) offset to disbursements which are transferred during a change in accounting stations.

1. Each item is listed separately and numbered in Column 1.

2. The amount of the item is shown in Column 2.

3. Column 3 is not used.

4. A complete explanation of the item is shown in Column 4.

(e) Net Disbursements (Line F)

The amount, underscored with a double line, is the net amount of all entries in Column 2, plus, current month budget allowance disbursements shown on Line A (i.e., the sum of Line A - Current Month Disbursements, plus or minus Line B, plus Line C, minus Lines D and E). This amount represents Net Disbursements per Mission records as adjusted for the accounting period being reported.

(f) Reconciliation with Disbursing Officer's Accounts

Any differences between the Net Disbursements per Mission records (preceding month's Line F) and those recorded in the Disbursing Officer's accounts (Line H) are reported on Line G as provided below:

1. Line G title reads: "Prior Month Reconciliation".

2. Line G-1 reflects "Net Disbursements" reported on the Mission previous month's U-101 Report.

3. Line G-2 reports the detailed "Reconciling Items." Each item is explained and amounts are identified as (+) or (-) amounts. However, if the item is chargeable to another Mission (or AID/W), provide voucher number and covering AOC number in the explanation. (NOTE: Mission Controllers must follow-up on each reconciling item which was not posted by the disbursing office.)

(g) Net Disbursements Per Disbursing Officer's Account For (insert prior month and year) (Line H)

The net disbursements per Disbursing Officer's accounts are shown in Column 2. This amount equals the amount shown on Line F plus or minus the entries made on Line G-2.

(3) Miscellaneous Information

(a) Accrued Expenditures (Line I)

The accrued expenditure data reported quarterly are abstracted from analytical work sheets which summarize the accruals (i.e., Accounts Payable and accrued liabilities - recognizing the "constructive receipt" concept - as further defined in Chapter 13 of the Controller Guidebook, and advance payments, other than those reported in Section II, including prepaid expenses) for the budget allowances being reported. If required by AID/W, accruals for specific accounts are established and reported monthly.

1. Accrued Expenditures (Line I)

a. Amounts for Accounts Payable and other accrued liabilities as shown in Column 2.

b. Amounts for Prepaid Expense, are shown in Column 3.

(b) Report of Fiscal - Year Payments (Line J)

The report of Federal Outlays by Geographic Locations, prescribed by Office of Management and Budget Circular No. A-84, also requires a separate identification of transactions within U.S. Government agencies, transactions with recipients in the United States, and transactions involving recipients in foreign countries. The information is to be provided by the Mission on each annual U-101 Report is the cumulative fiscal-year payments to the end of the fiscal year being reported, as follows:

1. Line J - Report of Fiscal-Year Payments to:

a. The General Services Administration

b. Other U.S. Government agencies.

c. Recipients in the United States.

d. Recipients in Foreign Countries.

9B3c(3)(b)

Amounts shown (in Column 3) are the payments processed by the paying Missions, regardless of whether certain items may be transferred to other Missions or AID/W by AOC. Prior to submission, total Line J must be reconciled by each Mission with the cumulative disbursements made at the Mission. In addition, payments to other U.S. Government agencies reported in the final U-101 Report (Line J.2) are to be identified by agency. This data is to be provided in a separate attachment to the report, entitled "Payments to Other U.S. Government Agencies," listing each agency and the amount of annual payments applicable to each agency.

(4) Special Notes

(a) If a budget allowance is received, or adjusted upward or downward, during the month being reported, indicate such fact in the space available.

(b) A negative unobligated balance (overobligation) either on a current- or prior-year budget allowance, remaining at the end of a reporting period, will be explained by the following statement under "Special Notes" when applicable:

I have reviewed the overobligated balance in budget allowance _____ and am satisfied that this overobligation has not been caused by willfulness or negligence. To the extent that this overobligation results in whole or in part from failure to record an obligation document prior to its release, necessary corrective action has been taken to preclude future recurrence. My findings in this connection are fully documented and have been filed to facilitate future audit and reconciliation.

_____

Signature and Title of Controller or person acting in that capacity

If it is believed that the above statement cannot be submitted because all of the elements therein are not applicable to the particular situation, than a separate specific statement, also signed, explaining the cause of the negative unobligated balance is shown on the reverse side of the applicable U-101 Report and is to be shown, even though repetitive, as long as the negative balance remains.

(5) Certification

A certification of the correctness of the report is furnished in the lower right-hand corner of the report. In addition, the final U-101 Reports for each fiscal year, must include the Section 1311 certification prescribed in Chapter 1A11b of this Handbook. The Mission Controller or individual acting in that capacity signs only the original copy of the report.

9B

4. Submission of Report

The report is assembled for mailing in accordance with instructions in 9A3f and forwarded by airmail to arrive in AID/W no later than the 8th calendar day after the close of the month being reported. At the end of each fiscal year, Missions submit a final report to arrive in Washington not later than October 8th. Final data is reconciled with the applicable SF1221, Statement of Transactions, in sufficient time to meet the October 8th deadline; the report is marked "Final" and no additional reporting is required.

9C. Flash Report of Obligations and Disbursements

1. Purpose and Scope

The monthly U-102 Report is a telegram advice of cumulative current fiscal-year obligation activity. The report covers all U.S. dollar funds of Missions for program and operating expense purposes. It provides AID/W with the essential advance data necessary for program reporting to OMB in compliance with the Revenue and Expenditure Control Act of 1968 (P.L. 90-364).

2. Report Format and Procedures

a. The U-102 Reports are sent by telegram to arrive in AID/W at the beginning of business of the first working day after close of the month being reported, except for the last month of the fiscal year. Submission of the end of fiscal-year reports are extended to the 5th day of the following month, unless otherwise advised.

b. The report is submitted in two parts. Part I reflects, by Budget Plan Code, the budget allowance and obligation data for current fiscal-year budget allowance activity only. Part II reflects, by Appropriation Code, the cumulative net disbursements for the fiscal-year-to-date, equivalent to and reconcilable with amounts reported in each applicable SF 1221 - Statement of Transactions. The format of the report is illustrated in Attachment 9D and detailed instructions are outlined in 9C3 below.

3. Guidelines for Preparation of Report

a. Part I - Budget Allowances and Obligations

This section of the report reflects, by budget plan code, the budget allowance amounts and the cumulative obligations for the current fiscal-year activities as follows:

(1) Column (1) - Budget Plan Code

Show all current-year Budget Plan Codes for which budget allowance records are being maintained by the Mission. The Budget Plan Codes in this column should be identical to those reported in Column (1), Line A, of the U-101 Report.

9C3a

(2) Column (2) - Budget Allowance Amount

Report total amount of each fiscal-year budget allowance received by the Mission. The amounts shown in this column are equivalent to amounts reported in Column (2), Line A, of the U-101 Report.

(3) Column (3) - Cumulative Obligations

Report total amount of cumulative obligations incurred against current fiscal-year budget allowances from the beginning of the fiscal year (or date budget allowance issued) to the end of the period being reported. The amounts in this column are equivalent to amounts reported in Column (4), Line A, of the U-101 Report.

b. Part II - Net Disbursements

This section reflects cumulative net disbursements by appropriation or fund for both current- and prior-year accounts disbursed during the fiscal year being reported. The activity reported should be reconcilable with the net disbursements in the SF 1221 originated by the servicing Disbursing Officer. (See 9C2b.)

(1) Column (1) - Appropriation Code

Show the five character alpha-numeric code that identifies the AID appropriation or fund from which funds are disbursed. (See HB 18, Appendix D, III.) Include both current- and prior-year appropriations and funds available for disbursing.

(2) Column (2) - Net Disbursements

Show cumulative net disbursements, fiscal-year-to-date by appropriation and/or fund. The amounts reported are to represent the net cumulative total of disbursements and collections processed through the accounts of the servicing Disbursing Officer through the month being reported, plus schedules forwarded to the Washington Disbursing Center (WDC) or Regional Disbursing Officer. Included are cumulative amounts for:

(a) Refunds, reimbursements, and/or loan repayments and interest credited to the respective appropriations and funds.

(b) Disbursements transmitted by Advice of Charge to other Missions and AID/W. (Disbursements received from other Missions and AID/W through Advice of Charge procedure are to be excluded).

9C3b(2)

(c) Advances from appropriations and funds. Advances to another AID-symbol account (i.e., 72X6117) are reported as a disbursement from the funding appropriation and the subsequent repayments of such are reported as a reduction of disbursements.

(3) Deposit and disbursement activity in the dollar Trust Fund Account 72X8502 is reported separately in a two line entry as follows:

(a) Deposits will be reported on the first line and will be identified by the alpha designator AR (Appropriation Receipts) to the right of the Fund Symbol "TAX-FY" in Column 1.

(b) Disbursements will be reported on the second line opposite the Fund Symbol "TAX-FY" in Column 1.

9D. Quarterly Project Report - Dollar Funded (Report Control Symbol U-203) and Foreign Currency Quarterly Project Report (Report Control Symbol U-204)

1. Supersession

AID reporting requirements on the financial status of U.S. dollar and U.S.-owned local currency funded projects in effect prior to implementation of Project Accounting Information System (PAIS) are superseded by the requirements in 9F of this chapter, effective October 1,1980. Reports comprising system inputs to PAIS, summarized in Attachment E, follow:

2. Summary of System Inputs to PAIS

a. Projected Obligations and Expenditures, Congressional Presentation Table II, 9F2.

b. Project Agreement Abstract (cable), 9F3.

c. Project Flash Report (cable), 9F4.

d. Project Financial Activity Report (PFAR cable), 9F5.

e. Summary by Allowance, Reconciliation with Allowance Ledger, 9F6.

3. Reconciliation with Budget Allowance Ledger

In addition, the Reconciliation with Allowance Ledger, 9F6 and Attachment 9I, continues in effect with respect to AID grant projects only.

9E. USAID General Ledger Trial Balance - Imprest Funds (Report Control Symbol U-251)

1. Purpose

The USAID General Ledger Trial Balance - Imprest Funds, Report Control Symbol U-251, provides AID/W with necessary accounting source data for the Agency's General Ledger and other checks in AID/W. The Agency General Ledger account represents a consolidation of all advances made by the U.S. Treasury and/or Disbursing Officers to AID Cashiers on a worldwide basis. These reports also enable AID/W to comply with the requirements of Section 2730 of Title 7, Standardized Fiscal Procedures of the General Accounting Office Policy and Procedures Manual. This section stipulates that each U.S. Government agency will, upon establishment of an imprest fund, open in its General Ledger accounts appropriate asset and liability accounts to record the amount of the funds advanced to Cashiers as well as any subsequent increases and decreases in these funds.

2. Format of the Report and Procedures

a. The report is submitted in the format illustrated in Attachments 9J and in accordance with the instructions outlined in 9E3. Missions complete all sections of the form and forward an original and one copy in sufficient time to reach AID/W: Office of Financial Managment, Central Accounting Division, M/FM/CAD, not later than the 12th of October each year.

b. A negative report is submitted by Missions which do not have an AID Cashier.

3. Guidelines for Preparation of Report

a. Item (1) - General Ledger Accounts

(1) The amount shown in the debit and credit columns for the respective General Ledger Account Numbers 1142 and 2182 is the balance shown for these two accounts in the Mission's General Ledger. These amounts are the dollar equivalent of the Imprest Fund at the time the original advance was made adjusted for subsequent increases and decreases in the advance. While the actual advance (or increase or decrease) may have been made in local currency the dollar amount is the amount recorded in the Disbursing Officer's books at the time of the advance (or increase or decrease). It is NOT necessarily the dollar equivalent of the balance of the cash on hand at the end of the fiscal year.

(2) A Mission will submit only one report even though it has more than one cashier. (See 9E3c.)

(3) For the purposes of this report include only the advances made by the Disbursing Officer to Class A, Class B, and Class D cashiers.

9E3

b. Item (2) - Cashiers' Names

List the names of Class A, Class B, and Class D cashiers. Do not list the names of either subcashiers or alternate cashiers.

c. Item (3) - Amount Advanced - Dollar Equivalent

(1) Opposite each cashier's name insert the amount of the advance for which he/she is responsible to the Disbursing Officer. This is normally the amount of cash on hand at the end of the year plus reconciling items such as replenishment vouchers in process for payment, cash payments not vouchered, accomodation exchange checks on hand, and advances to subcashiers and alternate cashiers. Do not include cash on hand which represents collections in process for deposit with the Disbursing Officer or any other item not directly related to the cashier's advance.

(2) The total of this column must agree with the amount shown for General Ledger Account No. 1142 in item (1).

9F. Project Accounting Information System (PAIS) Reporting Requirements

1. Changes in Financial Reporting System

a. Certain modifications in the financial reporting system of PAIS have been made beginning with FY 1981 to improve the timeliness, validity and management usefulness of financial projections and reports submitted to AID/W.

b. Specific requirements for reporting to AID/W under the PAIS project financial system are as follows, beginning with FY 1981:

(1) Projected Obligations and Expenditures, CP Table II
(2) Project Agreement Abstract
(3) Project Flash Report
(4) Project Financial Activity Report (PFAR) Cable
(5) Summary by Allowance, Reconciliation with Allowance Ledger

c. Use of the Project Implementation Plan (PFIP), AID Report Control Symbol U-750-1 and Projected Obligations Report, Control Symbol U-750-2 are discontinued.

d. These changes place substantially greater reliance on Mission Controllers for submission of data in cable formats as opposed to completion of preprinted forms. Mission Controllers will bear sole responsibility for continuing project specific input (PSI) accounting which will no longer be reported on PFAR's or recorded in Project Authorizations.

e. Attachment 9E summarizes the new PAIS AID/W reports, due dates, prescribed formats, and descriptive information. Reports are submitted to AID/W, attention of M/FM/CAD.

9F

2. Projected Obligations and Expenditures

a. The CP Table II report serves as an input of projected obligations and expenditures to the Project Accounting Information System (PAIS).

b. The PAIS requirements for projected obligations and expenditures, by project, will be obtained from the CP Table II data submitted to and in accordance with instructions from the Office of Legislative Affairs. A separate report, other than the CP submission, will not be required.

3. Project Agreement Abstract

a. This document is a cable to be transmitted by field missions immediately upon signing a project agreement for a new project and is to contain the following information:

(1) Project Number (XXX-XXXX.XX)
(2) Project Title (As reflected in Project Paper)
(3) Date Agreement Signed (Start Date)
(4) Project Assistance Completion Date
(5) Grant Amount Authorized (Life of Project)
(6) Loan Amount Authorized (Life of Project)
(7) Amount of Initial Grant Obligation
(8) Amount of Initial Loan Obligation
(9) Appropriation Code of Initial Obligation-Grant and Loan
(10) Other Authorized Appropriation Code(s)
(11) Primary Technical Code
(12) Primary Purpose Code

b. See Attachment 9F for format.

4. Project Flash Report

a. In order to provide management with the current status of a project as well as the status of current year projected obligations on a monthly basis, USAIDs and reporting offices are to furnish monthly cable advice of changes in current year obligations, increases or decreases.

b. This request is limited to instances when a new project is obligated or when adjustments, increases or decreases, are recorded against current year funds.

c. The information requested is limited to three items for grant funds-project number, budget plan code, and cumulative current year obligation; and three items for loan funds-project number,loan number, and cumulative current year obligations.

d. The Project Flash Report is due in AID/W by the 2nd day of each month. Monthly negative reports are required when applicable.

e. See Attachment 9G for format.

9F

5. Project Financial Activity Report

a. The Project Financial Activity Report is a quarterly cable providing project accounting information related to activities occurring in the current fiscal year. This information is entered into the AID/W Project Accounting Information System.

b. Any BPC in which the last two digits of the Budget Plan Code (the third and fourth digit of the Function Code of the BPC) contain the numbers listed below, must be reported in the PFAR cable with a proper project number: 11,12,13,17,18,19,61,75. Unless advised to the contrary, any funds in which the BPC does not contain the above two digits are considered as nonproject activities and accordingly are not required to be reported in the PFAR cable, disregarding the fact that the activity may have a seven digit project number assigned.

c. Any project which has not been reported in a Completed (C) status must be listed on the PFAR cable even when there is no activity. Zeros should be listed in the amount columns.

d. A project that reaches a Complete (C) status during the fiscal year should be listed on each quarter's PFAR cable through and including the PFAR cable for 9/30.

e. Descriptions of the status codes are as follows:

(1) A:Active-A project on which implementation is still ongoing and the PACD has not lapsed.

(2) T:Terminating-A project on which all goods and services have been received or are in transit to the project site.

(3) C:Completed-A project moves from the "T" status to the "C" status upon final disbursement. All necessary deobligations/upward adjustments have been made and cumulative obligations and expenditures will equal, both on a cash and an accrual basis. The "C" status is normally reached no later than nine months following the PACD.

f. The PFAR is due quarterly on the 7th day following the quarter end.

g. See Attachment 9H for format.

9F

6. Summary by Allowance: Reconciliation with Allowance Ledger

a. The Summary by Allowance is used to reconcile grant funded project ledgers by BPC to Budget Allowance Ledgers. (Report U-101B)

b. This report is to be transmitted with the U-101 reports (Summary of BPC Ledger Transactions and Reconciliation with Disbursing Officer's Accounts) scheduled to arrive in AID/W no later than the 8th day after the close of the quarter. It is limited to AID grant projects and basically reconciles the Budget Allowance Ledger to the grant funded project ledgers.

c. The report consists of a one line entry of certain data elements for each open budget allowance extracted from the Budget Allowance Ledger with pertinent prior year end closing net accruals subtracted, compared to the same data elements extracted directly from the PFAR cable.

d. The report format is as follows:

Budget Allowance Ledger	PFAR Cable
Obligations	
1. Current Year Budget Allowance Accounts(Cumulative fiscal year totals-to date, as shown in the Obligations Incurred Column)	Equals column 8 Grants plus the inverse of Column 10 Grants
2. Prior Year Budget Allowance Accounts(Cumulative Obligation Adjustments from Oct. 1 through end of the reporting period as shown in the Obligations Incurred Column)	Equal Column 10 Grants - Adjustments To Prior year Obligations
Accrued Expenditures	
All Open Budget Allowance Accounts(Cumulative fiscal year totals-to date, as shown in the Net Disbursement Voucher Column)	Equals Column 9 Grants Expenditures

e. The original and one copy of the completed report are mailed with with the U-101s in sufficient time to arrive in AID/W no later than the 8th calendar day of the month following the quarter being reported.

f. See Attachment 9I for format.

Attachment 9A : U-101

(ILLUSTRATIVE)

AGENCY FOR INTERNATIONAL DEVELOPMENT

Summary of BPC Ledger Transactions
and
Reconciliation with Disbursing Officer's Accounts

Report No. U-101
Appropriation: 72-1121021
USAID: Ghana
Month Ending: March 31, 1982

CODE
DAA-82
641
0382

A. Transactions recorded in Mission Accounts:

Budget Allowance			Obligations		Disbursements		Unobligated		Net
Plan Code	Amount		Current Month	Cumulative	Current Month	Cumulative	Balance		Accurals
GDAA82-21641-EG18	5,378,000.00		700,323.00	2,841,562.00	378,283.00	890,855.00	2,536,438.00		952,283
GDAA82-21641-DG75	865,000.00		833,180.00	843,225.00	2,337.00	4,273.00	21,775.00		63,000
TOTAL	6,243,000.00	a/	1,533,503.00	3,684,787.00	380,620.00	895,128.00	2,558,213.00	b/	1,015,863
(Column 1)			(Column 2)		(Column 3)	(Column 4)			

B. ADD: NET ADVANCES

	Current Month	Cumulative 1/
1. Travel	1,100.00	8,500.00
2. Quarters	-	1,850.00
3. Contractors	-	-
4. Other (Specify)	-	-

C. ADD: DISBURSEMENTS MADE THIS MONTH CHARGEABLE TO OTHER OFFICES

AOC Number	Amount Charged	
641-698-017	675.00	AID/W
641-000-018	625.00	AID/W

D. LESS: DISBURSEMENTS MADE BY OTHER OFFICES CHARGEABLE TO THIS USAID

AOC Number	Charges Accepted	
000-641-009	235,400.00	AID/W
512-641-003	2,500.00	Brazil
493-641-001	110.00	Thailand

E. LESS: MISCELLANEOUS ITEMS PROCESSED BY THIS USAID

1.	150.00	Approp. Reim.
2.	-	-

F. NET DISBURSEMENTS PER USAID RECORDS, AS ADJUSTED 144,860.00 2/

G. RECONCILING ITEMS
1. -
2. -

H. NET DISBURSEMENTS PER DISBURSING OFFICER'S ACCOUNTS 144,860.00

SPECIAL NOTES

a/ Indicate any change in allowances month.

b/ Explain any negative unobligated balances.

Footnotes:

1/ Balance of Outstanding Advances at the end of report month.

2/ Net amount of all entries in column 2 (Lines B through E) plus the sum of Line A - Current Month Disbursements.

3/ Line I must be reported on all quarterly reports, and Line J on 9/30 reports.

4/ For end of fiscal year final reports (9/30) submit separate listing citing the agency and amount applicable to each.

MISSIONS NOT ON DELAYED RECONCILIATION BASIS SHOULD USE THIS FORMAT.

I. ACCRUED EXPENDITURES 3/

Accounts Payable and other Accrued Liabilities	Advance Payments Including Prepaid Expenses
1,371,613.00	355,750.00

Certified Correct:

(Controller)

J. REPORT OF FISCAL-YEAR PAYMENTS TO:
1. General Services Administration 3/
2. Other U.S. Government Agencies 4/
3. Recipients in the U.S.
4. Recipients in Foreign Countries
TOTAL

Attachment 9B : U-101

AGENCY FOR INTERNATIONAL DEVELOPMENT

Summary of BPC Ledger Transactions
and
Reconciliation with Disbursing Officer's Accounts

Report No. U-101
Appropriation: 72-1121021
Mission: Ghana
Month Ending: April 30, 1982

	CODE
	DAA-82
	641
	0482

A. Transactions recorded in Mission Accounts:

Budget Allowance			Obligations		Disbursements		Unobligated	Net
Plan Code	Amount		Current Month	Cumulative	Current Month	Cumulative	Balance	Accurals
GDAA82-21641-EG18	5,378,000.00		339,564.00	3,181,126.00	382,687.00	1,273,542.00	2,196,874.00	
GDAA82-21641-DG75	865,000.00		870.00	844,095.00	2,936.00	7,209.00	20,905.00	
TOTAL	6,243,000.00	a/	340,434.00	4,025,221.00	385,623.00	1,280,751.00	2,217,779.00	b/
(Column 1)		(Column 2)		(Column 3)	(Column 4)			

B. ADD: NET ADVANCES

	Current Month	Cumulative 1/
1. Travel	1,500.00	10,000.00
2. Quarters	2,200.00	4,050.00
3. Contractors	150,000.00	150,000.00
4. Other	-	-

C. ADD: DISBURSEMENTS MADE THIS MONTH CHARGEABLE TO OTHER OFFICES

AOC Number	Amount Charged	
641-615-002	510.00	Kenya
641-663-003	2,350.00	Ethiopia

D. LESS: DISBURSEMENTS MADE BY OTHER OFFICES CHARGEABLE TO THIS MISSION

AOC Number	Charges Accepted	
621-641-018	1,560.00	Tanzania

FOR SPECIAL NOTES a/ and b/ see Attachment A.

For Footnotes 1/ and 2/ see Attachment A.

E. LESS: MISCELLANEOUS ITEMS PROCESSED BY THIS MISSION
1.
2.
3.

F. NET DISBURSEMENTS PER MISSION RECORDS, AS ADJUSTED 540,623.00 2/

G. PRIOR-MONTH RECONCILIATION

1. Net Disbursements per U-101 Report for March 1982	144,860.00	
2. Reconciling Items:		
a.	+9,435.00	Not recorded by USDO in February but posted March
b.	-392.00	Not recorded by AID in February but posted March

H. NET DISBURSEMENTS PER DISBURSING OFFICER'S ACCOUNTS FOR March 1982 153,903.00

I. ACCRUED EXPENDITURES

Accounts Payable and other Accrued Liabilities	Advance Payments including Prepaid Expenses

Certified Correct:

(Controller)

Attachment 9C : U-101

AGENCY FOR INTERNATIONAL DEVELOPMENT

Summary of BPC Ledger Transactions
and
Reconciliation with Disbursing Officer's Accounts

Report No. U-101 — CODE
Appropriation: 72-1121021 — DAA-82
Mission: Ghana — 641
Month Ending: May 31, 1982 — 0582

A. Transactions recorded in Mission Accounts:

Budget Allowance		Obligations		Disbursements		Unobligated	Net
Plan Code	Amount	Current Month	Cumulative	Current Month	Cumulative	Balance	Accruals
GDAA82-21641-EG18	5,378,000.00	1,021,090.00	4,202,216.00	528,328.00	1,801,869.00	1,175,784.00	
GDAA82-21641-DG75	865,000.00	-	844,095.00	3,235.00	10,444.00	20,905.00	
TOTAL	6,243,000.00 a/	1,021,090.00	5,046,311.00	531,563.00	1,812,313.00	1,196,689.00 b/	
(Column 1)		(Column 2)	(Column 3)	(Column 4)			

B. ADD: NET ADVANCES

	Current Month	Cumulative 1/
1. Travel	(1,500.00)	8,500.00
2. Quarters	2,200.00	6,250.00
3. Contractors	100,000.00	250,000.00
4. Other	-	-

C. ADD: DISBURSEMENTS MADE THIS MONTH CHARGEABLE TO OTHER OFFICES

AOC Number	Amount Charged	
641-000-028	110.00	AID/W
641-664-001	500.00	Tunis

D. LESS: DISBURSEMENTS MADE BY OTHER OFFICES CHARGEABLE TO THIS MISSION

AOC Number	Charges Accepted	
000-641-018	80,400.00	AID/W
621-641-368	2,500.00	Tanzania
138-641-114	13,900.00	RFC (Paris)

E. LESS: MISCELLANEOUS ITEMS PROCESSED BY THIS MISSION

1.	200.00	Approp. Reim.
2.		

FOR SPECIAL NOTES a/ and b/ see Attachment A.

Footnotes:

For 1/ and 2/ see Attachment A.

F. NET DISBURSEMENTS PER MISSION RECORDS AS ADJUSTED

535,873.00 2/

G. PRIOR-MONTH RECONCILIATION

1. Net Disbursements per U-101 Report for April	540,623.00	
2. Reconciling Items:		
a.	(1,250.00)	March vouchers posted in April
b.	732.00	Voucher posted by USDO but not AID
c.	(25,500.00)	Voucher not posted by USDO

H. NET DISBURSEMENTS PER DISBURSING OFFICER'S ACCOUNTS FOR April 514,605.00

I. ACCRUED EXPENDITURES

Accounts Payable and other Accrued Liabilities	Advance Payments including Prepaid Expenses

Certified Correct:

(Controller)

ATTACHMENT 9D

Flash Report (Report U-102)
(Illustrative)

FROM : AMEMBASSY KATHMANDU

TO : SECSTATE WASHDC PRIORITY

FOR : FM/CAD

SUBJECT: REPORT OF OBLIGATIONS AND DISBURSEMENTS AS OF (DATE)

PART I - MISSION OBLIGATIONS

Budget Plan Code (1)	Budget Allowance Amount (2)	Cumulative Obligation FY to Date (3)
COEA-82-27367-U000	500,000	230,000
HDAA-82-27367-AG13	8,400,000	2,200,000
HDAA-82-27367-BG13	150,000	25,678
HDAA-82-27367-CG13	700,000	248,933

PART II - NET DISBURSEMENTS

Appn Code (1)	Net Disbursements FY to Date (2)
OEA-82	101,625
OEA-81	678,229
DAA-82	211,485
DAA-81	52,006
FNX-80	5,685,204
PHX-80	15,000
EHX-80	9,875

NOTE: Report figures to nearest dollar.

ATTACHMENT 9E

Reports Prescribed by PAIS

Project Accounting Information System
Summary List of System Inputs

Title	Due Date	Format	Brief Description
I. Projected Obligations and Expenditures, Congressional Presentation Table II	Annually, as established by AID/LEG	As est. by AID/LEG	Transmits projected obligations and expenditures.
II. Project Agreement Abstract	Upon signing project agreement for new projects.	Cable	Transmits project number, project agreement amount, PACD, and primary technical and purpose codes.
III. Project Flash Report	Second day of following month -monthly.	Cable	Transmits changes in current year obligations, increases or decreases.
IV. Project Financial Activity Report (PFAR)	Seventh day following quarter-quarterly.	Cable	Transmits by project current year obligations and accrued expenditures.
V. Summary by Allowance, Reconciliation with Allowance Ledger	Eigth day following quarter-quarterly.	With U-101s-original & 1 copy	Transmits current and prior year budget allowance accounts-obligations and accrued expenditures.

ATTACHMENT 9F

Project Agreement Abstract
(Illustrative)

CABLE PRIORITY

FOR: M/FM/CAD
SUBJECT: Project Agreement Abstract
REF: CHAPTER 13, Controller Guidebook

Info. required ref follows:
1) 532-0080
2) National Development Foundation
3) August 31,1981
4) September 30,1986
5) $1,000,000
6) $5,000,000
7) $250,000
8) $2,500,000
9) SD Grant, SD Loan
10) None
11) 710
12) 700B

ATTACHMENT 9G

Project Flash Report
(Illustrative)

CABLE PRIORITY

SUBJECT: April Project Flash Report
REF: Chapter 13, Controller Guidebook
FOR: M/FM/CAD

Project No.	BPC/Loan No.	Cum. CY Obligation
532-0047	LDAA 82 25532 EG13	500,000
532-0059	LDAA 82 25532 AG13	1,000,000
532-0079	LESA 82 25532 KG13	750,000
532-0064	532-U-010	2,000,000
532-0065	532-W-012	5,000,000

NOTE: Monthly Negative Reports required.

ATTACHMENT 9H

Project Financial Activity Report

FORMAT OF PFAR CABLE

PROJ NO (1)	APPR CODE (2)	L G (3)	CY OBLS (4)	CY EXPEND (5)	ADJ TO PYR (6)	LOCAL CURR TO DOLS (7)
34XXXXXXXXX	XX	X	XXXXXX	XXXXXX	XXXXXX	XXXXXX
34XXXXXXXXX	XX	X	XXXXXX	XXXXXX	XXXXXX	XXXXXX

TOTALS	NET CY OBLIGATIONS (8)	CY EXPEND (9)	ADJ TO PYR OBLIG (10)
GRANTS	XXXXXX	XXXXXX	XXXXXX
LOANS	XXXXXX	XXXXXX	XXXXXX
COUNTRY	XXXXXXX	XXXXXXX	XXXXXXX

The columns above represent the following:
(1) The numeric prefix 34 required for internal data management purposes followed by the three digit country code, the four digit sequential project number and a two digit subproject indicator where applicable. If a subproject indicator is not required the two spaces should be left blank.

(2) Contains two alpha character funding source indicator. Only authorized two digit alpha codes are those listed in HB 18, App. D, III, Att. A1 which is complete for all known appropriations. For loans the single alpha digit contained in loan no. 15 defined in HB 18, APP. D, Sec. III. Att. A5 and can be referenced to Att. A1 to determine proper two digit alpha approp. code.

With the replacement of the Allotment Symbol with the Budget Plan Code (BPC), some explanation is undoubtedly necessary as to the proper two digit alpha indicator to be used in PFAR reporting. With one exception (that being when the second and third digit of the BPC is DA) the proper two digit code to use for PFAR reporting is the second and third digits of the BPC. When the second and third digits of the BPC are DA, it is then necessary to refer to the 12th digit of the BPC (or the first digit of the Function Code element of the BPC) which will be the letter A,B,C,D,or E. The translation of these five letters for PFAR reporting is as follows: A=FN, B=PN, C=HE, D=SD,and E=EH. It is necessary to distinguish between the old appropriation code of PH and PN and HE.

As missions are not often aware of the specific appropriation utilized for Project Loans, the alpha character contained in the seven digit Loan Number must be referenced to obtain the appropriate two digit indicator for PFAR reporting. The loan alpha characters translate as follows:H=DL, K=ES, Q=PN, T=FN, U=HE,V=EH, and W=SD.

(3) Utilizes an alpha L or G character to indicate loan or grant.

(4) Contains up to six digits showing current year obligation activity. Adjustments to prior years should be included in this figure similar to the procedure used in the old PFAR reports.

(5) Contains up to 6 digits showing current year expenditure activity.

(6) Contains up to 6 digits showing net adjustments to prior year delegations. Prior year adjustments shown in this column are also included in column 4 in aggregate form with current year obligations.

(7) Contains up to 6 digits for appropriated dollar expenditures used to cover local currency costs.

(8) Represents sum of items in column 4 sorted by grant, loans and combined total of grants plus loans.

(9) Represents sum of items in column 5 sorted by grant, loans, and combined total of grants plus loans.

(10) Represents sum of items in column 6 sorted by grants, loans, and combined total of grants plus loans.

NOTE: Projects split funded between loans and grants will require separate line entry for each. Columns 4 through 10 are in thousands of dollars. Do not use comma between third and fourth digit. To indicate no amount in a given column either leave blank or insert six zeros. All entries will end in the designated space to the right within a given column and unused numerical spaces will be left as blank spaces or zero filled and right justified. Allow for two blank spaces between all columns. Accounting stations responsible for more than one USAID must submit a separate cable for each country. Columns (1) through (7) must contain 50 spaces. Credit amounts in this cable should be reflected in brackets () and not by a minus sign - .

Final paragraph of PFAR cable, following columns 8, 9, and 10 should reflect changes in PACD or Project Status in the following manner:

PROJ. NO.	PACD MODAYR	STATUS
34XXXXXXXXX	XXXXXX	X

Leave the appropriate column blank when there is no change, i.e., change in the Status but not PACD, leave PACD column blank.

The PFAR cable is due in FM/CAD by the seventh calendar day following the end of each quarter.

ATTACHMENT 9I

Summary by Allowance, Reconciliation with Allowance Ledger
(Illustrative)

USAID _____
SUMMARY BY ALLOWANCE

Reconciliation with Allowance Ledger
For the Period - 10/01/81 - 12/31/81

	OBLIGATIONS		
Allowance Ledger	Current Year	Adj. Prior Year	EXPENDITURES
Budget Plan Code	1,006		544
"		(54)	2,573
"			97
"		(24)	158
"			4
"			156
Less Accruals Sept. 30,1981			
Budget Plan Code			-1,928
"			-24
"			-122
"			-3
"			-4
Allowance Ledger	1,006	(78)	1,451

PFAR CABLE

Column 8, Grants, plus or minus column 10, Grants *	1,006
Column 9, Grants	1,451
Column 10, Grants	(78)

Certified Correct:

_____
Controller

Note: * Column 8 plus (if column 10 reflects deob) column 10 or minus (if column 10 reflects upward adjust.). In the above example, the related PFAR cable would reflect Column 8, Grants, as 928 and column 10, Grants , as (78) -- (928+78= 1,006).

ATTACHMENT 9J

USAID General Ledger Trial Balance - Imprest Funds
(Illustrative)

AGENCY FOR INTERNATIONAL DEVELOPMENT

USAID General Ledger Trial Balance - Imprest Funds

Report Control Symbol U-251 Fiscal Year:

Mission: Graustark Page____ of ____ Pages

General Ledger Account No.	Title of Account	Debit	Credit
1142	Imprest Fund Advances	20,000.00	
2182	Liability for Imprest Fund Advances		20,000.00

(2) Cashier's Name	(3) Amount Advanced Dollar Equivalent
John J. Doe	$15,000.00
R.Q. Smyth	5,000.00
Total	$20,000.00

CHAPTER 10 - SPECIAL ACCOUNTING ACTIVITIES

AWIDE
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Chs
C/C'S

ZEX | 138371 | 251305Z MAY 0 |

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FM/PAD:D HICKSON:PR
05/21/80 EXT. 20716
FM/PAD:P AMOS

FM/ASD:B BIRNBERG (DRAFT)
DS/IT:B LANDRY (DRAFT)
FM/PAD:W MCKEEL (DRAFT)
NE/DP:B MCMOIL (DRAFT)
DS/IT:B SMALL (DRAFT)
DS/IT:T BALL (DRAFT)
DS/PO:B MEEHAN (DRAFT)
ASIA/DP:H COLLAMER

ORIGIN FM INFO CH AAAF AFEM AFEA AFDA AFSA AFFW AFRA AFCW AFDP AFDR AAAS ASEM ASPT ASSP ASBI ASPN ASDP AALA LACA LAEM LACE LASA LACO
ROUTINE AWIDE

ADM AID GUATEMALA FOR AID AND ROCAP; KARACHI FOR AAG AND IIS

PA
DH

E.O. 11652: N/A

TAGS:

SUBJECT: AID FORM 1380-1A PIO/P CONFIRMATION CABLE
NAIROBI FOR AID AND REDSO/EA

REF: A) AID HB 10, CHAP. 12, B) TRAINING NOTICE NO. 43 (REVISED) EFFECTIVE 3/15/80. C) STATE 290608 (FY 79)

1. EFFECTIVE MAY 1, 1980 THE CONFIRMATION (BLUE ISSUE) COPY OF PIO/P DOCUMENTATION IS DISCONTINUED. A COMPUTER GENERATED CABLE WILL BE SUBSTITUTED TO CONFIRM AID/W APPROVAL OF THE TRAINING PROGRAM AND FINAL BUDGET. USE OF THE CABLE FORMAT FOR PURPOSES OF CONFIRMING THE PIO/P OFFERS DEFINITE ADVANTAGES IN TERMS OF SPEED OF DISTRIBUTION (PARTICULARLY TO FIELD MISSIONS) AND EASE OF PREPARATION.

2. WORKSHEET PIO/PS WILL CONTINUE TO BE ISSUED BY USAID MISSIONS OR AID/W ALLOTTEES FOLLOWING EXISTING PROCEDURES, AND FORWARDED TO DS/IT FOR DEVELOPMENT OF A TRAINING IMPLEMENTATION PLAN (TIP), PLACEMENT AND BUDGET. THE TIP WILL NO LONGER CONTAIN FINANCIAL INFORMATION. FINAL PIO/P BUDGET INFORMATION WILL BE SENT TO THE MISSION, FROM WHICH THE PARTICIPANT WILL BE DEPARTING, IN THE FORM OF A "CONFIRMATION PIO/P CABLE" TO BE ISSUED SUBSEQUENT TO THE TIP BUT THIRTY TO SIXTY DAYS PRIOR TO THE PARTICIPANT CALL FORWARD. IN THOSE CASES WHERE THE LACK OF LEAD TIME SO DICTATES, THE

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FORM DS 322A(OCR)

UNCLASSIFIED | 2

IN THOSE CASES WHERE THE LACK OF LEAD TIME SO DICTATES, THE TIP, CONFIRMATION CABLE (BUDGET) AND CALL FORWARD WILL BE SENT SIMULTANEOUSLY. USAID MISSIONS OR AID/W ALLOTTEES ARE CAUTIONED THAT A CALL FORWARD IS NOT AUTHORIZED UNTIL A "CONFIRMATION PIO/P CABLE" IS RECEIVED AND ANY ADDITIONAL FUNDING REQUIRED (OVER AMOUNT PROVIDED IN WORKSHEET PIO/P) IS ADDED. PARTICIPANTS MUST NOT BE ALLOWED TO TRAVEL OR INITIATE TRAINING PRIOR TO ASSURING THAT FUNDS HAVE BEEN MADE AVAILABLE FOR THE FULL AMOUNT OF THE CONFIRMED PIO/P BUDGET.

3. THE PIO/P CONFIRMATION CABLE WILL REFLECT A NEW BUDGET FORMAT, WHEREBY COSTS ARE BUDGETED FOR EACH YEAR OF TRAINING. COSTS ARE GROUPED IN THE BUDGET BY FIVE LINE ITEMS I.E. INSTRUCTIONAL COSTS, MAINTENANCE ALLOWANCE, MISCELLANEOUS (TRAINING COSTS), PROGRAMMING AGENT FEE (RSSA OR CONTRACTOR), AND AID/W ADMINISTRATIVE FEES. BUDGETS ARE COMPUTED BY OBTAINING ACTUAL OR ESTIMATED ACTUAL COSTS AS OF THE DATE OF BUDGET PREPARATION. ACTUAL COSTS ARE INPUT INTO THE COMPUTER WHICH ADDS AN INFLATION/CONTINGENCY FACTOR OF 1 PER CENT PER MONTH OF TRAINING FOR THE FIRST TWELVE MONTHS OF TRAINING TO BUDGET LINE ITEMS FOR INSTRUCTIONAL COSTS, MAINTENANCE, AND MISCELLANEOUS. AN INFLATION/CONTINGENCY FACTOR OF 1.25 PER CENT PER MONTH IS ADDED TO ALL BUDGET LINE ITEMS FOR PERIODS OF TRAINING OVER TWELVE MONTHS. THE CONFIRMATION CABLE WILL REFLECT THE BUDGET FOR PERIODS OF TRAINING UP TO TWELVE MONTHS IN ONE COLUMN AND OVER TWELVE MONTHS IN A SECOND COLUMN. THE F=INFLATION/CONTINGENCY FACTORS MAY BE ADJUSTED PERIODICALLY BASED ON STATISTICAL ANALYSIS OF THE MASTER DISBURSING ACCOUNT (D*MDA) CASH FLOW, BUT USAID'S WILL BE NOTIFIED OF ANY SUCH CHANGES.

4. THE CONFIRMED PIO/P BUDGET IS COMPARED TO THE WORKSHEET PIO/P AMOUNT AND THE USAID OR AID/W ALLOTTEE WILL BE NOTIFIED IN THE CONFIRMATION CABLE IF ADDITIONAL FUNDS MUST BE MADE AVAILABLE PRIOR TO THE PARTICIPANTS CALL FORWARD. IN ALL CASES THE PIO/P BUDGET AMOUNT RESERVED BY THE WORKSHEET PIO/P MUST BE ADJUSTED ON THE OFFICIAL ACCOUNTING RECORDS TO THE CONFIRMED BUDGET AMOUNT AND CUMULATIVE CREDIT TRANSFERS ON THE U-101 REPORT MUST RECONCILE TO THE PIO/P CONFIRMED BUDGET TOTAL. PLEASE NOTE THAT THE CONFIRMED BUDGET EXCLUDES ANY PROVISION FOR INTERNATIONAL TRAVEL PAID BY FUNDS OBLIGATED IN THE PIO/P. INTERNATIONAL TRAVEL COSTS PAID BY THE U. S. ARE CHARGED DIRECTLY TO THE FUNDING SOURCE CITED ON THE WORKSHEET PIO/P AND THEREFORE ARE NOT INCLUDED IN CREDIT TRANSFERS TO THE MDA BUT MUST BE ADDED TO CONFIRMED BUDGET FOR PURPOSES OF OBLIGATING OR EARMARKING TOTAL PIO/P COSTS.

FORM DS 322A{OCR}

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USAIDS ARE REMINDED THAT ANY ADVANCE MAINTENANCE ALLOWANCES PAID AT THE MISSION SHOULD BE AOC TO AID/W AS A CHARGE AGAINST THE MDA.

5. THE CONFIRMATION CABLE WILL BEAR THE SUBJECT TITLE, "AID FORM 1380-1A CONFIRMATION COPY PIO/P {NUMBER}" IN ORDER TO CLEARLY DISTINGUISH IT FROM OTHER AD HOC CABLES PROVIDING PRELIMINARY, INFORMAL PIO/P BUDGET ESTIMATES. THE CONFIRMATION CABLE IS ATTACHED TO THE WORKSHEET PIO/P AND, TOGETHER WITH ANY WORKSHEET PIO/P AMENDMENTS TO ADJUST FUNDING TO THE CONFIRMED BUDGET LEVEL, COMPLETES REQUIRED PIO/P DOCUMENTATION. ALTHOUGH THE CONFIRMAITION CABLE SYSTEM IS EFFECTIVE MAY 1, 1980, USAIDS MAY BE RECEIVING SOME BLUE ISSUE COPIES OF PIO/P'S WHICH ARE IN THE PIPELINE AS OF APRIL 30, PENDING TYPING AND/OR DISTRIBUTION. AID HB WILL BE AMENDED TO REFLECT THE SUBSTANCE OF THIS CABLE. 44

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b. Payment by Diplomatic Post Where no AID Mission Exists

The U.S. Disbursing Officer (USDO) servicing the Post furnishes SF 1221, Statement of Transactions According to Appropriations, Funds and Receipt Accounts, with supporting vouchers to AID/W, addressed to the Office of Financial Management, Central Accounting Division (SER/FM/CAD).

5. Use of Excess and Near-Excess Foreign Currencies

a. General

(1) When time permits and costs can be met in local currencies, local currencies are used to the extent of their legal and practical availability.

(2) When local currencies are available in the U.S. Treasury foreign currency (FT) sales accounts for purchase and use for emergency disaster relief, the dollar equivalent of these requirements is charged under normal procedures to dollar allotments, as provided in 10B3d(1) and 10B3e(1) above, for reimbursement to the Treasury.

(3) When local currencies are available in AID foreign currency (FT) accounts and reimbursement to the U.S. Treasury is not required, pursuant to provisions in international agreements or prior allocation and waiver action by the Office of Management and Budget (OMB) as provided in *10B5b*, Missions and Diplomatic Posts may obligate and disburse such local currencies under the automatic allotment procedures, whereby availability is established upon receipt of Treasury Form BA 6901, Foreign Currency Transfer Authorization. (See Chapter 5.) Obligations may be incurred up to the limit of the dollar equivalent of $25,000 with immediate advice to AID/W (appropriate AID/W Geographic Bureau, SER/FM/FCD, and SER/FM/CAD). For obligations against local currency availability in AID FT accounts in excess of the dollar equivalent of $25,000, prior AID/W approval is requested by coordination through SER/FM/FCD.

b. Use of P.L. 480 Foreign Currencies

The Director of the Office of Management and Budget (OMB) is authorized by Executive Order 10900 to fix the amount of foreign currencies to be used for the purposes set forth in Section 104, including 104(d). Accordingly, request for allocations of foreign currencies for Section 104(d) purposes must be made to the Director, OMB. There is a requirement in Section 104, for application of Section 1415 of the Supplemental Appropriation Act 1953, to 20% of the aggregate, of P.L. 480 foreign

10B5b

currencies generated after December 31, 1964. In the event this requirement cannot be met, it will be necessary to request a waiver of such provision from the Director, OMB. (See HB 8, 6I3, for procedure followed by *OFDA* in preparing request for allocation.)

10C. Deposit and Utilization of Proceeds of Sale, AID-Owned Personal Property

1. Purpose and Scope

This section applies to the deposit and utilization of proceeds of sale of AID-owned personal property. It provides the procedures to be followed by Missions and AID/W when:

a. Depositing the proceeds derived from the sale or exchange of such property.

b. Reporting these deposits.

c. Incurring obligations for the purchase of similar replacement property.

2. Authority

The procedures outlined in this section are based on the following:

a. P.L. 152, 81st Congress, June 30, 1949, entitled: "Federal Property & Administrative Services Act," of 1949, and amendments thereto.

b. General Accounting Office Manual, Title 2, Section 12.5, and Title 7, Section C15.4.

c. Treasury Fiscal Requirements Manual For Guidance of Departments and Agencies, Transmittal Letter No. 14 dated February 1, 1968, and Treasury Department Announcement of Account Symbols and Titles No. 10300 dated January 31, 1969.

d. Federal Property Management Regulations (FPMR) System, Title 41, Subtitle C, Code of Federal Regulations.

e. United States Code, Title 40, Chapter 10.

CHAPTER 10

SPECIAL ACCOUNTING ACTIVITIES

10A. Accounting Procedures for General Services Administration (GSA) Procurement

Accounting, processing, and payment procedures relating to GSA billings at Mission and AID/W levels are in HB 15 - AID-Financed Commodities, 4C4, *and are incorporated herein by reference.*

10B. Fiscal Procedures - Foreign Disaster Emergency Relief

1. General

This section prescribes the necessary fiscal and accounting procedures to be followed in providing emergency disaster relief. The authority for this activity is contained in HB 8, Foreign Disaster Assistance. These procedures are also in consonance with AID/W responsibilities and procedures for coordinating emergency disaster relief operations.

2. Appropriation and Allotment

a. A "Foreign Disaster Emergency Relief" account is established under the AID Contingency Fund. The account is designated by the following fiscal accounting classifications:

(1) Appropriation symbol - 72-11_1078

(2) Allotment symbol - _21-32-099-00-86-_1

The blank spaces in the first and last segments of the allotment symbol show the fiscal-year designator, which is changed each fiscal year.

b. The *Director, Office of U.S. Foreign Disaster Assistance (OFDA)* serves as the delegate of the allotee with authority to take action on the use of funds provided in the "Foreign Disaster Emergency Relief" account in accordance with Chapter 4, HB 19.

3. Obligation Procedure

a. Authorization

Authority for issuance of obligation documents up to $25,000 without additional authority from AID/W is contained in HB 8 which also

10B3a

establishes criteria for the issuance of such obligation documents. The determination made by the Chief of Mission is to be cited on each obligation document as the authority for issuance; e.g., "Authority - Foreign Disaster Emergency Relief determined by Ambassador___(name)___, ___(date)_____."

b. Issuance of Obligation Document

(1) Form FS-455, Purchase Order, Receiving Report and Voucher, is generally used for procurement and is normally the obligation document. The purchase order or other obligation document cites the allotment and appropriation symbols, the combined obligation/document number, and monetary amount authorized. When the specific amount or estimated cost is not available at time of issuance, the obligation document states a limitation as "Not to exceed $_____."

(2) In countries where an AID Mission is located, the Mission issues all obligation documents, except as provided below. In countries where there is no Mission, the Diplomatic Post issues the obligation documents.

Obligation documents may also be issued by *OFDA* as requested by the Mission or Diplomatic Post, or as may be deemed necessary in coordination with the Mission or Diplomatic Post. A telegram is sent to the Mission or Diplomatic Post if applicable, by *OFDA* giving notice of obligations it makes for each disaster. The telegram provides necessary detail on items or services for which funds were obligated.

(3) Obligation documents are numbered in accordance with *10B3d(2)* and (3).

(4) All obligation documents contain instructions for presentation of billings by vendors, suppliers, or others making delivery or rendering performance thereunder to the issuing office (Mission, Diplomatic Post, or AID/W) as payment will be made by the office identified on the obligation document. Billings are to show the same fiscal classifications as shown on the underlying order or requisition, namely, appropriation and allotment symbols and obligation document number.

c. Total Obligations - $25,000 or Less

The issuing office (Mission or Diplomatic Post) assures that the total amount of obligations issued does not exceed $25,000, without prior AID/W approval, for each disaster determination made in accordance with the authority provided in HB 8.

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d. Notification to AID/W

(1) The issuing Mission or Diplomatic Post promptly telegrams the amount of the obligation to AID/W, Attention: *OFDA* and SER/FM/CSD (or SER/FM/FSD for those Missions serviced by SER/FM/FSD) as a basis for request by *OFDA* to the Office of Financial Management, Funds Control Division (SER/FM/FCD), for the issuance (or amendment) of form AID 7-158, Advice of Allotment, under the AID/W allotment account in 10B2 and for recording the obligation in the official accounts maintained by SER/FM. The Geographic Bureau is furnished with an information copy of the telegram through normal channels. The issuing office dispatches two copies of each obligation document as soon as possible to AID/W, Attention: Office of Financial Management, Central Services Division (SER/FM/CSD), or to the Field Services Division (SER/FM/FSD), for those Missions serviced by SER/FM/FSD, as support for recording the obligation and certification for payment.

(2) Obligation documents issued against funds provided in the above AID/W allotment are identified by a single seven-digit document/obligation number for each disaster occurring during a fiscal year. The same obligation/document number (see below) is assigned to all obligation documents issued in connection with each disaster experienced during the fiscal year in the country concerned. The document number is to be shown on the purchase order, requisition, or other procurement document in the space provided for the order number. The seven-digit obligation document number consists of four segments as follows:

1st and 2nd digits	3rd digit	4th, 5th, and 6th digits	7th digit
Allottee code as shown in the second segment of the allotment symbol	Fiscal-year indicator	Country code (See HB 18, Annex D.)	Separate sequential number for each disaster during the fiscal year

(3) As a basis for processing and control in the accounts maintained by AID/W, the obligation document number assigned to all obligation documents issued by the Mission or Diplomatic Post for each disaster during the fiscal year, in accordance with the numbering system set forth above, is followed by an alphabetical suffix - A, B, C, etc., - in the sequence in which purchase orders, requisitions, or other obligation documents are issued.

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Obligation documents issued by *OFDA* also conform with the 7 digit obligation document numbering system. However, in lieu of the alphabetical suffix, *OFDA*-issued documents show a numeric suffix in sequential order. Note: This is for internal control purposes only. The numeric suffix will not be processed by the computer due to the 7 digit input limitation.

(4) When deemed necessary for internal control or local reference purposes, individual order numbers which identify each obligation document separately may be assigned additionally to obligation documents by the issuing office within a unique sequential series established for the purpose. These order numbers are uniformly shown in an appropriate space on the obligation document.

(5) Expenditure documents processed in liquidation of amounts obligated under funds allotted, as provided in 10B2 and *3d* above, reflect the same obligation document.

e. Request for Authority to Issue Obligations in Excess of $25,000

(1) When it has been determined to request authorization to issue obligations for disaster preparedness activities or for disaster relief in excess of $25,000, action by the Mission or Diplomatic Post, if applicable, is taken as prescribed in HB 8.

(2) *OFDA* telegrams the Missions or Diplomatic Post when additional obligations in excess of $25,000 may be incurred against the increased availability in the AID/W allotment. The field issuing office assures that prior obligation authorization has been furnished before exceeding the $25,000 limitation. Obligation documents issued against the additional authorization for obligations in excess of $25,000 continue the numbering system established in accordance with paragraphs 10B3d(2) and (3).

4. Expenditures Against AID/W Allotment

a. Payment Where an AID Mission Exists

After payment, Missions follow the AID "Advice of Charge" procedure for reporting to AID/W any expenditures (disbursements) charged against an AID/W allotment.

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3. General Guidelines

a. All AID-owned personal property is subject to policies and procedures set forth in existing handbooks and pertinent regulations. Handbooks 19 and 23, respectively, prescribe the required monetary accounting and management controls from the point of requisition through the disposal thereof.

b. Personal property which has general usage throughout the Agency, and for which there is a continuing need, is considered to be replacement property. Generally, replacement property is disposed of by sale or by transfer with reimbursement so that the proceeds from such disposals may be utilized by AID/W for the purchase of similar property either for the selling Mission or for any other AID establishment as the need exists on a worldwide basis. These proceeds are deposited to a special account established therefor, regardless of the funds from which the property was initially purchased. Pursuant to the guidelines and instructions cited below, the SER/FM/FCD provides each Mission with the necessary authorizations for procurement of replacement property. After all requirements of the Operating Expenses Appropriation are met, the balance, if any, is applied to the acquisition of AID-owned property from other funds.

4. Classification of Proceeds of Sale

Collections from the sale or exchange of personal property are classified and deposited as follows:

a. All proceeds of sale or exchange of replacement property are deposited to:

Budget Clearing Account 72F3845, Proceeds of Sales, Personal Property, Agency for International Development.

b. Proceeds of sales of personal property which have been declared "excess" or "foreign excess" property are deposited to:

Miscellaneous Receipt Account 722649, Proceeds from Sale of Equipment and Other Personal Property, Not Otherwise Classified.

c. Proceeds of sale of scrap and salvage are deposited to:

Miscellaneous Receipt Account 722650, Sale of Scrap and Salvage Materials.

10C

5. Mission Procedure--Forwarding Deposit Data

a. Mission collections from sale or exchange of personal property are deposited to the Budget Clearing Account 72F3845 or Miscellaneous Receipt Account 722649, as appropriate. Collection documents (i.e., FS-459, Deposit or Trust Fund Receipt and Record, or form AID 7-128, Notice of Collection/Adjustment) reflecting these transactions are to be prepared to show the correct account citation and must contain a clear and adequate description of the personal property sold to indicate the following:

(1) Date of sale of property

(2) Description of the property

(3) Total amount collected and deposited, expressed in U.S. dollars, and distribution of this total amount to one or more of the following subobject class codes:

Subobject Class Code

310 Office Furnishings and Equipment

311 Residential Furnishings

312 Automobiles

319 Other

(4) Reference to the related SF 1036, Statement of Certificate of Award, and the Sales Agreement or Contract.

b. The above collection documents, supported by a copy of form AID 5-73, Nonexpendable Personal Property Disposal Record - Mission, are incorporated with other documents and forwarded to AID/W in the monthly Mission *submission.*

6. AID/W Procedure

a. Collections

Checks and/or money orders received from sale of AID/W personal property are forwarded to the AID/W Central Cashier's Office, Data Control Division (SER/FM/DCD), for preparation of necessary documentation; i.e., for AID 7-128, and SF 219, Certificate of Deposit, and deposit of the proceeds to Budget Clearing Account 72F3845 or Miscellaneous Receipt Account 722649, as appropriate. The data required under 10C5a, b, and c are to be shown on the Notice of Collection.

10C6

b. Ineligible Property--Applicable to AID/W Only

Proceeds from the sale of the following categories of domestic property may not be utilized for the purchase of replacement property, and are for deposit to Miscellaneous Receipt Account 722649:

(1) Hand tools.

(2) Hardware, general purpose.

(3) Lumber, millwork, plywood, and veneer.

(4) Furniture: office, household and quarters, hospital, shipboard, and cafeteria.

(5) Office supplies.

(6) Textiles.

(7) Wearing apparel.

c. Consolidation of Deposit Data

M/FM/CAD maintains a register and records deposits to applicable accounts by subobject class, as reflected in the collection documents and Statement of Transactions forwarded by Missions in accordance with 10C5 and from the AID/W collection documents listed in 10C6a. These data are maintained on a cumulative to-date basis and are the source of information furnished to M/FM/FCD and M/FM/SPD.

7. Time Limitation on Use of Proceeds of Sale

Proceeds from the sale of personal property are available during the fiscal year in which the sale is made and for 1 fiscal year thereafter for obligation for the purchase of similar replacement items of personal property.

8. Utilization of Proceeds of Sale

Missions and AID/W offices concerned may purchase items of replacement property only against authorizations issued by M/FM/FCD as described herein. Collections received as proceeds of sale may not be used for this purpose and are for deposit only in accordance with this Chapter. M/FM/SSD reviews estimates received from Missions and from the Office of Management Operations (M/SER/MO) for AID/W, projecting their planned acquisition of replacement personal property, by subobject class, for the fiscal year. To the extent feasible, M/FM/SSD schedules the utilization of proceeds of sale on the basis of Mission and AID/W estimates.

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9. Appropriation Reimbursement

Documentation charging Budget Clearing Account 72F3845 and effecting reimbursement to the appropriation charged with obligations incurred for the replacement of personal property, and all related accounting and budgetary consolidated reports and analyses are based on the utilization of proceeds prescribed in 10C8 and are prepared and processed at AID/W.

10. Disposition of Unapplied Proceeds

Where the authorizations to Missions and AID/W against proceeds of sales deposits have not been obligated within the established time limit, or for other reasons these proceeds are not to be applied to the replacement of personal property, such obligated balances are cleared from the Budget Clearing Account 72F3845 to Miscellaneous Receipt Account 722649. This action is taken by AID/W.

10D. Accounting for Medical Expenses

1. Purpose and Scope

a. This section prescribes procedures and policies for accounting for the costs of AID medical expenses authorized under the Foreign Service Medical and Health Program. Supplemental information and guidance is provided in Uniform State/AID/USIA Regulations 4 FAM 437. The current issuance is included as Attachment 10A.

b. The funds charged with authorized medical expenses are generally dependent upon where and by whom the services are rendered as follows:

(1) Physical examinations and immunizations performed at Department of State medical facilities (in Washington and overseas) without charge to the individuals are included in the AID/State shared administrative support arrangement.

(2) Other authorized medical services obtained elsewhere overseas (e.g., private physicians, private hospitals, or U.S. Government hospitals) are paid directly from the applicable Mission account.

(3) Authorized medical services, including physical examinations and immunizations performed in the United States by other than the Department of State medical facilities, are paid from the applicable AID/W account.

10D

2. Coverage

a. Foreign Service Employees of AID and Their Dependents

This section is limited to medical services authorized Foreign Service employees and their dependents under the Foreign Service Medical and Health Program, including candidates for the AID Foreign Service and their dependents.

b. Participating Agency Employees

Medical expenses incurred by participating agency employees are accounted for as follows:

(1) If the medical services are performed overseas, the expenses are payable directly by the applicable Mission as an additional cost of the project to which the participating agency employee's other personnel costs are chargeable.

(2) If the medical services are performed in the United States, the expenses are paid by AID/W based on vouchers forwarded to AID/W by the State Department Medical Division.

c. Contractor Employees

U.S. Citizens (and their authorized dependents) serving abroad under a contract for services between a contractor and AID or between a host country and a contractor financed with AID grant funds are entitled to certain locally available health room services as provided in the applicable contract or other authorizing document.

d. AID/W Employees, and Other Agency Employees on Reimburseable Detail to AID/W

All non-Foreign Service AID/W employees and other USG employees on reimburseable detail to AID/W are excluded from coverage since such employees are not covered by the Foreign Service Medical and Health Program.

e. Foreign National Employees

Expenses for medical services for such employees performed at State Department medical facilities are included in the AID/State shared administrative support arrangement. Authorized medical services for foreign national employees not performed at State Department medical facilities are paid by the Mission, and are charged to subobject class 259, Miscellaneous Contractual Services.

3. Medical Services Performed in the United States

a. Authorization

(1) In AID/W, the Chief, Overseas Division (M/PM/OS), issues authorizations for physical examinations for employees in the AID Foreign Service and their dependents and for candidates for employment in the service and their dependents.

(2) Missions issue authorizations for medical examinations for an employee and his/her dependents to be taken in the United States, provided the employee or his/her dependents are unable to complete the examinations prior to departure from post on home leave or separation travel orders.

(3) Form DLS 820, Letter of Authorization for Medical Examination(s) and Immunizations, with Attachment of AID 4-175, Instructions for Obtaining Physical Examinations-Overseas Employment, is used for authorizing physical examinations.

(4) The State Department Medical Division authorizes all other medical services to be performed in the United States for the benefit of AID and participating agency employees, including hospitalization and related expenses incurred for eligible personnel evacuated from Foreign Service posts. Authorization for Medical Treatment, Form FS 569, or other form letter, is used for such authorizations. Examinations or consultations may also be authorized by the Medical Division by letter. Medical services include consultation, medical treatment, hospitalization, the furnishing of drugs, and equipment, such as vaporizers, beds, braces, and other minor items.

b. Numbering of Authorization Documents

In the issuance of authorizations, the authorization number also serves as the obligation number for accounting purposes. Authorization number series have been established and are to be assigned as follows:

(1) Mission Issuance of Authorization Documents

Authorizations issued by Missions cite a 7 digit authorization number which is used by AID/W as an obligation number. The first three digits of the number are the appropriate country code. The fourth digit is the fiscal year designator. The remaining three digits are consecutive obligation numbers; e.g., 2632001 represents the first and 2632010 represents the tenth authorization for Egypt, for FY 1982.

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(2) Authorizations issued by the State Department Medical Division against AID/W funds cite a seven digit authorization number, commencing with number 8230001 through 8235000 for FY 1983, which is used by AID/W, Office of Financial Management, Support Services Division (M/FM/SSD), as the obligation number.

(3) Authorizations issued by AID/W, Office of Personnel Management (M/PM), against AID/W funds cite a seven-digit authorization number, assigned by the Office of Financial Management (M/FM), commencing with 8235001 for FY 1983.

(4) The assignment of authorization/obligation numbers are on a fiscal year basis, hence, new sequential numbers begin at the start of each fiscal year.

c. Distribution of Authorization Documents

(1) The original and one copy are given to the patient for delivery to the physician or institution authorized to perform the medical service. The original document instructs the physician or institution to return the original document to the State Department Medical Division with his/her bill for reimbursement.

(2) Promptly, upon issuance, one copy is forwarded to M/FM/SSD for use as an obligation document. An estimated amount to be obligated, based on the experience and best judgment of the originator, is inserted on this copy by the issuing office. The estimated amount need not be shown on other copies.

(3) One copy is forwarded to the State Department Medical Division for the employee's medical file.

(4) One copy is retained in the files of the issuing office.

d. Collections for Dependent's Medical Treatment

The requirement to pay a $35.00 deductible for the cost of certain medical treatment for a dependent is eliminated. This former legal requirement was not continued by the Foreign Service Act of 1980. The $35.00 charge should not be imposed after April 1, 1981.

e. Payments to Vendors

(1) All bills for medical expenses from doctors, hospitals and Government facilities are received initially by the State Department Medical Division.

(2) State Department Medical Division:

(a) Matches each bill properly payable by AID with the original or a copy of the authorization document.

(b) Prepares and administratively approves form DS-1486, Voucher or Sub-Voucher for Medical Services. This administrative approval is evidence that the goods and services were ordered, have been received, and the amount charged is properly payable.

(c) Submits daily the administratively approved vouchers with bill and authorization to M/FM/SSD.

(3) M/FM/SSD audits the voucher and schedules the voucher for payment.

f. Funds Chargeable

All bills pertaining to dependent's care are paid from the medical expense funding account.

g. Recoveries from Insurance Companies

The following procedures apply when an employee is covered by a hospitalization insurance plan and the U.S. Government contributes a portion of the premium cost:

(1) The State Department Medical Division sends a letter to the employee instructing the employee to file a claim with the insurance company and to transmit amounts received less authorized out-of-pocket expenses to the AID/W Cashier's Office. A copy of the letter is included in support of the administratively approved voucher transmitted to AID/W, M/FM/SSD, for payment. Because the amount of the reimbursement is generally indeterminate, M/FM/SSD holds the letter in a separately identified follow-up file until the reimbursement from the insurance company is received.

(2) Out-of-pocket expenses are deducted from the amount received from the insurance company prior to transmission in accordance with 10D1. The insured must:

(a) Furnish documentary evidence of the total amount recovered (e.g., the check stub accompanying the insurance company's check or a reproduced copy of the check itself).

(b) Itemize amounts deducted and the reason therefor; and

(c) Concurrently forward the balance due the U.S. Government.

(3) If the employee fails to file a claim in accordance with the insurance carrier rules for recovery of expenses incurred, M/FM/SSD establishes an accounts receivable and issues an AID Bill for Collection, form AID 7-129. The accounts receivable is cross-referenced to and is established in the same amount as the administratively approved voucher for payment of the related medical services. The receivable is supported by the copy of the letter to the employee requesting that a claim be filed with the insurance company. M/FM/SSD is responsible to take follow-up action necessary to effect collection of the accounts receivable.

(4) The AID/W Cashier's Office processes amounts recovered from insurance companies as refunds, and M/FM/SSD credits the amounts recovered to the medical expense funding account. When an accounts receivable has been established, remittances from insurance companies are accepted as full liquidation of accounts receivable. The Notice of Collection Adjustment, form AID 7-128, prepared by the AID/W Cashier's Office pertinent to amounts recovered from insurance companies shows a cancellation in the amount of the difference between the amount of the account receivable and the amount collected.

4. Medical Services Performed Outside the United States

a. Authorization

(1) Principal or Administrative Officers of Foreign Service Posts have authority to order medical services at Government expense under the Foreign Service Medical and Health Program.

(2) The above authority includes authorizations of travel and per diem for American employees of AID and their dependents incident to authorized treatment while located abroad, and authorization to contract for the services of medical attendants to accompany the patient when deemed necessary by the post medical advisor or attending physician, including authorization of travel and per diem of such attendants.

(3) The above authorities also extend to employees serving as participating agency employees with AID.

(4) A family member incapable of caring for self if the family member remained at post may be authorized to travel with the patient and be included in the medical travel order, provided that no suitable arrangement for care can be made at post. In these cases, the Principal Officer or representative shall verify that the conditions are met and that the travel is in the best interest of the U.S. Government.

10D4

b. Medical Travel

(1) Medical travel authorizations provide for return trip travel of the patient in each case.

(2) Travel authorizations issued by posts for evacuation of the patient to the nearest medical facility, or to a facility in the United States, may require amendments to extend the travel authority. The post nearest to the facility issues such necessary amendments authorizing evacuation to another facility or to the United States for further medical treatment. If an amendment is required after a period of hospitalization in the United States, the State Department Medical Division notifies the Office of Personnel Management (M/PM) which arranges for the issuance of amendments.

c. Obligations for Medical Expenses

(1) The Mission Controller furnishes the administrative office of the Diplomatic Mission at the post the obligation numbering series and accounting classifications to be cited on documents authorizing medical expenses, including medical travel expenses.

(2) Obligations for medical travel are charged to subobject code 215 - All Other. Subobject code 259 - Miscellaneous Contractual Services includes all costs, except travel, of authorized medical services of care, including immunizations and physical examinations only when obtained elsewhere than at Department of State facilities; hospitalization; services of physicians, nurses, anesthetists; and any services of attendants during medical evacuation travel. Subobject code 259 also includes any payments for costs to military or other U.S. Government hospitals. For more information refer to Handbook 18, Appendix D, Section III, Attachment A5.

d. Collection for Dependent's Medical Treatment

The requirement to pay a $35.00 deductible for the cost of certain medical treatment is eliminated. This former legal requirement was not continued by the Foreign Service Act of 1980. The $35.00 charge should not be imposed after April 1, 1981.

e. Payments to Vendors

(1) All bills for medical expenses for doctors, hospitals, and Government facilities are received initially by the Post Principal or Administrative Officer.

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(2) The Principal or Administrative Officer:

(a) Matches each bill properly payable by AID with the original copy of the authorization document.

(b) Prepares and administratively approves Voucher or Sub-Voucher for Medical Services, form DS-1486. The administrative approval is evidence that the goods and services were ordered, have been received, and the amount charged is properly payable.

(c) Submits daily the administratively approved vouchers with the attached bill and authorization to the Mission Controller for payment.

(3) The Mission Controller audits the voucher to the extent he/she considers warranted, schedules, and certifies the voucher to the Disbursing Officer for payment.

f. Funds Chargeable

All bills pertaining to dependents' care are paid from the appropriation from which the applicable employee's post or quarters allowances are paid.

g. Voucher Approval and Certification

(1) Administrative approval of medical expense vouchers is given by the Principal or Administrative Officer of the Foreign Service Post.

(2) Certification of medical expense vouchers is given by the AID Certifying Officer. If there is no AID Certifying Officer at the post, a Department of State Officer certifies medical expense vouchers for AID.

h. Recoveries from Insurance Companies by Employees at Missions

(1) The following procedures apply to cases where an employee stationed overseas is covered by a hospitalization insurance plan and the U.S. Government contributes a portion of the premium cost:

10D4h(1)

(a) The Principal or Administrative Officer at the post sends a letter to the employee instructing the employee to file a claim for reimbursement and to transmit amounts received less any authorized out-of-pocket medical expenses to the Mission Controller. A copy of the letter is included in support of the administratively approved voucher transmitted to the Mission Controller for payment. Because the amount of the reimbursement is generally indeterminate, the Mission Controller holds the letter in a separately identified follow-up file until reimbursement from the insurance company is received. The Mission Controller takes such action as may be necessary to effect recovery of amounts due the U.S. Government.

(b) Out-of-pocket expenses are deducted from the amount received from the insurance carrier prior to transmission to the Controller of the employing Mission.

The insurant must:

1. Furnish documentary evidence of the total amount recovered (e.g., the check stub accompanying the company's check or a reproduced copy of the check itself).

2. Itemize the amounts deducted and the reason therefor.

3. Concurrently forward the balance due the U.S. Government.

(c) If the employee fails to file a claim in accordance with the insurance carrier rules for recovery of expenses incurred, the Mission Controller establishes an accounts receivable and issues an AID Bill for Collection form AID 7-129. The accounts receivable is cross-referenced to and is established in the same amount as the administratively approved voucher(s) for payment of the related medical services. The receivable is supported by the copy of the letter to the employee requesting that a claim be filed with the insurance company. The Mission Controller is responsible to take follow-up action necessary to effect collection of the accounts receivable.

(d) Amounts recovered from insurance companies are accounted for as if they were recoveries of overpayments. Such recoveries are credited as refunds to the appropriation from which payment of the medical expense was made. When an accounts receivable has been established, remittances from insurance companies are accepted as full liquidation of the accounts receivable.

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(2) Claims for medical services provided to contractor employees and authorized dependents by the Embassy medical unit are prepared and presented to the contract employee, unless these services are provided for in the applicable contract or other authorizing document.

5. Employee Liability

The ultimate responsibility for filing of medical insurance claims, and related follow-up thereof, is that of the employee and not AID or the State Department Medical Division. This provision applies to all medical expenses paid by the Government. The decision of the Comptroller General of the United States, No. B-82658, dated January 18, 1974, specifies in part ... "employees having private health insurance coverage are required to act prudently by filing claims in accordance with insurance carrier rules for recovery of expenses incurred as a result of illness or injury for which the Government has paid medical care. Failure of an employee to recover insurance payments, unless such failure is for reasons beyond the employee's control, defeats the employee's right to health service at Government expense. The employee should be held indebted to the Government for the amount of the insurance payment to which the employee would have been entitled had the employee filed a claim in accordance with the rules of the insurance carrier." Since AID is required to take aggressive action to recover outstanding amounts due the U.S. Government, employees are encouraged to submit insurance claims promptly.

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10H. Accounting and Reporting - Excess Property

1. Handbook 16 - Excess Property, contains policies, procedures, and guidance on AID's program for acquisition and utilization of U.S. Government-owned domestic excess property and foreign excess property under the Foreign Assistance Act of 1961, as amended, and the Federal Property and Administrative Services Act of 1949, as amended.

2. AID Accounting Manual Part VII - Excess Property, describes AID's system of accounting and reporting excess property under Section 608 of the Foreign Assistance Act of 1961, as amended. The system set forth in Accounting Manual, Part VII, has been approved by the Comptroller General and includes, in summary, the following:

(CONTINUED ON PAGE 10-37)

* Revised

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(2) Claims for medical services provided to contractor employees and authorized dependents by the Embassy medical unit are prepared and presented to the contract employee, unless these services are provided for in the applicable contract or other authorizing document.

5. Employee Liability

The ultimate responsibility for filing of medical insurance claims, and related follow-up thereof, is that of the employee and not AID or the State Department Medical Division. This provision applies to all medical expenses paid by the Government. The decision of the Comptroller General of the United States, No. B-82658, dated January 18, 1974, specifies in part ..."employees having private health insurance coverage are required to act prudently by filing claims in accordance with insurance carrier rules for recovery of expenses incurred as a result of illness or injury for which the Government has paid medical care. Failure of an employee to recover insurance payments, unless such failure is for reasons beyond the employee's control, defeats the employee's right to health service at Government expense. The employee should be held indebted to the Government for the amount of the insurance payment to which the employee would have been entitled had the employee filed a claim in accordance with the rules of the insurance carrier." Since AID is required to take aggressive action to recover outstanding amounts due the U.S. Government, employees are encouraged to submit insurance claims promptly.

10E. Property Accounting - - AID-Owned, Mission Real Property

1. General

This section prescribes procedures to provide U.S. dollar monetary controls over all AID-owned real property at AID Missions. When acquisitions are made by donation, or by construction paid for in local currency, or by purchase with local currency, the cost or appraised value is expressed in the U.S.-dollar equivalent.

2. Scope

These procedures apply to all AID real property including land, buildings, leasehold improvements, structures, and facilities located at Missions, regardless of whether acquired by purchase, construction, transfer, gift, treaty, or long-term lease. (See 10E5.)

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3. Valuation Criteria

a. The value recorded for land, buildings, leasehold improvements, structures, and facilities is the cost at time of acquisition by AID. If the initial acquisition cost is not known, the appraised value, based upon engineering estimates or estimates by other qualified personnel, is used. The cost of land and the cost of buildings erected thereon are shown in separate general ledger accounts. If a building and the land are acquired simultaneously but not costed individually, the Mission is to obtain the cost for each.

b. It is not necessary to record in the accounting records real property whose acquisition value is the equivalent of $100 or less.

4. Mission Controller -- Responsibilities

The responsibilities of Mission Controllers relative to real property are to:

a. Maintain the prescribed General Ledger Accounts to reflect the U.S. dollar value of real property and reconciliation with form FS-512, Real Property Record.

b. Maintain a suitable real property detail file (Journal Voucher), together with underlying source documents (see 10E6a), to support the entries in the real property General Ledger Accounts and to make available information for account analysis, audit, and reports.

c. In cooperating with appropriate U.S. Government officials, both AID and non-AID, establish proper routing of documentation concerning real property transactions. (Non-AID officials are involved in interagency transactions.)

d. Determine the propriety of payments for real property acquisitions and of disposals or other transactions affecting property records insofar as the adequacy, completeness, and correctness of the documentation is concerned.

e. Assure the accuracy, completeness, and timely submission of all financial reports for AID-owned real property.

5. General Guidelines

a. The regulations for the management and control of Government-held real property are prescribed in HB 23, Ch 5. Part 782 has specific instructions for the preparation and submission of form FS-512, Real Property Record, which is the basic property record for all Government-owned or long-term leased property.

10E5

b. Handbook 23, Ch 5, 6 FAM 704, defines the terms used in Real Property Management. Real property controlled by property records and General Ledger Accounts is further clarified and identified as follows:

(1) Land

AID-owned land or that land in which AID has a life interest. Life interest is defined as covering property obtained by treaty, or other means, and is considered, as a matter of policy, the equivalent of being AID-owned.

(2) Buildings

AID-owned buildings erected or in process of construction on AID-owned or AID-leased land including:

(a) Office, hospital, school, housing, warehouses, cover sheds, industrial, maintenance and repair shops, laundries, and all other permanent-type buildings.

(b) AID-owned temporary buildings erected on concrete foundations which are of a permanent character having a continued value except such buildings set up expressly for construction purposes.

(c) Cost of capital improvements, additions, and betterments incurred subsequent to building acquisition, including the cost of sidewalks, parking areas, fences, and other similar improvements serving one AID-owned building, and the cost of fixtures and equipment which are normally required for the functional use of the building (plumbing, heating, and lighting fixtures; elevators; air-conditioning system; etc.) or which are built into the structure or permanently affixed thereto (installed safes and vaults), the removal of which would materially damage the structure.

(d) AID-owned utility systems (water, electric power, and light; sewers; stand-by or auxiliary power plants; etc.) serving one or more AID-owned buildings.

(3) Leasehold Improvements

Easements, rights-of-way, and leasehold improvements to land, buildings, or structures; and facilities occupied by AID as lessee.

10E5b

(4) Structures and Facilities

AID-owned utility systems serving more than one AID-owned building or serving AID-leased buildings. Includes the cost of sidewalks, parking areas, fences, etc., which serve more than one AID-owned building and the cost of any other AID-owned real property which cannot be classified under any of the categories.

6. Maintenance of General Ledger Accounts

a. General Ledger Accounts for real property are maintained (without regard to appropriation) for the classifications shown on SF 1014, General Ledger. Mission Controllers may further assign individual account numbers to each real property General Ledger Account if feasible and useful for identification and control purposes. The account numbers must be compatible with the uniform structure in effect at the Mission for related fiscal and financial activity comprehended within a single General *Ledger classification.*

ACCOUNT TITLES

Land
Buildings - Permanent
Buildings - Temporary
Leasehold Improvements
Structures and Facilities
Construction in Progress - Permanent Buildings
Construction in Progress - Temporary Buildings
Accounts Payable - Real Property Costs
Investment in Real Property

Additional General Ledger Accounts required for Mission use are authorized, but for reporting purposes must be susceptible to consolidation with these accounts. Subsidiary real property accounts in the General Ledger may be established below the level of the primary control of the respective accounts set forth above when such detailed classifications are feasible, useful, and compatible with related detailed identifications in the Real Property Records prescribed in HB 23, Ch 5.

b. *Entries to real property General Ledger Accounts reflect valuations based on original acquisition cost or appraised value. Journal Voucher, FS 1017G, is the posting media to the General Ledger and is prepared from source documents containing details and support for real property transactions involving acquisitions, construction costs, transfers, donations, appraisals, and authorized dispositions or write-offs.*

10E6b

The source documents are used for both property control and financial accounting purposes. Missions assure that the unit maintaining the Real Property Records furnishes the source documents on a timely and complete basis after recordation of pertinent property controls in consonance with the method of acquisition or establishment of AID interest as delineated in 10E5b.

c. Annually, or *more often if* necessary, a reconciliation is effected between the *real* subsidiary property records maintained by the Mission Accountable Property Officer or other responsible Mission officer and the General Ledger Accounts. Necessary data for verification with the amounts reflected in the General Ledger Accounts is furnished to the Office of the Mission Controller in accordance with locally established procedures based on sound accounting principles.

(1) In the event any differences are found, immediate action is to be taken to locate the discrepancy and effect the necessary correction. Under no circumstances are adjusting entries made purely to bring the subsidiary records and central accounts into agreement.

(2) In case significant differences from previous reports exist as of the end of the fiscal year, the reasons for such differences are explained on the report prescribed in 10E7 or on an attachment thereto.

7. *Reports to AID/W*

a. AID-Owned Property -- Part I, Mission Real Property, General Ledger Trial Balance, U-754/1 (Attachment 10B)

Section A, General Ledger Trial Balance, of the U-754/1 Report is prepared, based on the maintenance of the accounts prescribed in 10E6, in the format shown in Attachment 10B and submitted annually at the end of each fiscal year, or as a final report when a Mission is closed, phased out, or the residual accounting function is transferred to another office. (See Handbook 23, Ch 13, Closing Missions.)

(1) Part I of the report, together with Part II *is submitted in original and one copy* with the U-101 "SALT" reports as of the end of each fiscal year, to reach AID/W, Office of Financial Management, Central Accounting Division (FM/CAD), *no later than the eighth day* of the following month. (See Handbook 19, 9A and

10E7a(1)

B - Summary of Allotment Ledger Transactions and Reconciliation with Disbursing Officer's Accounts (Report No. U-101). Upon receipt, FM/CAD forwards one copy to the Office of Management Operations (SER/MO), Overseas Property Management Staff.

(2) The final report is forwarded to AID/W, FM/CAD; with the final U-101 Report as of the established cutoff date.

(3) The Mission Controller's certification is shown directly below section A, General Ledger Trial Balance. The certification attests to and authenticates the accuracy, adequacy, and correctness of the financial data shown therein. A separate certification is executed for Part II of the U-754/1 Report.

(4) Parts I and II of the report are prepared on the same paper stock. The information in section A, General Ledger Trial Balance, must be completed with respect to all real property accounts shown whether or not there is any reportable balance in any account. If applicable, zero balances are shown. Negative reports are submitted when there is no information to be reported in sections A and B, Property Certification. If applicable, section C, Final Disposal Report, is completed even when sections A and B are negative.

(5) The total value of Mission Real Property is established from the information in section A, General Ledger Trial Balance, based on the sum of the individual amounts reported for each of the real property accounts. The U.S. Government equity (ownership) therein is represented by the amount shown for account "Investment in Real Property." The difference between (a) the sum of the real property account balances and (b) the amount shown in "Investment in Real Property" represents outstanding indebtedness incurred in acquisition of real property and reported in the balance of account "Accounts Payable - Real Property Costs."

b. Property Certification on U-754/1, Part I

Section B is prescribed as an additional property certification signed by the Mission Director or Accountable Property Officer. This certifies that a reconciliation of property and financial accounting records has been accomplished.

10E7

c. Final Disposal Report on U-754/1, Part I

In addition to the information required in sections A and B, prescribed in 10E7a and b, the final report shows disposal actions taken by identifying the property, the value thereof, the method of disposal (by sale, transfer, grant-in-aid, etc.), and the recipient entity (e.g., Office of Foreign Buildings, Department of State; other U.S. Government agencies; or cooperating government).

10F. Property Accounting -- AID-Owned, Mission Nonexpendable Property

1. Purpose and Scope

a. This section prescribes the accounting procedures required to provide U.S. dollar monetary accounting control for all AID-owned and/or AID-controlled nonexpendable personal property at AID Missions. Where local currency purchases are made, the U.S.-dollar equivalent is used for recording purposes.

b. The procedures set forth in this section:

(1) Assure actual receipt of *and accountability for* all AID-owned nonexpendable property for which procurement action has been initiated.

(2) Assure that appropriate Mission General Ledger Accounts are established for Mission financial control of AID-owned nonexpendable property; that the General Ledger Accounts are charged with the value of all items received; and that the General Ledger Accounts are credited for any items which have been properly documented as sold, transferred, or written off on a properly approved Report of Survey.

(3) Make readily available, for internal and external reporting purposes, the total dollar value of AID-owned nonexpendable personal property.

c. Nonexpendable property, other than motor vehicles, acquired by contractors under *PIPA's (form AID 1300-3) or PIO/T's (form AID 1350-1) is excepted from these control procedures* even though the terms of the contract stipulate the property to be AID-owned. Mission property accountability over AID-owned motor vehicles in the possession of contractors is prescribed in Handbook 23, *Ch 6*, Motor Vehicle Management. The exclusion of other AID-owned

10F1c

nonexpendable property held by contractors from these procedures is in effect until such time as the property reverts to the custody of the Mission when the contract terminates or when the contractor's use of the property is ended, whichever occurs first. When custody or control is assumed by AID, the procedures *herein* are to be followed. Maintenance of adequate property accountability records for AID-titled property procured under such contracts is the responsibility of the contractor. In addition, the contractor is responsible for maintenance of adequate records of arrival, release, and utilization of property procured under the contract to which title is vested in the cooperating country but not subject to the Mission controls prescribed herein.

2. Definitions

a. AID-owned *nonexpendable* property is all property with title vested in AID and acquired *as follows:*

(1) By purchase, with Operating Expense funds.

(2) By purchase, with Program funds, where AID has title, in accordance with M.O. 1406.1 - Placement of Title to Project Commodities.

(3) By purchase with U.S.-owned local currencies.

(4) By donation or *transfer,* with or without reimbursement.

b. Additional definitions relative to *nonexpendable and expendable* property are in Handbook 23, Ch *4, 221.4, Personal Property Management Overseas.*

3. Mission Controller--Responsibilities

a. The responsibilities of Mission Controllers relative to nonexpendable personal property are *to:*

(1) *Maintain* General Ledger Accounts to show the U.S.-dollar value of property.

(2) In cooperation with appropriate U.S. Government officials (Mission Accountable Property Officer, other responsible Mission officer, or non-AID officials for interagency transactions) *establish* proper routing of documentation *for* property transactions in order to discharge his/her responsibilities under 10F.

10F3a

(3) *Assure* the accuracy of financial reports showing the value of AID-owned property.

(4) *Participate in developing Mission procedures to insure complete accountability for inventories of nonexpendable property. This includes the taking of an annual physical inventory to verify detail property records kept by the Accountable Property Officer or other responsible Mission Officer, the adjustment of property records for inventory differences or losses (Reports of Survey) and the reconciliation between property records and general ledger controls.*

(5) *Initiate* changes in accounting techniques to meet the needs of Mission management, such as (a) having sufficient controls over property of suboffices of a Mission which are located at distant points in order to expedite reconciliation on *an overall* basis between the General Ledger Accounts and the Property Record Cards and (b) proper controls over property purchased from Petty Cash Funds.

b. The responsibilities of Mission Controllers relative to nonexpendable personal property, titled to AID, procured by contractors under *PIPA's are to:*

(1) In cooperation with the Mission Accountable Property Officer, assure that adequate property accountability records are maintained by the contractor and, if appropriate, assist or advise the contractor in the development of such records.

(2) Pursuant to Handbook 17, Ch 11 (*Functions of the* Auditor General), *coordinate* through the Mission Director with the Area Auditor General (AAG) *to include, as necessary, a review of contractor property accountability records as a part of the AAG audit review of the contractor.*

(3) *Provide technical advice and guidance to the contractor on elements of control as deemed necessary.*

(4) Coordinate, with the Mission Accountable Property Officer and the contractor, the transfer of custody and establishment of Mission property accountability for said property upon termination of the contract or when contractors' use of property is ended, whichever occurs earlier.

10F

4. General Guidelines

a. All nonexpendable property is subject to property accountability controls. A $50 unit price is established as an administrative guideline to be used as one of the criteria considered in classifying items for inventory control. The control of nonexpendable property is further clarified in HB 23, Ch 4, Personal Property Management Overseas.

b. Separate *PIPA's*, Purchase Orders, Requisitions, and other commodity procurement documentation are prepared for AID-owned property; that is, a single *PIPA* or other procurement document is not used for both AID-owned and non-AID-owned property as, for example, when cooperating country-owned property is procured through AID as the implementing agent.

c. All property procurement documents which pertain to AID-owned property, including *PIPA's*, issued under Project Agreements, have the following legend distinctly indicated thereon:

AID-OWNED PROPERTY

d. Line items applicable to nonexpendable property on *PIPA's* and other procurement documents which pertain to AID-owned property are prefaced with the capital letters "NXP."

e. Property is not jointly owned by AID and the cooperating government, or other parties. For example, vouchers applicable to purchase of nonexpendable equipment are not prorated between a Trust Fund Account (e.g., 72FT800) and AID funds. Prior to procurement, *Missions determine* the primary user of the equipment and the entire cost of the *item(s)* in question is charged accordingly.

f. If delivery of AID-owned property is to be made directly to a contractor, another agency, or an instrumentality of the cooperating country, the *PIPA*, contract, purchase order, or other procurement documentation is clearly marked at the time of issuance as required in paragraph 4c and arrangements are made to have the consignee execute the receiving report for *Mission processing*. Note that if the consignee is a contractor maintaining accountability on property in his/her possession the Mission will not assume accountability until the property is subsequently acquired by the Mission.

g. AID-financed property to which the cooperating country has title (e.g., transfers to the cooperating government as project contributions or grants-in-aid, but which is consigned to the Mission in order to facilitate transportation, customs clearance, and/or delivery) is not identified as AID-owned property.

10F4

h. Property redistributed between Missions and/or between Missions and AID/W and foreign excess property transferred from other government agencies without reimbursement is recorded on AID books at an estimated value to AID at time of receipt (i.e., estimated original cost less amount of depreciation incurred through lapse of time and/or prior use). The estimated value is accounted for as Investment *in Property*.

(1) Replacement property transferred from other government agencies on a fair value reimbursement basis is recorded on AID books at an estimated value to AID at time of receipt. The difference between the estimated value and any amount paid is accounted for as Investment *in Property*.

(2) Property values are determined by the responsible Mission Property Management Officer (Accountable Property Officer).

i. If transportation charges are included in the billing from the vendor, the full amount (property cost and transportation) is considered as the property value for posting to the property records. In these instances, if there is more than one item in the shipment, the transportation charges are distributed on an equitable basis. When in an individual case, proration of transportation charges would be time consuming and costly, such proration may be disregarded on the *composite* Property Record Cards, forms JF-23 (formerly FS-555) or *Individual Property Record Card*, JF-24 (formerly FS-408), and on the General Ledger Accounts, and both the Office of the Mission Controller and the Executive Office so notified. In these particular cases, due weight is to be given to the dollar amount of the transportation charges involved. If there are separate billings from the carrier, the transportation charges are <u>not</u> added to the property records.

j. In cases when payment precedes receipt of goods, a copy of such payment data is forwarded *by the* Mission Controller to the office maintaining the Property Record Cards. Upon receipt of the goods, the value indicated on the payment document *is* used as the basis for recording the same property value to both Property Record Cards and General Ledger Accounts and to effect transfer of controls from the Goods in Transit account to the *Inventory account*.

k. All packing charges, separately identified as such, are excluded from property records and are <u>not</u> added to the property values.

1. Object Classification Codes in the 31 series, *Equipment* (HB 18, Appendix D - Codes and Numbering Systems Used in AID), are applicable to all nonexpendable property and include both capitalized (items set up in property accounts) and noncapitalized items. See paragraph 4a for criteria governing noncapitalized items excluded from these procedures.

(1) Books, although coded in Object Class 31 series, are exempted from this section and therefore not capitalized. The customary library techniques are used, however, for the control and loan of books.

(2) Object Class Code 260, *Supplies and Materials* is applicable to all expendable property.

5. Property Receipt Control Register

a. Each Mission maintains a Property Receipt Control Register, as *prescribed in Mission Controller Guidebook.*

b. Local reproduction and variation in the columnar arrangements of the Property Receipt Control Register is authorized, provided that the basic principles are retained and that all transactions pertaining to the receipt of AID-owned nonexpendable property are shown on the Property Receipt Control Register.

6. Maintenance of General Ledger Accounts

a. General Ledger Accounts as shown below are maintained, without regard to appropriation, on SF 1014, General Ledger. Mission Controllers further identify the accounts by individual numbers. If assigned, the account numbers must be compatible with the numbering system in effect at the Mission for uniform financial control in one integrated classification over Mission fiscal and *financial activity.*

Account Title

Inventory--Nonexpendable Property (except vehicles)
Inventory--Motor Vehicles
Goods in Transit
Inventory Adjustments--Property
Accounts Payable
Investment in Property

10F6

b. As often as necessary but not less frequently than quarterly, an adding machine listing of the dollar amount shown on the subsidiary property records is taken. The total of such listings is furnished to the Mission Controller for verification with the amounts shown on the General Ledger Inventory Accounts.

c. The procedures contained herein provide that the same documents (i.e., Receiving Reports, Reports of Survey, Journal Vouchers, etc.) are used to record items on the subsidiary property records maintained by the Accountable Property Officer or other responsible officer and the General Ledger Accounts. It is therefore desirable to insure synchronization of "cutoff periods" for the subsidiary and control records.

d. In view of the foregoing, the only basis and difference between the subsidiary property and financial control accounts is one of clerical error. Thus, in the event any differences are found as a result of the verification required in paragraph *b*, immediate action is to be taken to locate the clerical error involved and effect the necessary correction. Under no circumstances will adjusting entries be made purely to bring the subsidiary records and control accounts into agreement.

7. Operating Procedures *for Mission-Owned Property*

The following paragraphs present the operating procedures to be followed when AID has title to the property:

a. *Bill of Lading and Accompanying Documents are normally directed to the Mission Controller who distributes them to Mission and country offices which require this documentation. The property accounting unit in the Controller's Office uses these documents in maintaining the Property Receipt Control Register.*

b. *Receiving Reports pertaining to AID-owned nonexpendable property are numbered consecutively beginning with number 1 each fiscal year. If Receiving Reports are prepared at more than one place for the Mission, identifying prefixes and a separate series of numbers may be used for each initiating office or unit. It is essential that the receiving report indicate whether the order received is a full or partial shipment. A control procedure must be adopted to ensure that all partial orders received are connected with the appropriate purchase order. Receiving Reports are routed through the section or unit responsible for maintaining Property Record Cards to the Accounting Unit in the Office of the Mission Controller. Missions take such action as is necessary to insure prompt receipt of all Receiving Reports by the Accounting Unit following the receipt of property and the preparation of the Receiving Report. Receiving Report date is entered in the Property Receipt Control Register.*

c. *In order to assure that all AID-owned property which was paid for or on which procurement action was initiated has been received, obligating and implementing action documents (PIPA's and other implementing documents) applicable to AID-owned property are plainly identified as such and have the date of receipt of the Receiving Report and/or B/L, applicable to such property, noted therein. These documents are not removed from the unliquidated obligation file unless such document has the annotation, "Receiving Report Received on (date)," affixed thereon. A periodic review of the documents in the unliquidated obligations folder is made to assure that proper followup is made on all property for which payment has been made, but which has not been received in a reasonable time.*

8. Payments and Advices of Charge Applicable to AID-Owned Nonexpendable Property

a. *Supplier's invoices or other claims for payment by the Mission for nonexpendable property are matched with the applicable Receiving Report and/or B/L and the payment voucher is plainly marked "AID-owned nonexpendable property."*

b. *All supporting documentation to Advices of Charge is reviewed with care to assure that whenever payments for AID-owned nonexpendable property are involved, such fact is clearly noted thereon.*

c. In all cases the debits to Accounts Payable (resulting from vouchers, Advices of Charge, and adjustments for differences between payment and original amount of a payable) are in the exact amount of the credits originally established for the particular transaction involved. At any time, therefore, the sum of the amounts shown on the documents in the Accounts Payable file is in agreement with the balance of the Accounts Payable Account in the General Ledger.

9. Reports of Survey

a. All AID-owned property which has been lost, stolen, or destroyed is covered by *form JF-27,* Property Disposal *Authorization* and Survey Report (*formerly FS 451*) prescribed in Handbook 23.

b. Similarly, any shortages or overages on the subsidiary property records which are revealed as the result of a physical inventory are covered by a Report of Survey.

c. In order to *insure* necessary internal financial control over AID-owned nonexpendable property, the approved copies of all Reports of Survey (signed by the Mission Director or his/her designee indicating

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approval of the Board's recommendation) are routed through the Accounting Unit of the Office of the Mission Controller for entry in the appropriate General Ledger Accounts.

10. Sales of Property and Transfer of Property Without Reimbursement

a. Copies of all documents covering sales of AID-owned property and transfer to other governments or agencies (as well as between Missions), with or without reimbursement, are furnished the Mission Controller immediately after preparation (as provided in Handbook 23) for entry in the appropriate General Ledger Accounts.

b. Documents covering sales of property and transfers, with or without reimbursement, bear a certification by the office or unit maintaining the subsidiary property records to the effect that the value shown for the property being sold or transferred is exactly that shown on the applicable subsidiary property records.

c. Whenever there is uncertainty as to the actual cost of the particular item being disposed of the average value method of costing such disposals is applied. That is, the average unit cost to be applied is obtained by dividing the last inventory value balance by the last inventory balance.

d. Detailed instructions on this subject are in 10C.

11. Reports to AID/W

a. *AID-Owned* Property--Part II, Mission Nonexpendable Property, General Ledger Trial Balance, Report Control Symbol U-754/1 -- Attachment 10C

Section A, General Ledger Trial Balance, Part I, Report Control Symbol U-754/1 is prepared from the General Ledger Accounts prescribed in 10F6 and in the format shown in Attachment C.

(1) An original and one copy of Part II certified by the Mission Controller are submitted together with Part I and accompany the U-101 "SALT" Reports as of *the end of each fiscal year to reach the Office of Financial Management, Central Accounting Division (FM/CAD)*, Agency for International Development, Washington, D.C. 20523, no later than *the eighth day of the following month.* See Handbook 19, 9B - Summary of Allotment Ledger Transactions and Reconciliation with the Disbursing Officer's Accounts (Report *Control Symbol* U-101).

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(2) The Mission Controller certifies Part II directly below section A, General Ledger Trial Balance. The certification attests to and authenticates the accuracy, adequacy, and correctness of the financial data shown in the Trial Balance. (A separate certification is *required for Part I and Part II of Report U-754/1.*)

(3) Missions prepare Parts I and II of the U-754/1 Report on the same paper stock. The information in Part II, section A, General Ledger Trial Balance, shows each General Ledger Account, including zero balances as illustrated in Attachment 10C. Negative reports are submitted for Part II of the U-754/1 Report when there is no information to be reported in sections A and B, Property Inventory Certification. If applicable, section C, Supplemental Information, is completed even when sections A and B are negative.

(4) Based on the illustrative balances shown in section A, General Ledger Trial Balance, Attachment 10C, the net value of Mission Nonexpendable Property, as of the date reported, amounts to $1,720. Of this total the equity (ownership) of the U.S. Government therein is represented by the balance of account "Investment in Property," $1,700; and the outstanding indebtedness of the U.S. Government as the result of property acquisitions is shown by the balance of account "Accounts Payable," $20.

(5) The net value of Mission Nonexpendable Property gives effect to the balance in account "Inventory Adjustment, Property," a credit balance of $80, as shown in Attachment 10C. Credit balances in this account are substracted from the total of the property account balances in the debit column. A debit balance in the account "Inventory Adjustments - Property" is included and added to other property account balances in establishing the net value of Mission Nonexpendable Property as of the date reported.

b. Property Inventory Certification on the U-754/1 Report, Part II

Section B prescribes an additional Nonexpendable Property Certification which affirms that a physical inventory was taken and that property records were reconciled or adjusted for differences disclosed. This certificate is signed by the Mission Director or Accountable Property Officer.

c. Supplemental Information on the U-754/1 Report, Part II

In order to complete an annual report to the Department of the Treasury (Statement of Financial Condition, Reports Control No. W-252), AID/W requires information as of the end of each fiscal year concerning the total value of Expendable Material and Supplies and the amount of Prepaid Rent.

10F11c

** These values are entered in the spaces provided at the bottom of the report form.

(1) Prepaid Rents is defined as that portion of Object Class 234, Rents and Utilities, Expenses, representing expenditures for office, warehouse, and storage space and residential space paid directly out of AID funds which are applicable to accounting periods subsequent to the close of the fiscal year.

(2) For this purpose Expendable Material and Supplies is defined as expendable materials and supplies stored in central supply points for subsequent issuance to operating units or other activities. Supplies withdrawn from central supply and held as covered stock for day-to-day needs are excluded.

10G. Property Accounting -- AID/W Nonexpendable Property

1. Purpose and Scope

This section covers accounting policies and procedures for the acquisition and disposal of AID/W nonexpendable property (except books which are controlled by customary library techniques) acquired by:

a. Purchase, with Operating Expense and/or Program Funds

b. Donation or transfer, with or without reimbursement.

2. Responsibilities

a. The Office of Management Operations (SER/MO) is responsible for (1) the acquisition, maintenance, utilization, and disposal of AID/W nonexpendable property and (2) for maintaining physical property records, conducting inventories, prescribing property standards and criteria, assigning property, and determining property to be classified as nonexpendable. (See HB 23, Ch 4, and HB 20, Ch 7.)

b. The Office of Financial Management (SER/FM) is responsible for the maintenance of fiscal and financial controls and accounting records for AID/W nonexpendable property.

c. Related responsibilities of other AID organizational elements and individuals are set forth in HB 23, Ch 4, and HB 20, Ch 7. **

** New Material

** 10G

3. Definitions

a. Nonexpendable Property is property which retains its original purpose as a self-contained unit; does not lose its identity nor form a component of other equipment or other type of property when put in use; is of a durable nature; has a useful life of more than one year; and has an original cost or replacement value of $50 or more.

b. Expendable Property is property which when put in use, is consumed, loses its identity or becomes an integral part of another item of property, or is of low value not requiring formal accountability after issue.

c. Capitalized Nonexpendable Property is property which usually has an original cost or replacement value of $50 or more. Certain property valued at less than $50 may be capitalized when it is determined desirable or essential for adequate control.

4. Capitalized Value

Property acquired by purchase or requisition is capitalized at the acquisition cost. Property acquired by transfer or donation is capitalized at the estimated value to AID at the time of receipt as determined by SER/MO. Packing and transportation costs normally are not included in the capitalized value; however, they are included when such costs are a part of the purchase price but are not separately identifiable.

5. General Ledger Control Accounts and Subsidiary Records

General Ledger property accounts and subsidiary records are maintained without regard to appropriation. The Register of Nonexpendable Property Transactions is prescribed as a book of original entry subsidiary to General Ledger Account 1701 - Inventory - Equipment - AID/W. All documents pertaining to register by category group and numeral codes as follows:

I. Office Furniture and Furnishings
II. Office Machines
III. Audio-Visual Photographic Equipment
IV. Drafting Equipment
V. Duplicating Equipment
VII. Other Equipment

6. Operating Procedures

a. Receiving Reports containing nonexpendable property items are so stamped and are recorded in the Register of Nonexpendable Property Transactions, after recording and processing by SER/MO. **

** New Material

a. It contains the detailed accounting and reporting procedures for the Revolving Fund (72X4590) authorized by Section 608 of the Foreign Assistance Act of 1961, as amended, and a description of current related operating policies and procedures. It implements for the Revolving Fund the financial management objectives of Section 112(b) of the Budget and Accounting Procedures Act of 1950 (P.L. 81-784).

b. It provides for integrated budgetary and proprietary controlling accounts over the funds and other assets of the Section 608 Program, including the U.S. Government's net investment in the Revolving Fund. Related control features assure compliance with the statutory limitations of Section 608 for the acquisition and retention of excess property under the program.

(CONTINUED ON PAGE 10-38)

** 10H2

c. It provides accounting controls over the resources, expenditures, costs disbursements, and revenues of the Section 608 Program through the establishment and maintenance of accounts, records, and reports covering the complete program.

d. It also provides the basis for assuring that the fiscal and financial status and results of operation of the Excess Property Revolving Fund are reported fairly, accurately, and in a meaningful manner to AID management and the central fiscal agencies of the Federal Government in accordance with established accounting principles and practices and regulatory requirements.

10I. Country-Financed Technical Services

1. Policy

a. AID policy on Country-Financed Technical Services (CFS) authorized under Sections 607 and 661 of the FAA is established pursuant to the basic statements approved by the Deputy Administrator (Attachments 10D and 10E). Related implementation criteria under Section 607, also approved by the Deputy Administrator, cover mechanisms for financing reimbursable technical services; contracting and procurement procedures; recovery of costs, including Agency overhead; and other operational requirements which from time to time need to be standardized for effective conduct of reimbursable projects and activities in accordance with the basic policy.

b. AID financial management of reimbursable technical services is consistent with these requirements, statutory provisions and related congressional intent. The standards and guidelines below apply to the conduct of the financial management function for reimbursable projects and activities where AID is the responsible implementing agency under reimbursement agreements with all entities (foreign country, international organization, or nonprofit voluntary agency) covered by the authority of Section 607.

2. Coordination

a. SER/FM is responsible for the financial management coordination of CFS projects and activities, including budget estimates, funding and financial analysis. SER/FM supports and assists the Office of Country-Financed Technical Services (SER/CFS) which is primarily responsible for the centralized operational aspects of reimbursable technical services, to assure effective financial management of program operations. SER/FM also provides related assistance service to the Coordinator of Reimbursable Development Programs, C/RDP, as required, for maximum effective coordination of all activities undertaken under country-financed arrangements.**

** New Material

** 10I2

b. AID program Bureaus and Offices have responsibility for communicating with SER/FM and SER/CFS as early as possible in the conception and development of reimbursable activities for guidance and direction on the financial requirements of specific projects or undertakings. The participation of AID/W technical offices - SER/ENGR, SER/COM, SER/IT, and others - in the financial aspects of these proposals is in accord with the primary responsibility of SER/FM for determinations governing the financial implementation of reimbursable technical services.

c. AID Regional Technical Services Attachés and other designated field personnel are responsible for prompt and timely action, through the cognizant AID/W program Bureau or Office, for advice to SER/FM and SER/CFS on all financial developments in the process of reaching agreement on a definitive CFS proposal for guidance and direction on compliance with AID standards and criteria for financial implementation.

d. Any action which commits or obligates funds or resources of the U.S. Government, cooperating country, or other organization covered under Section 607 must be cleared with SER/FM before execution and after coordination with SER/CFS. The Regional Services Division, SER/FM/RSD, is responsible for clearing Section 607 agreements. See also 10I4c(3) on contract commitments.

3. AID Implemented CFS Projects

SER/FM coordination of CFS projects and activities covers the following categories:

a. Section 607 reimbursable projects under an AID bilateral agreement, whether implemented by AID direct-hire technicians, another U.S. Government agency or AID contractors.

b. Section 607 reimbursable projects programmed under the auspices of a Joint Economic Commission (JEC) with a cooperating country and coordinated by a designated U.S. Government agency.

c. AID participation in reimbursable technical cooperation projects administerd by another U.S. Government agency pursuant to delegation of authority under Section 607 of the FAA or other USG agency authority.

4. Section 607 Projects and Activities

a. Reimbursable Services and Commodities

Section 607 reimbursement agreements must be consistent with AID policy and legal parameters governing the furnishing of services and commodities for technical cooperation benefiting friendly countries, international organizations, the American Red Cross, and voluntary **

** New Material

** 10I4a

agencies as provided in the FAA. Project budget estimates under reimbursement agreements give effect to all costs in accordance with these requirements and criteria. See 10I4d for reimbursable cost factors. Attachment 10I covers the parameters of Sections 607 and 661 authorities.

b. Financial Considerations

Benchmark considerations for effectively carrying out the financial aspects of CFS projects and activities, based on information from the Regional Technical Services Attaché and other field personnel and coordinated as provided in 10I2, include:

(1) Preliminary matters covering scope, method of implementation (AID, contractor, or other USG agency), costs, budgets, country contribution, logistical support, local cost financing, etc.

(2) Identification of inputs to the project to support the project budget estimate as basis for agreement with the cooperating country.

(3) Confirmation of the incurrence of project costs, in accordance with the project budget estimate, disbursed in local currency charged to the project or in U.S. dollars at AID/W.

(4) Ongoing review of actual against estimated project costs for action, if required, with the cooperating country for increase in project funding.

(5) Execution of amended agreement for additional funding to cover upward adjustment of project budget estimates and receipt of funds prior to continuance of project work.

(6) Establishment of project completion or termination, acceptance by cooperating country and determination of final costs.

c. Funding of Section 607 Agreements

1. Funding Mechanisms

(a) Section 607(a) of the FAA provides three mechanisms for financing CFS projects and activities; i.e., Advance of Funds, Reimbursement of Funds, and Deferred Payment. It is AID policy that the preponderance of country-financed activities be financed on the Advance of Funds basis. The use of the other two funding mechanisms is limited to exceptional cases in accordance with specific AID authority for each project. **

** New Material

** 10I4c(1)

(b) In certain situations AID may agree to an initial advance from the cooperating country with subsequent installments as specific phases of the project are completed. AID determines the propriety of this arrangement based on such factors as the time-span of the project if it extends beyond 1 year, the financial circumstances of the country, and other relevant considerations which are reasonable and prudent from the point of view of sound business judgment and financial management to support installment financing.

(2) Establishing Fund Availability

(a) AID/W establishes fund availability for country-financed projects in the official accounts maintained by SER/FM/RSD when the advance is received and deposited with the U.S. Treasury. In some cases the country embassy in the United States may make the advance directly to AID/W; when this occurs, SER/FM promptly coordinates advice of the receipt of the advance with the responsible AID/W program Bureau or Office for notification to the Regional Technical Services Attaché or other field personnel at the Mission in order to permit the early commencement of project operations.

(b) When the advance from the country is received at the Mission or other field location, the dollar funds must be deposited promptly with the servicing U.S. Disbursing Officer (USDO). Advice is furnished to AID/W, attention SER/FM/RSD, with copies of supporting collection and deposit documentation.

(c) When estimated local project costs are agreed to be financed as the country contribution to the project, that is, where the funds are not held in an AID controlled account, advance of local currency funds and deposit by AID is not required. Disbursements for such costs are charged to country-owned funds held in the country bank. However, if the agreement provides for the transfer of equivalent local currency funds to the custody of the United States, the currencies received as an advance to cover the local cost element of the project are deposited by the USDO to a depositary facility in the country approved by the U.S. Treasury for this purpose. Advice of deposit and documentation is furnished to AID/W, attention SER/FM/RSD, in the same manner as for local receipt and deposit of dollar advances.

(d) When AID participates in carrying out a project under the auspices of a JEC, the availability of funds to cover AID costs originates either from transfers to AID from the res-**

** New Material

** 10I4c(2)(a)

ponsible USG central coordinating agency or from funds advanced directly to AID by the cooperating country. Notification to the field as a basis for authority to start work on the project is provided in accordance with 10I4c(2)(a).

(e) AID input to a reimbursable project of another USG agency (not a JEC arrangement) is provided in accordance with the terms of an interagency agreement. Obligation of AID funds is not incurred until SER/FM determines that funds therefor are available and the field notified.

(3) Country-Financed Contracts

(a) Costs of country-financed services (and commodities) are obligated only when funds are available in AID accounts as set forth in 10I4c(2).

(b) AID-negotiated country financed contracts, when signed by AID, are not executed until such time as funds have been received, deposited, and recorded in the official accounts.

(c) For AID-negotiated country financed contracts, whether signed by AID or the host government, Requests for Proposals (RFP's) may be initiated by the contracting officer if a binding agreement with the host government has been executed. The agreement must (1) clearly and precisely detail the obligations of the country and all relevant financial terms and conditions; and (2) assure recovery of all proper costs AID may incur in providing reimbursable assistance. If the contract is signed by AID, funds must be on hand.

d. Budget Estimates and Cost Factors

(1) AID Bilateral Agreements

(a) Budget estimates for country-financed projects cover the total cost of the undertaking to be incurred by AID plus such amounts to be contributed from country resources in addition to the funds advanced to AID. Cost parameters are consistent with AID legal and policy determinations as well as underlying statutory authority and Agency regulations governing the furnishing of services and commodities under Section 607.

(b) Costs are classified as direct and indirect project costs as a basis for reimbursement to USG. Direct costs are those identified specifically with the resources applied to the accomplishment of the project as shown by budget line items. Indirect costs are the overhead costs incurred in AID/W operations, including **

** New Material

** 10I4d(1)(b)

program and management support, which clearly and fairly benefit the project and enhance its conduct in a substantive manner. Indirect costs are assessed on reimbursable projects on an incremental basis to give effect to the cost-benefit relationship. Overhead is assessed on all AID bilateral projects, carried out under any of the implementation methods in 10I3a; the assessment is also established against AID direct costs incurred under a project administered by another USG agency as in 10I3c.

(c) Cost classifications of direct and incremental costs which are generally applicable to AID reimbursable projects under Section 607 are listed in Attachment 10F. In most respects these classifications are comparable to cost categories prescribed for major JEC projects coordinated by the U.S. Treasury. Modifications or deviations are not authorized without prior review and approval of the Deputy Administrator.

(d) The project budget estimate is an integral part of the reimbursement agreement. A model format is shown in Attachment 10G. The cost classifications in Attachment 10F are represented by project budget line items in terms of expenditure objects for fiscal control. The budget covers the entire time span of planned project performance by fiscal year of implementation. The project budget estimate is incorporated as an annex or standard provision of the agreement. Standard provisions also cover periodic review of actual against estimated costs and upward adjustment of estimates based on recurring reports from AID. The reports are prepared from the official accounts maintained by SER/FM/RSD. The project budget estimates identify costs reimbursable to AID and amounts contributed by the host country which do not pass through the AID accounts. Amounts payable in U.S. dollars and in local currency are shown separately; the source of financing of local currency costs is identified as to -

1. Country advances deposited to the AID local currency trust fund, Account 72FT800

2. Contributions from country-owned funds held in the country bank

3. Local project costs charged to the advance of U.S. dollars from the host country held in the AID dollar trust fund, Account 72X8502.**

** New Material

** 10I4d(2)

(2) Overhead Rates

(a) Overhead rates reflecting incremental costs are applied to AID reimbursable projects, 10I4d(1)(b), as a percentage of direct costs or assessed in a specific dollar amount. Overhead rates give effect to the workforce levels required in certain AID/W operations and functions to provide benefits directly attributable to country-financed programs. Separate rates apply to the technical services, procurement and training components of country-financed projects, each rate reflecting the variations in workforce effort at AID/W which generate incremental costs. The overhead rates also reflect differences in AID/W workforce costs that are equitably distributable to each method of AID implementation (AID direct, contractor, or PASA technicians). Attachment 10H shows the overhead rate schedule approved as a basis for initial application of the incremental cost concept and related explanation.

(b) Costs which are financed from AID appropriated funds for Section 661 activities are not reimbursable by the recipient country and are excluded from the overhead assessment. See 10I7 below. Agreements which involve more than the type of services contemplated under Section 661 provide for a special assessment depending upon the services rendered. See Attachment 10H for rates initially approved for this purpose.

(c) The AID overhead on JEC projects implemented by the Agency is governed by the allocation criteria of the JEC coordinating agency and the underlying Technical Cooperation Agreement between the coordinating agency and the recipient country. When AID contributes to a JEC project for which another USG agency has operating responsibility, AID overhead on direct costs is the same as on AID bilateral projects implemented by AID unless such rates are inconsistent with the established JEC agreement. See Attachment 10H, column 1 of schedule, for initial assessment factors.

(d) AID direct costs incurred in participating in a country-financed project of another USG agency (not a JEC project) are assessed at the same overhead rates as apply to AID country-financed projects. See Attachment 10H, column 1 of schedule, for initial assessment factors.

(3) Coordination of Project Budget Estimate

(a) SER/FM/RSD and the responsible AID/W program or technical office jointly develop final budget estimates for AID bilateral projects based on project resource requirements ascertained with the Regional Technical Services Attaché, other responsible field elements, and AID/W Bureaus and Offices which **

** New Material

** 10I4d(3)(a)

contribute workforce and other inputs to the project. Departures from the standards and criteria set forth in this chapter 10I must be submitted for consideration and approval by the Deputy Administrator, supported by financial, technical, and other analytical justification.

(b) Project budget estimates for JEC projects carried out by AID are also developed jointly by SER/FM/RSD and involved AID/W elements. The overhead rate conforms with the JEC criteria as provided in 10I4d(2)(c) above. The estimates are included in the AID operating agreement with the recipient country covered by the JEC charter.

(c) SER/FM/RSD exercises similar responsibility for development of project budget estimates, funding and related financial matters on AID contributions to country-financed projects of other USG agencies (both JEC and non-JEC projects), 10I4d(2)(c) and 10I4d(2)(d) above.

5. Maintenance of Official Accounts - Section 607 Projects and Activities

a. Funds and Project Costs

(1) Maintenance of the official accounts on project costs and funds for country-financed projects and activities is the responsibility of SER/FM/RSD. Accordingly, all reports on fiscal and financial implementation for internal Agency needs, to the recipient country or to other organization originate in AID/W and not the field.

(2) Reports based on the official accounts for the recipient country or other organization are consistent with the reimbursement agreement provisions and coordinated with SER/CFS. Reports are transmitted through the AID/W program Bureau or Office. AID reports on JEC projects carried out by the Agency are furnished to the recipient country or organization through the USG coordinating agency.

(3) Reports on AID participation and input to a country-financed project implemented by another USG agency (not a JEC coordinator) are furnished to the recipient country or organization by the agency having primary operational responsibility. Recovery of AID costs incurred in carrying out the project is effected in accordance with normal interagency billing procedures. **

** New Material

* *10I5a

(4) Regional Technical Services Attachés and other responsible field personnel and organization provide AID/W with documentation and relevant supporting information as required to assure the validity and accuracy of the financial activity of reimbursable technical projects reflected in the accounts maintained at AID/W.

b. Advice on Funding and Financial Arrangements

(1) Funding requirements of reimbursable projects administered under AID bilateral agreements are coordinated by the responsible AID/W program Bureau or Office with SER/FM/RSD. SER/FM assists in the selection of an appropriate financial arrangement for assuring that fund availability is established prior to the commencement of project activity. The Regional Technical Services Attaché and other responsible elements of the field organization must assure that reimbursement agreements are cleared with SER/FM in advance of final negotiation. AID/W coordination for this purpose is originated by SER/CFS and the responsible program Bureau or Office.

(2) For JEC projects the responsible AID implementing Bureau or Office ascertains with SER/FM/RSD that the Agency has received funds or obligational authority through the USG central coordinating agency or directly from the cooperating country before commitments or obligations are incurred.

c. Establishing Obligational Authority

(1) For dollar-funded reimbursement agreements, authority to incur obligations is established in the AID dollar trust account 72X8502 when the agreement is signed and funds deposited with the U.S. Treasury. These actions are documented by the issuance of an Advice of Allotment by SER/FM/FCD to the designated allottee with a copy to the servicing accounting office, SER/FM/RSD.

(2) For reimbursement agreements funded in part by host country local currency deposited to the U.S.-controlled local currency trust fund 72FT800, authority to incur obligations for local project costs is established in the foreign currency controls maintained by the Mission or other servicing accounting station when the currencies are deposited and the agreement signed supported by relevant documentation. Advice of deposit is furnished to AID/W as provided in 10I4c(2)(c) for programming and related financial management needs.

(3) For reimbursement agreements providing for an initial advance and subsequent installments to cover the needs of the project in later phases of implementation, obligational authority established * *

* * New Material

** 10I5c(3)

in the accounts consists of (a) cash availability in the amount of the deposit upon inception of the agreement and (b) reimbursable obligational authority for the balance of the project amount. The Advice of Allotment issued to the designated allottee (copy to SER/FM/RSD) by SER/FM/FCD is supported by documentation on provision in the agreement for AID to unilaterally cancel the agreement within a specified period if the country fails to meet the installment due date of each subsequent deposit.

(a) Under installment financing, cash availability for the project in the AID dollar trust fund must be adequate at all times for the liquidation of expenditures charged to the project. SER/FM/RSD pursues aggressive and persistent followup with the cooperating country, through the responsible AID/W program Bureau or Office, for the timely deposit of installment payments to cover continuing project requirements. Pending receipt of prompt and adequate deposits for credit to the project account in the trust fund, SER/FM/RSD suspends voucher certification and disbursement against the account. SER/FM/RSD is responsible for notifying the AID/W program Bureau or Office of the expiration of the date for periodic installments due from the cooperating country. As provided in the agreement, the responsible AID/W Bureau or Office takes action to suspend or terminate the agreement if compliance with deposit due dates is not effected.

(b) Obligation of country-financed contracts signed by AID is incurred only when funds have been deposited in the AID trust account (dollar or local currency). See 10I4c(3) above.

(c) Obligation of other project requirements under installment financing arrangements is incurred in accordance with the scheduled work plan for the project and within the amount of expenditures anticipated for timely liquidation of obligations. See 10I5c(3)(a) above.

(4) When country-financed services are financed by the reimbursable payment or deferred payment methods (Section 607a(1) and (2) of the FAA), contracts and other project requirements are obligated against allotments from reimbursable, obligational availability specifically authorized and established under an AID appropriation account. **

** New Material

** 10I5

d. Local Cost Financing

Project local costs financed from host country local currency deposited in the AID local currency trust fund or charged against the dollar advance to the AID dollar trust fund are established in the official accounts maintained at AID/W or in the field. See 10I4d(1)(d). Local costs financed from the cooperating country's resources which do not pass through the AID accounts are determined with the country budget authority against the amount set forth in the agreement as the country contribution. Reimbursement by the cooperating country in local currency for dollar costs incurred by AID is not authorized unless approved by the U.S. Treasury for exceptional cases.

e. Monitoring Responsibility

(1) Responsibility for monitoring CFS projects and activities is consistent with the coordination and related actions set forth in 10I2. Program and operational responsibility for this purpose rests with SER/CFS and implementing Bureau or Office. SER/FM provides pertinent reports on costs and fiscal and financial implementation, including the status of funds, for the needs of the primary monitoring AID/W organizations.

(2) Reports on JEC projects or projects carried out under an interagency agreement, for the monitoring needs of concerned AID/W organizations, other agencies, and the cooperating country are provided on fiscal and financial implementation aspects from the official accounts. See 10I5a.

f. Examination and Audit

Guidelines for contracting procedures and contract provisions for country-financed contracts, approved by the Deputy Administrator on September 28, 1976, provide with respect to cost reimbursement contracts negotiated by AID (1) the right of AID to examine records related to a contract and (2) the right of AID to audit such contract. The guidelines apply either when AID negotiates the contract but the host government signs.

6. Standard Agreement Provisions

To the extent practical, AID operating agreements for reimbursable technical projects contain standard provisions or annexes on project budget estimates (see Attachment 10G) and funding methods. Standard provisions or annexes for other relevant financial elements are included in the agreement for the following requirements: **

** New Material

** 10I6

a. Grades, salaries, allowances, travel and other personnel costs of technicians, specialists, and others identified with the project (AID direct-hire, other USG agency or AID contractor).

b. Reports on financial implementation and status of funds.

c. Title to and reversion of unused supplies and equipment to the cooperating country or other organization.

d. Return by the USG of unused funds.

e. Other financial elements identified as needed by operational and program elements of AID/W.

7. Section 661 Activities

a. Authority

(1) Section 661, as amended by the 1975 FAA authorization act, authorizes the use of funds up to $2 million made available by the FAA in each of fiscal years 1976 and 1977 for activities which stimulate and support reimbursable development programs (country-financed technical services). Expenditures for this purpose are not reimbursable.

(2) Guidelines for use of Section 661 authority were approved by the Deputy Administrator on May 13, 1975, Attachment 10E. The activities which are subject to the limitation are set forth in a GC Information Memorandum for the Deputy Administrator, dated July 22, 1975, Attachment 10I.

b. Source of Funds and Allotment Authorization

(1) Costs Chargeable to the Section 661 Limitation

Costs chargeable to the annual limitation amount of $2 million for Section 661 activities are established under the development program account authorized in Section 106 of the FAA, Technical Assistance, Energy, Research, Reconstruction, and Selected Development Problems, AID appropriation 72-11X1026. The costs, by expenditure object and originating AID/W or overseas organization, follow: **

** New Material

10I7b(1)

Costs Charged to Section 661 Limitation

Originating AID/W or Field Organization	Expenditures			
	Salaries	International Travel	Miscellaneous Expenses	Field Support
1. SER/CFS		X		
2. Contractor, PASA, Consultant, PSC Personnel, other USG Personnel	X	X	X	
3. Coordinator, RDP and Overseas Personnel	X	X	X	X
4. Other AID/W Offices	X*	X		

*Only for TDY in excess of 90 days.

All of the above costs under the Section 661 limitation are provided in funds allotted to AID/W allottees, except Field Support costs of overseas personnel; i.e., Regional Technical Services Attachés and other responsible personnel involved in Section 661 activities; the latter are allotted to the designated field allottee. For example, funds for fiscal year 1977 operations are distributed in the following allotments:

** 10I7b(1)

Allotments for Costs Charged to Section 661 Limitation

		Expenditures			
Allotment Account	Costs Incurred By	Salaries	International Travel	Miscellaneous Expenses	Field Support
426-22-099-00-73-71	Contractor, PASA, Consultant, PSC Personnel, other USG Personnel	X	X	X	
426-22-099-00-73-71	SER/CFS, Coordinator/RDP & Other AID/W Offices		X	X	
426-11-000-00-01-71	Coordinator/RDP and Overseas Personnel	X			
426-51-XXX-00-73-71	Overseas Personnel (C/RDP Personnel)		X	X	X

(2) Related Costs Not Chargeable to the Section 661 Limitation

The annual $2 million limitation on Section 661 costs excludes the cost of operations of SER/CFS, which is charged to the Agency Operating Expenses account, appropriation 72-1171000 (fiscal year 1977 symbol). Also, salaries of other AID/W Offices are charged to Operating Expenses except for TDY assignments exceeding 90 days when the salaries are charged to the Section 661 limitation. See 10I7b(1). A summarization of these costs and the fundng allotments for illustrative fiscal year 1977 operations follow: **

** New Material

** 10I7b(1)

Operating Costs Excluded from Section 661 Limitation

Allotment Account	Costs Incurred By	Expenditures			
		Salaries	Miscel-laneous Expenses (Dom. Travel)	Field Represen-tation	FAAS
700-11-000-00-01-71	SER/CFS & Other AID/W Offices	X*			
700-11-000-00-04-71 700-51-XXX-00-10-71 700-11-000-00-37-71	SER/CFS & Other AID/W Offices		X	X	X

NOTE: Not shown are various allotments to AID/W allottees; e.g., 700-16-000-00-02-71, charged with other operations of SER/CFS and other AID Offices.

* Excludes TDY in excess of 90 days for other AID/W Offices.

c. Budget Estimates

(1) Budget estimates for Section 661 requirements charged to the annual limitation and the AID program account, 10I7b(1), are the responsibility of SER/CFS. The estimates are coordinated with C/RDP and SER/FM/SPD, which furnishes the format to be used by SER/CFS in developing the amounts, and cleared with PPC.

(2) The estimates are based on quantifiable criteria in terms of person/years, overtime allowances, person/days for intermittent employees (W.A.E.), benefits, trips, publications, equipment or special facilities devoted solely for the purpose of Section 661 effort, and individual contract activity. Guidance on special measurement indices or formulas is provided by SER/FM/SPD for use by SER/CFS in developing realistic budget requirements against the annual limitation.

(3) The approved funding plan for Section 661 activity chargeable to the limitation against the program account 72-11X1026 is furnished to SER/CFS by SER/FM/SPD as a basis for initiating request for issuance of Advice of Allotment; coordinating request for issuance of Advice of Allotment to field allottees as needed; and monitoring all costs against the program limitation amount, including salaries and benefits (allotted to the Controller). Salaries and benefits are controlled by the personnel ceiling and on board employees working in the program. **

** New Material

** 10I7c

(4) Estimates for Section 661 activity chargeable to the AID program account 72-11X1026 are excluded from the programming system prescribed for AID substantive programs (see Handbook 3).

(5) Costs charged to Operating Expenses are covered by the Operating Expenses funding plan and allotments thereunder to various AID/W allottees in accordance with existing procedures for administrative control over funds for AID operations.

d. Accounting Responsibility for Section 661 Program Costs

(1) Section 661 costs charged to the development program account 72-11X1026 for which funds are allotted to SER/CFS are recorded in the official accounts maintained by SER/FM/RSD. Costs incurred for personal compensation and benefits are reflected in the official accounts maintained by SER/FM/ESD. Costs for field support for which funds are allotted to overseas allottees are controlled in the accounts of the servicing Mission, if in existence in the cooperating country, or other field servicing organization.

(2) SER/FM/RSD establishes the allotment account for funds allotted to SER/CFS (allottee "22") upon receipt of Advice of Allotment in the amount of the OYB approved program level as previously requested by SER/CFS. As required SER/FM/RSD assists SER/CFS in coordinating and submitting the request for allotment to SER/FM/FCD. Administrative control over funds allotted to AID/W and field allottees is the function of the respective servicing accounting offices.

(3) SER/FM/RSD has overall responsibility for preparation of consolidated financial activity reports charged to the Section 661 limitation. Information is provided by allotment activity reports and approved funding plans and reported quarterly to SER/CFS for use in monitoring the status of the limitation amount and drawdowns thereunder. Report specifications are established by cooperative action by SER/FM/RSD with SER/CFS, including disclosure of the following:

(a) Actual and budgeted expenditures (including accruals) under the annual limitation amount.

(b) Costs incurred by expenditure object, current period and cumulative.

(c) Expenditure projections for the remainder of the fiscal year.

(d) Analytical and interpretive comments on variances, expenditure rates, and other significant financial data for management needs. **

** New Material

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e. Obligations and Expenditures

(1) Section 661 costs charged to the annual limitation are obligated in accordance with normal obligating documentation; e.g., bona fide personnel actions; travel authorizations; orders for supplies and services identified with the conduct of the program; printing requisitions; and other essential procurements incurred in furthering the program objective.

(2) Personnel action requests, within the ceiling provided by the approved funding plan, must be approved and authorized by the Coordinator, RDP, and SER/CFS. Salaries and related costs charged against allotment 426-11-000-00-01-71 (10I7b(1)) are obligated as a function of the computerized American Payroll System maintained by SER/FM/ESD and supported by Time and Attendance Reports for amounts actually paid to employees. The payroll obligation number is assigned by SER/FM/ESD.

(3) Travel authorizations (TA's) against allotment 426-22-099-00-73-71 must be approved by SER/CFS without regard to the Bureau or Office in which the traveler is located. TA's are formally authorized for issuance by SER/MO, Obligation numbers are assigned to TA's by SER/FM/RSD in accordance with control techniques established for this purpose. Other obligations against the allotment are also numbered by SER/FM/RSD.

(4) Contracts charged to the Section 661 limitation against allotment 426-22-099-00-73-71 (10I7b(1)) must be authorized by SER/CFS for negotiation by SER/CM. Implementation documentation prescribed for AID procurement is cleared with SER/FM/RSD before release to SER/CM for negotiation. After the contract is negotiated and signed but before release to the contractor, SER/CM submits the contract to SER/FM/RSD for prevalidation and certification of fund availablity in accordance with Chapter 1 of this Handbook.

(5) Other requirements covering miscellaneous expenses chargeable to the Section 661 limitation specifically arising in connection with the carrying out of the program are obligated against allotment 426-22-099-00-73-71 in accordance with the documentation prescribed in Chapter 1 of this Handbook for operating-type expenses; e.g., supplies, printing, various procurements, etc.

(6) Charges to the field allotment 426-51-XXX-00-73-71 are established by obligations incurred by the designated field allottee, in accordance with underlying obligation concepts, within the limit of the approved funding plan for local program costs. Obligation numbers are assigned by the field allottee (see HB 18, Appendix D). * *

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** 10I7e

(7) Expenditures charged to the Section 661 limitation in the AID/W program allotments are certified for disbursement by the U.S. Treasury by the servicing accounting office as follows:

(a) All payments against allotment 426-22-099-00-73-71, except international travel and transportation, are normally scheduled and certified for disbursement by SER/FM/RSD.

(b) International travel and transportation disbursements are scheduled and certified by SER/FM/ESD. Paid vouchers are recorded against the allotment 426-22-099-00-73-71 maintained by SER/FM/RSD.

(c) Salaries and benefits charged to allotment 426-11-000-00-01-71 in the American Payroll System are scheduled and certified for payment by SER/FM/ESD in accordance with normal payroll procedures.

(d) Costs incurred against the field support allotment 426-51-XXX-00-73-71 are certified for payment by an AID certifying officer if present in the cooperating country or, when there is no AID certifying officer, by an appropriate official of the American Embassy having delegated authority. Payment is made through the USDO if established in the country; or through the Regional Disbursing Office of the Treasury (Paris or Manila) as applicable.

(8) All program allotments, 10I7b(1) above, reflect quarterly accruals for expenses incurred but not paid for, including accruals established on a constructive receipt basis, in accordance with normal fund control procedures.

(9) Inquiries relating to allotment activity and fund status are addressed by SER/CFS to the servicing accounting office, SER/FM/RSD or SER/FM/ESD, for funds allotted to AID/W. Questions on funds allotted to the field are coordinated by SER/CFS with SER/FM/RSD before followup, if required, with field allottees.

f. Reports

(1) A quarterly management report is furnished by SER/FM/RSD to SER/CFS as provided in 10I7d(3). A copy of the report is furnished to SER/FM/SPD. The report is cleared with the Controller. Report control is to be established with SER/DM when report specifications are defined and agreed to by the originating and receiving offices. **

** New Material

**10I7f

(2) AID/W reports on monthly allotment activity and quarterly unliquidated obligations produced by the mechanized allotment system are furnished to SER/CFS.

(3) Monthly field allotment activity reports are submitted to AID/W in accordance with Chapter 9 of this Handbook.

10J. Accounting for Participant Training

1. Background

a. Beginning July 1, 1973, the Agency instituted an improved and simplified system for accounting for noncontract participant training programmed by AID/W in order to effect greater economy and efficiency in AID operations and more effectively carry out development program activity.

b. The change provides for the distribution of funds for all training costs incurred under Mission and AID/W development projects, including previously centrally funded costs for support of participating agencies and programs managed by the Office of International Training (SER/IT), for the benefit of AID participants. The system eliminates cross-disbursing by AID/W against Mission allotments and the discontinuance of Advices of Charge for payments made against individual PIO/P's. Instead, Missions and AID/W program offices accrue the cost of training against their allotments at predetermined amounts as training takes place as a basis for liquidating the amount obligated for training. Quarterly, AID allottees transfer to AID/W credits in the amount equal to their accruals during the period as a basis for funding disbursements for participant training without further adjustment of Mission or AID/W program office obligations to reflect actual amounts disbursed by AID/W. Credits to AID/W are nonexpenditure transfers in the accounts of AID allottees and represent the utilization of an equivalent amount of training funds based on accrued costs incurred in each quarter in which participant training is in progress. The transfers are made on the Summary of Allotment Ledger Transactions and Reconciliation with Disbursing Officer's Accounts, Report Control Symbol U-101. See Chapter 9.

2. Training Costs

a. Standard Costs

Funds allotted for participant training cover tuition, participant maintenance and related miscellaneous costs, participating agency support costs and costs of SER/IT centrally managed training activities to enhance, enrich, and promote the beneficial effect of the training **

** New Material

** 10J2a

experience of participants when training is programmed by AID. The system provides for the full funding of these costs to Missions and AID/W program offices. Upon inception of standard costs, funds were allotted to cover training obligations and expenditures at standard rates prescribed by AID/W. The standard rates were the result of analytical cost determinations made by AID/W as a basis for the equitable and fair allocation of the average cost of training attributable to academic and nonacademic training categories, respectively.

b. Modified Standard Costs

Effective July 1, 1976, standard rates formerly applied to the cost of academic and nonacademic training, respectively, based on average costs, 10J2a, are modified to more accurately match funding to costs based on experience and benefits to participants for training implemented by AID through the use of outside training institutions and USG participating agencies. See also HB 10, Ch 12. The modification is authorized as set forth in Attachment 10J of this Chapter.

(1) Changes Based on Benefits to Participant or Groups of Participants

The modified standard rates per person/month of participant training carried out by AID reflect the following changes:

(a) Costs of actual tuition for academic programs, or known training costs for nonacademic programs, at universities, institutions, or other organizations.

(b) AID maintenance allowances prescribed for each participant, Handbook 10, Chapter 25, and Appendix C.

(c) A prescribed dollar factor for other miscellaneous costs directly benefiting a participant; i.e., books, insurance, domestic travel, support charges of participating agencies under form AID 240-2, Resource Support Service Agreements (RSSA's), and complementary programs managed by SER/IT. The factor also includes a contingency element for inflation.**

** New Material

** 10J2b

(2) Implementation of Modified Standard Rates

(a) Funds obligated beginning July 1, 1976, give effect to modified standard rates, based on the above elements, for each category of training, academic and nonacademic, respectively. Based thereon, the following amounts are used as advance estimates on form AID 1380-1, Project Implementation Order/Participants (PIO/P)*, forwarded to AID/W, SER/IT:

Training Organization	Person/Month Training Costs: Academic Training	Person/Month Training Costs: Nonacademic Training
University, Institution, other Facility (except USDA)	$850	$1600
USDA	$900	$1735

The above estimates are reflected on PIO/P's with such additional specific amounts chargeable to the PIO/P as (i) international travel if authorized by the Mission (see Handbook 10, Chapter 17) and (ii) cost of interpreters and escorts when required at the following rates:

Monthly Cost Per Participant: Single Country Participants	Multicountry Regional Teams	All Other
$3000	$600	$600

(b) The above amounts comprise preliminary estimates of the person/month cost of training to be shown on implementation documents (PIO/P's or PIPA's when applied to training) until such time as Missions and AID/W program offices are able to establish the cost of training based on actual tuition or other training charges and scheduled maintenance allowances. When this capability is achieved,

*New unification procedures for implementation and documentation of AID project assistance contemplate extension at an appropriate time of form AID 1300-3, Project Implementation/Procurement Advice (PIPA), to the training component of AID projects (see AIDTO Circular A-650, 12/15/76). **

** New Material

** 10J2b(2)(b)

the guideline amounts in 10J2b(2)(a) for transition to modified standard rates will be discontinued as each Mission or AID/W program office substitutes actual costs. In addition to actual costs for tuition and maintenance, an additional $100 per person/month of training for miscellaneous costs is included in the total charged to the training project.

(c) SER/IT determines the final actual cost of training and "issues" the cleared PIO/P's. The amounts shown on the "issued" PIO/P's are the basis for adjustment of funds originally obligated by Missions or AID/W program offices which used budget guideline estimates or other costs determined from information available to them. Upon receipt of the "issued" PIO/P, the originating Mission or AID/W office adjusts the charge previously recorded on the basis of the advance estimate or "best known" actual costs.

(3) Transfer of Costs to AID/W

(a) The actual costs on the "issued" PIO/P are the basis for the transfer of funds to AID/W. AID/W continues to disburse costs for training from the Master Disbursing Account, the AID/W central funding account derived from these transfers, in accordance with the concept and procedures of the Participant Training Cost System in effect since inception, 10J1. Occasional payments made by the Mission; e.g., advance maintenance, cite the current year master account in effect for the period.

(b) The funding of certain ancillary costs, now provided in the modified standard rates, to a separate AID/W allottee is under consideration with respect to such costs which cannot be reasonably allocated to particular participants or classes of participants. When implemented, amounts therefor will not be provided in training funds allotted to Missions or AID/W program offices.

(4) Transition Procedures

(a) Costs of participant training based on standard rates in effect prior to July 1, 1976, continue to be accrued and liquidated against the training obligation without further adjustment as prescribed when the system was installed on July 1, 1973. Transfers to AID/W are in the amounts accrued and charged to the training project at the old rates until obligations are liquidated based on final accruals. **

** New Material

** 10J2b(4)

(b) Missions prepare separate workpaper schedules for (i) participants and training costs at standard rates prescribed prior to July 1, 1976, and (ii) participants and training costs based on the AID/W "issued" PIO/P's beginning July 1, 1976. The separate transfers based on these costs are identified on the relevant U-101's for the respective funds allotted to the Mission. Documentation of transfers from AID/W program offices is effected in accord with internal operating instructions. "Issued" PIO/P's reflect user-specific costs, on an actual or factored basis, including determination of RSSA costs for participants by specific field of instruction or technical area.

3. Allocation of Costs to Non-AID implemented Training

a. Self-Financed or Country-Financed Training

AID/W identifies the costs of AID/W administered training programs and activities which benefit self-financed or country-financed training on the basis of allocation criteria approved in accordance with AID policy. When authorized under a bilateral agreement or other mutually acceptable arrangement between AID and the host country, a fee for an allocable portion of these costs is assessed against the program(s) concerned. AID/W provides Missions with cost factors for use by the appropriate ministry or other responsible entity of the host country in developing the budget requirement for AID input to the country-financed training program.

b. Contractor Implemented Training

Costs of AID/W-administered training programs and activities and certain RSSA costs which benefit contractor-implemented participant training under AID training projects are identified by appropriate allocation criteria as in 10J3a. When provided in the AID budget process, a cost factor for these amounts is reflected in funds allotted for AID training carried out by contractors.

4. Training Under Country-Financed Services Agreements

a. Country-financed services (CFS) agreements provide for training if required as a component input to AID-implemented reimbursable projects. The need for training, like other inputs to the project, is identified and established during the process of project development by AID and the host country to assure achievement of the project objective. See 10I2 and 10I4. Section 607 Determinations (Delegation of Authority No. 99) are addressed to reimbursable training as well as to other technical services defined by the scope of the project agreed to between AID and the host country.** **

** New Material

** 10J4

b. CFS training is provided in accordance with the procedures applicable to AID-implemented participant training. See Handbook 10-Participant Training. Financial implementation is based on the Participant Training Cost System described in 10J2b. The PIO/P (or PIPA when applied to training) is used in the normal manner to document training implementation requirements. Training costs are based on actual costs and a miscellaneous cost factor, which comprise the modified standard rates applicable to the respective training categories set forth in 10J2b(1) and 10J2b(2). The responsible AID program office assures timely coordination with SER/IT to reflect these costs on the PIO/P for forwarding to SER/IT for final issuance and in the project budget estimate of the agreement. The latter also includes the appropriate overhead assessment shown in Attachment 10G.

c. CFS training is financed by the country advance (or other financing method when specifically authorized) in the same manner as other reimbursable project requirements established under the agreement. The amount provided for training is determined by the cost criteria of the Participant Training Cost System as shown in 10J2b(1) and 10J2b(2). The cost of training is accrued and charged to the project based on these rates as training progresses without further adjustment of the amount provided by the project for the cost of training. CFS training funds included in the country advance are transferred from the AID trust fund account, in which deposited, to the AID/W Master Disbursing Account which disburses all costs of AID/W-implemented training for both development assistance and reimbursable projects in a uniform manner as prescribed by the Participant Training Cost System. See also 10J2b(3).

d. Reports on CFS training costs to the host country reflect the costs accrued over the life of the project during the period in which training takes place. Periodic accruals are established against the total amount provided in the project budget developed in accordance with the modified standard cost criteria in this Chapter 10J and the appropriate overhead assessment.

e. The CFS project budget training estimate establishes the amount to be provided in the advance for training and the charges that will be ultimately accrued against the project as training ensues. Costs based on the modified standard rates reflect the final determinations made by SER/IT shown on the "issued PIO/P"; these amounts are confirmed by the responsible AID/W program office with SER/IT before release of the final project budget estimate for acceptance by the host country, including the overhead assessment. **

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** 10J4e

(1) CFS training costs are classified as "direct" and "indirect" in the project budget estimate (see Attachment 10G). The former are the amounts based on the user-specific or user-benefit criteria applicable to AID-implemented training shown on the "issued" PIO/P. The latter reflect an allocation of AID/W operating expenses attributable on an incremental basis for the benefit of the reimbursable project. See Attachment 10H for AID policy and criteria for assessing overhead on CFS projects.

(2) Overhead (indirect) costs of training under CFS projects are assessed at stated dollar amounts per person/month of training for academic and nonacademic training, respectively, when AID implements training under the operating agreement with the host country. When training or backstopping services are provided by a contractor or under a Resources Support Service Agreement (RSSA) with another USG agency, AID considers the charges imposed by the contractor or other agency as a direct cost and applies an overhead rate commensurate with the services provided by AID.

(3) Detailed guidance on developing project budget estimates and cost factors are further provided in 10I4d. AID input from AID/W-administered training programs and activities is budgeted in accordance with 10J3a.

5. Operating Characteristics of AID Implemented Training

a. Grant and Loan Funded Training

The concept of user-specific or user-benefit costs provided in the modified standard rates in 10J2b above apply to both loan and grant funded development projects. Accruals for AID/W-funded loan projects are transferred by Missions on the U-101's for the applicable development loan account in accordance with existing procedures. See also detailed operating instructions in the Mission Controller Guidebook.

b. Use of PIO/P's

AID/W does not maintain costs by individual PIO/P's or individual participants under the modified cost system. Reports on training costs by PIO/P's are not furnished to Missions or AID/W program offices. PIO/P's (or PIPA's when applied to training) continue in use as implementation documents in accordance with AID criteria and controls specified as an integral part of the Project Accounting Information System (PAIS) (see Chapter 8E of this Handbook) for earmarking and tracking the drawdown of funds for project assistance. Further detailed operating instructions on project accounting are provided in the Mission Controller Guidebook. **

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c. Costs Incurred for Participant Training

Actual costs of training are reflected in the AID/W Master Disbursing Account, the central account which is used to disburse these costs. No adjustments for differences between AID/W disbursements and the modified standard rates are made to Mission or AID/W program funds for training obligations liquidated by accruals as a basis for transfers to AID/W. AID/W monitors actual costs disbursed from the central account. As required, cost factors comprising the modified rates are updated and refined at timely intervals to assure that variances from actual are at a minimum level. See 10J6c.

d. Measurement of Person/Months of Training

(1) Person/months of training for AID-financed development projects (as well as CFS training) commence upon departure of the participant from his/her home country and continues until training is completed or terminated and the participant leaves the United States to return to country of origin or other country of training. The training period extends over the entire time span in which any financial support is provided by AID to an individual in a bona fide participant status. Dropout from or termination of training before completion of training brings such status to an end. See also Handbook 10.

(2) Training at an academic institution is not necessarily related to the number of semesters, trimesters, or quarters normally identified with the duration of specific courses of study. Person/months of academic training also include all nonacademic activity, such as supplemental training provided through SER/IT or allowable nontraining time such as holidays. Academic training for a particular degree objective is also effected by the individual participant's experience, capability, and related background factors.

e. Termination of Training

(1) If training is terminated or canceled after quarterly accruals are established and funds transferred to AID/W, no adjustment is made to the underlying PIO/P or the amount liquidated against funds obligated for training by Missions or AID/W offices.

(2) If training is canceled before the participant departs from his/her home country and before training commences, in accordance with the standard in 10J5d, funds obligated based on the "issued" PIO/P are deobligated and the underlying PIO/P canceled. **

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** 10J5e

(3) If training is canceled before receipt from AID/W of the "issued" PIO/P and before departure of the participant for the commencement of training, AID/W is notified and the draft PIO/P is rescinded. No adjustment of training funds is required as obligations were not recorded during the pendency of AID/W clearance of the PIO/P and final cost determinations.

f. Extension of Training

If the extension of training increases the amount shown on the "issued" PIO/P, an increase in the cost of training is estimated by the Mission or AID/W program office based on the factors set forth in 10J2b(2). The increase is documented by an amended PIO/P where the training project is funded for the life of the project; or by a new PIO/P if the training project is incrementally funded. (See also HB 2 on forward funding criteria.) When the final costs are determined, the additional amount is accrued over the extended period of training upon receipt of the "issued" PIO/P (amended or new) against the increase in the obligation and funds transferred to AID/W in the manner described in 10J2b(3).

g. Block and Regional Grants

For grantees under AID block or regional grants who use the services of AID/W in carrying out the training component of grant assistance, in accordance with the procedures for AID development projects, the requirements for (1) use of modified standard rates, (2) processing of comparable implementation documents, (3) accrual of charges against grant funds, and (4) transfer of funds to AID/W are equally applicable.

h. Amounts Due from Participants or Host Country

(1) Overpayments to Participants

Amounts due from participants as a result of overpayments or erroneous payments are billed by AID/W. Collection is pursued with the participant prior to departure to the participant's home country upon completion or other termination of training. If the Mission is requested to assist in effecting collection, AID/W furnishes a form AID 7-129, Bill for Collection, to the Mission for this purpose. The Bill for Collection cites the AID/W Master Disbursing Account to be credited. Mission collection is reported by Advice of Charge (Credit). See also Chapter 7 of this Handbook. No adjustment is made against previous Mission transfers to AID/W or prior Mission liquidations based on accruals for training. Unless directed by AID/W, Missions do not initiate billings to participants. **

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(2) Amounts Due from Host Country

Where the terms and conditions of the bilateral training project are not met, due to the participant's failure to return to his/her home country upon completion of training or other nonperformance, AID will pursue recovery from the host country of the funds and other resources utilized in providing training as provided by existing policy. The Bill for Collection, or the equivalent, is issued by the Mission to the host country based on the cost of training financed by AID as reflected on the PIO/P covering the participant concerned. The collection is credited to the central AID/W disbursing account and reported by Advice of Charge (Credit) to AID/W.

6. AID/W Controls and Reports

a. Disbursing

All participant training requirements under Mission, AID/W, and loan projects are paid from the AID/W Master Disbursing Account. The bulk of disbursements is scheduled at AID/W in accordance with the objective of the Participant Training Cost System of simplifying disbursing accountability and reducing the transfer of charges between AID/W and Missions to the maximum practical extent. A limited number of disbursements may be made in the field, such as initial advance and final maintenance payments, against the Master Disbursing Account. The account is established under a prior year symbol in order to permit timely payments before Congressional action on current year appropriation authority; for example, the allotment symbol for the Master Disbursing Account for FY 1977 is 425-85-099-00-94-73.

b. Country and Appropriation Controls

(1) Mission transfers to AID/W based on participant training accruals are reported on the U-101 Reports and reflected in the country segment of the Appropriation Allotment Report (Report Control Symbol W-211) as disbursements, decreasing the unliquidated balance of the Mission allotments.

(2) The allotment segment of the Appropriation Allotment Report (Report Control Symbol W-211a) reflects participant training transfers at the appropriation level as credits to pseudo allotments. The credits are reduced by the distribution of disbursements made from the AID/W Master Disbursing Account. The pseudo allotment credit balances in the W-211a report offset participant training accruals charged to regular allotments (Mission or AID/W program offices), thereby effecting agreement with net Expended Funds for each appropriation in the central general ledger controls maintained at AID/W. **

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** 10J6

c. Review, Monitoring, Followup, and Reports

(1) The official accounts maintained at AID/W on participant training disbursements establish the actual cost of AID-implemented training. Input from payment documents is made by category of training, technical area or field of training, and type of costs. Review, monitoring, and analysis of training costs, based on payment activity and person/months of training from SER/IT program statistics, are ongoing functions of SER/FM. Operational responsibility is carried out by the Central Services Division, FM/CSD.

(2) The payment data from the AID/W accounts are reviewed, analyzed, and interpreted as to the incidence and causes of variances between actual costs and the costs shown on "issued" PIO/P's under both the standard rates in effect prior to July 1, 1976, and the modified standard rates in effect beginning July 1, 1976, based on final calculations made by SER/IT as described in 10J2b(2)(c).

(3) Periodic reports of the results of the review and analysis of participant training costs versus standards are furnished to the AID Controller. The reports are prepared quarterly or at greater frequencies to meet specific program, planning, and budget requirements of AID/W. The report format is prescribed by SER/FM internal operating instructions and provides information on both the cash flow status of the Participant Training Cost System and variances.

(a) Cash Flow Status - This information is used in monitoring and assessing the cash needs of the Participant Training Cost System against the credits transferred from Mission and AID/W projects. For each fiscal year cumulative credits are compared against cumulative disbursements from AID/W Master Disbursing Account distributed monthly against such credits. When directed by the AID Controller, credit balances which exceed the needs of the participant training program are adjusted downward and the unobligated balance at the appropriation level increased in an equivalent amount. The credit reversal (downward adjustment) is documented in accordance with SER/FM procedures.

(b) Component Costs - Comparative data on actual costs and amounts shown on "issued" PIO/P's are provided for the needs of program administrators and managers, including the AID Controller, SER/IT, PPC, and other AID/W program elements. The information is inclusive of data such as -

1 Analysis of component costs against the factors used in computing the amounts charged to program funds (tuition, maintenance, RSSA's, complementary and ancillary activities); **

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10J6c(3)(b)

2 Range of RSSA costs among USG agencies by participant or person/months of training;

3 Exceptional changes during the reporting period in cost factors for which provision was not made in the rates used in accruing the cost of training as, for example, an increase in participant maintenance allowances;

4 Pending changes in contract services for SER/IT managed activities which benefit participants;

5 Changes in university tuition or other training fees, actual or prospective, not reflected in the costs accrued against program funds;

6 RSSA negotiations that impact on USG agency program support factors reflected in the amounts actually charged (accrued) against training projects.

The financial aspects of the participant training program are reported by the responsible operating Division, SER/FM/CSD, as specified in SER/FM internal operating instructions for guidance in meeting these reporting objectives. Report distribution is determined by the AID Controller.

* 10K. Non-Project Assistance - Commodity Arrival and Disposition Requirements

1. General

a. Commodity arrival and disposition requirements are set forth in Handbook 15 - AID-Financed Commodities, Chapter 12. Objectives of these requirements are achieved by a system which provides reasonable assurance that commodities authorized by the borrower/grantee for AID financing arrive and enter the economy of the cooperating country through release from Customs to the importer. Under this system the borrower/grantee is required to maintain adequate records needed to document the arrival and disposition in the cooperating country of all commodities financed by AID. These records will identify the importer and include tally records on short shipments, landings, and releases for a period of three (3) years following the date of payment or reimbursement by AID. Missions evaluate the system based on established criteria and monitor its performance.

b. If the USAID determines that the cooperating country's practices are inadequate to provide reasonable assurance of the arrival and disposition of AID-financed commodities or that it is otherwise advisable, the USAID shall then select, establish, and maintain a supplementary manual or automated system to provide such assurance based on a determination of documentation requirements. A description of the system so installed shall be forwarded to the Offices of Financial Management and Commodity Management, AID/W.

(1) The system outlined in Attachment 10Q may be used as a guide in establishing the Mission system.

(2) When there is a sizable program, the use of an automated records system by the borrower/grantee or the Mission is encouraged. Specific input and output documentation and processing procedures must be developed to fit the particular situation. Judicious selection of data for an automated system not only provides for compilations such as those from a manual system, but also permits manipulation of data to obtain different outputs such as commodity within importer, or importer within commodity at the intransit, incustoms, or released-from-customs stage. An automated system can also provide for monitoring importers, terminal dates, ineligible commodities, suppliers, etc. The borrower/grantee's automated system need not be restricted to AID Commodity Non-project Assistance, but may also encompass P.L. 480 shipments and free foreign exchange shipments, i.e., the total country import programs.

c. Related commodity arrival and disposition activities encompass end-use and port check inspections as set forth in Handbook 15, Chapter 12. These activities are employed as integral steps to audit the adequacy of non-project assistance management operations. The performance of these related activities provides further means for continued evaluation of the adequacy of program operations.

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2. Commodity and Financial Records and Reports - Missions and AID/W

a. The commodity arrival and disposition system established for each participating country is to have the ability to trace AID-financed shipments from the agreement stage through borrower/grantee authorization, shipment, arrival in and release from Customs, and acceptance by the importer in detail or summary form. The system transactions are supported by prescribed basic documentation pertaining to each agreement, and the related arrival and disposition system for each participating country. A common denominator, usually a number assigned to authorizations, letter of credit, or other documents, is used to identify individual transactions flowing through the system. Missions maintain control records covering commodity arrival and disposition transactions of each borrower/grantee. These controls may be in the form of reports on transactions by the borrower/grantee and bankers. The reliability of these data and of the arrival system are subject to Mission monitoring and audit by the AAG.

b. Each month AID/W prepares AID Non-Project Assistance Transaction Detail of Loan and Grant Activity (By AID Authorization Number), Report No. W-214, reflecting transactions on nonproject assistance activities obligations, disbursing authorizations, and expenditures at disbursing authorization level. These data are the basis for AID/W (SER/FM) entries to obligations and expenditures control accounts. Report W-214 is distributed to designated units at AID/W and the Missions concerned. Missions use Report W-214 to validate accuracy of their accounting control records and the status of loans/grants under agreements in effect.

c. Each month AID/W (SER/FM) prepares Commodity Services Report which includes shipping/commodity identification detail formerly included in the Intransit Listing. This report is distributed to AID/W (SER/COM); pertinent parts of the report relating to individual country transactions are sent to the Mission(s) concerned. Missions use these reports to validate the accuracy of their arrival and disposition control records.

d. Annually, AID/W (SER/FM) prepares a summary of disbursements at seven digit Schedule B Commodity Code level within obligation via Report W-501, Program Assistance Commodity Expenditures, Analysis by Agreement. This report is for AID/W use only.

e. Annually, AID/W (SER/FM) prepares disbursement data summarized at seven digit Schedule B Commodity Code level within each country via Report W-502, Program Assistance Commodity Expenditures Analysis Regional Summaries. This report is for AID/W use only.

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f. Annually, AID/W (FM), prepares disbursement data summarized at seven-digit Schedule B Commodity Code level within each region via Report W-503, Program Assistance Commodity Expenditure Analysis World-Wide Summary. This report is for AID/W use only.

** 10L. Special Development Assistance--Self-Help Programs in Africa

1. Purpose of the Self-Help Program

a. The overall purpose of the self-help program is to demonstrate U.S. interest in the welfare and self-help endeavors of local communities in the less developed countries (LDC's). The self-help program is designed primarily to provide a means of extending limited assistance directly to local communities rather than government-to-government assistance, by support for increased local participation in small development activities.

b. The self-help program provides an administrative mechanism within which the Principal U.S. Diplomatic Officer of authorized countries (currently limited to Africa under existing AID policy and legislative authority) may respond quickly and without regard to the comprehensive or sectoral strategies of regular bilateral assistance programs.

c. The self-help program is not intended or designed to supplant technical assistance programs in those countries in which AID does not have bilateral assistance programs. Therefore, self-help funds may not be used to continue any projects begun under regular technical assistance bilateral programs or used to initiate such projects.

2. Authority and Responsibility

a. Self-help projects are authorized by and must be conducted within the terms of subsection 211(a) of the Foreign Assistance Act of 1961, as amended. The scope and purpose of the Special Development Activity Authority, general guidelines on its administration, and criteria and limitations on selection of self-help activities are provided in HB 3, Project Assistance, Chapter 6. Special Procurement authorities and requirements are provided in 10L4 below.

b. Responsibility for the administration of self-help projects is vested in the Principal U.S. Diplomatic Officer of each authorized country pursuant to redelegation of authority by the AID Assistant Administrator, Bureau for Africa (AIDTO Circular XA-549, dated November 28, 1964) to use up to a specified amount in any given fiscal year for

** New Material

self-help projects. Individual activities which meet the criteria set forth herein and cost $25,000 or less may be undertaken without recourse to AID/W, provided that total costs do not exceed the authorized amount for country use. Activity proposals which exceed $25,000 in cost or are marginal with regard to criteria, but nevertheless warrant consideration, may be submitted to AID/W with sufficient justification for review on a case-by-case basis. FY 1978 and subsequent fiscal years self-help projects are funded from various USAID allotments using purpose code 75. Self-help projects for population assistance and Human Rights activities are also funded from USAID allotments using purpose code 75. See 10L5i(1) below.

c. The selection, documentation, reporting and accounting of self-help activities is usually conducted by regular Embassy staff since self-help funds or other AID funds may not be used to finance any administrative costs or overhead of these activities. While AID personnel are located in most of these countries, self-help responsibilities may not be delegated to AID personnel without prior authorization from AID/W. The assignment of AID personnel to any of these countries will be in connection with regional programs or other matters which are not related to self-help activities.

3. Self-Help Documentation and Reports

a. Self-help activities may be undertaken without the complexities of sectoral or comprehensive programming necessitated by regular technical assistance programs. The system prescribed in HB 3, Project Assistance on documentation of project analysis, preparation, review and approval need not be applied to self-help projects. See also the Self-Help Operations Manual, dated February 17, 1972, specifying simplication and reduction of documentation and procedures, and related program reporting requirements.

b. The self-help program is still subject to the legislative and regulatory requirements governing practices and use of funds under the U.S. Foreign Assistance Act. For these reasons, as well as to enhance good management and sound practices, certain minimum administrative requirements are imposed on the self-help program as set forth below.

(1) General Agreement for Special Development Assistance

(a) This document, Attachment 10K, is a mutual agreement between the United States and the cooperating government which sets forth the framework of essential terms and conditions within which self-help activities may be undertaken. The General Agreement neither makes any commitment to undertake self-help activities nor does it

obligate any funds. However, it is an essential document which constitutes the cooperating government's authorization for the United States to finance self-help activities and provides the terms of reference. This is a one-time document which remains in effect until terminated by 30 days' notice from either the United States or the cooperating government.

(b) A General Self-Help Agreement corresponding to Attachment 10K must be in effect between the United States and the cooperating country permitting financing of self-help activities in that country. Pending execution of a General Agreement, or in the absence of a General Agreement, cooperating-government approval on each Individual Activity Agreement (IAA) 3b(2) below, must be obtained. Embassies which are still conducting self-help activities within the terms of former AID bilateral Agreements or an exchange of letters must formally execute a General Self-Help Agreement. The Embassy, the USAID accounting station, and the cooperating country each are to retain one copy and two copies are to be addressed to AID/W, AFR/DP, for distribution to AFR/DP; and State AF/EPS. If the General Agreement encompasses population assistance or human rights activities, an additional copy is included for distribution by AFR/DP to the appropriate office. Embassies already conducting self-help activities, under the type of agreement set forth as Exhibit I of the Self-Help Operations Manual issued in October 1968, need only submit two copies of their Agreement. Special Provisions contained in the General Agreement will be repeated and become a part of each IAA, as the Standard Provisions for Special Development Assistance Activities financed from United States funds.

(2) Individual Activity Agreement (IAA)

(a) Functions

The IAA, Attachment 10L, is an important basic document underlying the implementation of the self-help program and must be executed for each self-help activity. The IAA serves two primary functions:

1 The IAA is an agreement between the U.S. Government and a local community (e.g., a village council), an institution (e.g., a government ministry), etc., to undertake a specific activity.

As such, the IAA sets forth a brief description of the activity, the commitment of each party and the name and title of the activity supervisor. These matters are set forth synoptically and, wherever possible, the IAA is held to a single page, including signatures. The Standard Provisions for Special Development Assistance Activities,

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Attachment 10L, page 2, becomes a part of the IAA in all instances. IAA's involving detailed commitments and inputs may incorporate these details in an additional attachment to the IAA, if necessary.

2 The IAA functions as the primary instrument through which self-help funds may be obligated and committed to a self-help activity. As such, the IAA must specify the exact amount of funds to be obligated and include the fiscal data specified in 10L5 below. As a minimum, the specific data contained in Attachment 10L must be included. These specific data include, but are not limited to:

a A brief description of activity

b The name of the official or the organization which will monitor activity implementation.

c The amount of financing, expressed in dollars, which the U.S. Government will provide.

d The date on which implementation is expected to begin.

e The terminal date for issuance of implementing (action) documents such as purchase orders, contracts, requisitions, etc. (Note: This date can be no later than 1 month after the date of the IAA.)

f An agreement that the U.S. Government financing will be canceled for items on which implementing documents have not been issued within 1 month of the date of the IAA. See Attachment 10L Standard Provisions, Item D, page 2. This time limit must be strictly adhered to.

(b) Format and Execution

Attachment 10L sets forth a suggested IAA format containing certain basic elements that must be included in each IAA. In addition to the signature of the Principal U.S. Diplomatic Officer, signatures and clearances required on each IAA vary from country to country, depending on the cooperating government. As far as AID/W is concerned, an IAA bearing the signature of the Principal U.S. Diplomatic Officer, or his/her designee, and the signature of an authorized representative of the implementing agent (town council, school, government ministry, etc.) suffices to constitute a legal obligation of U.S. funds. However, in many countries the cooperating government may require case-by-case clearance or authorization at an appropriate ministerial, or equivalent, level of the government.

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(c) Distribution

The IAA is executed in a sufficient number of signed copies to permit distribution of the minimum number of copies to the following:

U.S. Embassy - Self-Help Activity File
Implementing agency - For use in assuring prompt implementation in accordance with the agreement

Cooperating government - When conditions warrant

Embassy or USAID Accounting Station - As support of the official accounting records (attached to the Monthly Memorandum Obligation Record)

AFR/DP - For future programming reference

AF/EPS - For State Department reference

DS/POP - For population assistance self-help activities.

(3) Individual Activity Completion Notification (IACN)

Effective July 1, 1971, the only requirement for an IACN is a simple written notification from the implementing agent or activity supervisor indicating that the activity has been completed and the extent to which the activity's purpose was fulfilled. This notification is to be filed with the IAA in the Embassy and is not to be submitted to AID/W. In those cases when the implementing agent or activity supervisor fails to provide such notification, the responsible U.S. official himself/herself is to provide a memo to the file stating these circumstances and indicating completion of the activity on the basis of whatever information is available (e.g., a visit to the activity by a U.S. official, etc.). The purpose of the IACN is to provide a basis for the annual summary report, 10L3b(4) below, and to provide a record of the use of funds.

(4) Annual Summary of Self-Help Activities

The only program report which is submitted to AID/W and the Department of State is the Annual Special Development Activity Self-Help Summary Report, Report Control Symbol U-1323/1 (AFR). The report summarizes self-help activities of each fiscal year and is submitted by memorandum for receipt at AID/W by October 31. The memorandum report is addressed to the attention of AFR/DP, and State AF/EPS. If population assistance self-help activities are also summarized, the report includes DS/POP as an additional AID/W addressee of interest. This report includes for each activity, the IAA number and title,

an estimate of the number of people benefited, the amount of U.S. financing, the recipient's self-help input, and a one-or-two-sentence description of the activity. The report provides AID/W and the Department with an accounting of activities in such a form that it can be used for both program and Congressional presentation requirements. Although not required, Embassies are encouraged to submit write-ups along with photographs in the case of activities which were particularly interesting or successful.

4. Special Procurement Authorities and Requirements

a. Special Authorities

(1) Self-help activities are exempt from procurement source requirements except in the case of vehicles and commodities having their source and origin in Southern Rhodesia or non-Free World Countries. See also HB 15, AID-Financed Commodities, Ch 2A.

(2) The Principal U.S. Diplomatic Officer is authorized to waive the Small Business Notification procedure for U.S. purchases of $5,000 or more. A copy of such waiver is filed in the post's Self-Help Activity folder. The Small Business Notification requirement does not apply to U.S. purchases of less than $5,000 or non-U.S. purchases of any amount. See also HB 15, AID-Financed Commodities, Ch 6, and HB 14, Procurement Regulations, Ch 7-6.

b. Procurement Documentation

Given the nature of self-help activities, self-help funds are spent usually to purchase common goods and services which are available locally. For such procurement, standard purchase orders normally executed by the post are to be used; i.e., form FS-455 (Purchase Order, Receiving Report & Voucher), SF 147 (order for Supplies or Services), etc. See Attachment 10M.

c. Marking Requirements

Self-help activities are subject to the marking requirements of HB 15, Ch 21. As such, AID decals usually are required on all equipment and commodities financed with self-help funds. Given the nature and purpose of self-help activities, however, marking requirements are to be applied with discretion. To insist that an AID sign or plaque be placed on a structure in which the U.S. input was relatively small compared with the total cost or when appearance of emblems would produce antagonistic or derisive reaction could nullify the good will generated by the U.S. contribution. In another case, however, the Embassy may have financed a number of typewriters in which case AID decals should be affixed. If the Embassy is in doubt regarding a particular case, AID/W is to be consulted.

5. Fiscal Accounting and Reporting

a. Obligational Authority

The Assistant Administrator, Bureau for Africa, or his/her designee, advises each post Ambassador of the funding limitations established for the incurrence of individual obligations in each fiscal year. Timely issuance of advices of limitation authority to the posts is an operating function of USAID's and Embassies in coordination with the AID/W allottee. For population assistance self-help projects, this function is coordinated with both the AID/W allottee, AA/DS, and the Bureau for Africa. Within established funding limitations, IAA's may be signed obligating funds without further verification beyond Post allotment accounting Records as to fund availability. The Principal Diplomatic Officer (i.e., Ambassador) or his/her designee may sign obligating IAA's based on the Delegation of Obligating Authority from Assistant Administrator, Bureau for Africa, 10L2b above.

b. Official Accounting

For FY 78 and subsequent fiscal years, the official accounting for self-help funds is located in the Embassies or at a USAID field accounting station. Allotment and project accounting records are maintained to meet regulatory accounting and reporting needs. For FY 1977 and prior years, the official accounting station is located in FM/PAD, AID/W, encompassing only the residual self-help allotments.

The FY 1980 allotment structure is XXX-59-cty-00-75-XX

(1) the applicable funding appropriation code replaces the three X's in the 1st segment above;

(2) the benefiting country code replaces "cty" in the 3rd segment above;

(3) the proper fiscal year designation replaces the two X's in the last segment of the above allotment symbol. (01 for FY 80) (See HB 18, App D.)

Normally, the allotment/project accounting functions are performed by the Embassy budget and finance office located in the benefiting country. When this is not feasible, the USAID or Regional USAID Controller's office prepares the monthly U-101 SALT Reports and the quarterly U-750/3 Project Financial Activity Quarterly Report (form AID 750-10) based on fiscal documentation submitted by the appropriate Embassy officials. The USAID accounting station provides a field

location to which the Embassy staff can supply the necessary fiscal documentation needed to meet the requirements of P.L. 663, Section 1311. USAID Controllers have the responsibility to provide an accounting service for the self-help allotments and projects when it is determined that the Embassy staff cannot perform this accounting function.

USAID Controllers are required to obtain the signature of an Embassy official attesting to the validity of self-help obligations annually. This certification can be in the form of a memorandum report showing the cumulative balances as shown in the USAID accounting station's U-101 Report for self-help activities.

c. Project Number

A single project number is assigned to each country in accordance with HB 3, Appendix 6B. The establishment of the project number is coordinated by AFR/DP and State AF with the post to assure adherence to the AID numbering system. The FY 1980 and subsequent fiscal years' project number is composed of a three-digit country code and a four-digit sequential serial number. For example, the 17th Senegal Special Self-Help project number is written 685-9917. For all self-help categories, only a single project number covering self-help activity is assigned per examples below:

Cty	Sequential	Title
XXX-	99XX	Special Self-Help Development
XXX-	98XX	Human Rights Fund
XXX-	97XX	Population Self-Help Fund

d. Individual Activity Agreement Number - Obligating Funds

(1) Obligating Document

Documentation for obligating funds, the IAA, must contain the basic elements as described in 10L3b(2) above. See also Attachment 10L. Since the IAA is essentially a subproject within the general Self-Help Project for each country, it is essential to assure proper identification of each activity. Full accounting information must be included in each IAA executed in addition to the other pertinent data.

(2) Individual Activity Agreement - Obligation Number System

Each activity financed with self-help funds is assigned a serial control number that will identify the fiscal year in which the

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activity is financed, the three-digit country code, and a sequential IAA control number assigned from 01 through 99 executed during the fiscal year. For example, Number 8685090 would be assigned to the ninth IAA for Senegal during Fiscal Year 1978. The suggested USAID system of numbering is as follows:

9 685 09 0

Fiscal Year Indicator (i.e., 8 for 1978; 9 for 1979; etc.)

Country Code per HB 18, Attachment A-11 to Appendix D (Code 685 for Senegal)

Sequential Control Number Assigned by Post to Each IAA Issued During the Fiscal Year (i.e., 01 thru 99)

All IAA Obligation Numbers End With Zero (0) for those FY 1977 and prior obligations liquidated in AID/W. USAIDs and Embassies will utilize this digit based on local requirements.

e. Implementation (Action) Documents

(1) Preparation and Purpose

Although the IAA obligates funds for an activity, it is essential that purchase orders, contracts, requisitions, etc., be issued to implement the activity. See Attachment 10M. Normally, such implementation documents are prepared for release when the IAA is signed.

(2) Delayed Issuance

To accommodate those cases when implementation documents are not ready for release immediately, a period of up to 1 month's delay may be written into the IAA. When such a delay is permitted, the Principal U.S. Diplomatic Officer must assure that all provisions of the IAA are monitored closely to preclude embarrassment which could result in connection with such activities.

10L5e

(3) Implementation Document Number

Implementation documents must be issued to carry out the provisions of each IAA. Usually not more than four documents are utilized. A numbering system is prescribed to easily identify the implementation documents with the related IAA and provide for the systematic grouping of such documents for accounting control. The implementation document number is the same as the IAA number, except it contains an alphabetical suffix; e.g., 8685090-A, 8685090-B.

f. Activity Implementation Record

(1) Upon the execution of an IAA, an Activity Implementation Record, Attachment 10N, is established and filed in the Embassy Project Activity folder. This record is subsidiary to the Memorandum Obligation Record (MOR), 10L5g below, and provides the detail on procurement and related implementation actions by IAA as a separate control.

(2) Initially the Activity Implementation Record shows the IAA number, project title, amount obligated, date of obligation, and the date on which the last implementation documents must be issued.

(3) As implementation documents are completed they are recorded in this record showing the date of issuance, assigned document control number, dollar amount of the document, and a computed balance of the obligation remaining to be implemented. A brief note as to the purpose of the implementation document may be included, when appropriate.

(4) This record is used also to reflect adjustments for the cost of items which may change as the result of price changes or fluctuation in exchange rates, when no formal amendments to original orders or procurement documents are necessary.

(5) Entries to this record are the same as the entries recorded in the Memorandum Obligation Record, Attachment 10-O.

g. Memorandum Obligation Record (MOR) - Current-Year Funds

(1) Entries to the official accounts maintained at the field accounting station are based on the MOR Attachment 10-O, and the attached copies of each IAA obligation.

(2) A single copy of the MOR, with a copy of each IAA are mailed immediately following the close of business for each month to the appropriate Embassy B&F office and/or USAID Accounting Station performing the fiscal accounting service required by the allottee.

(3) The MOR is reproduced by each post on letter-size paper. Since certain parts of the MOR remain the same each reporting period, repetitive data may also be preprinted on the form. These data include the country name, project number, and the applicable allotment symbols (excluding the fiscal year indicator in the first and last segments) for population assistance and nonpopulation assistance self-help projects, i.e., allotments 944-XX-CTY-00-75-91 and 946-XX-CTY-00-75-91, respectively.

(4) The Embassy administrative officer at each post usually has the responsibility for maintaining the MOR and forwarding it to the appropriate field USAID or Embassy Accounting Station with supporting documents, immediately following the close of business for each month.

(5) The MOR is designed to serve the following purposes:

(a) As a control record to assure that obligations which are in excess of the available balance of obligational authority established as provided in 10L5a above are not signed.

(b) As a transmittal letter for submitting copies of IAA obligation documents to the official field accounting station.

(c) As a reminder and check to assure that implementation action is taken when total obligations and total implemented are not equal.

(d) As a means of adjusting obligations "upward" or "downward" when the actual cost is at variance with the original obligation.

(e) To reconcile the official accounting reports and IAA records maintained at post.

h. Memorandum Obligation Record (MOR) - Prior-Year Funds

(1) For record purposes and to assure that prior fiscal year obligations are adjusted "upward" or "downward" in line with the actual expenditures, the MOR also is prepared when activity affecting prior-year obligations occurs during the month. It is not necessary to prepare a MOR for prior fiscal year funds unless there is activity during the month affecting these obligations. The only time a document needs to be attached to the prior-year MOR is when an amendment to an IAA is issued. Adjustments necessary when actual costs exceed the amount obligated are covered by either a deobligation of funds which were obligated in the same fiscal year or from the current-year allotment. Therefore, it is essential that sufficient funds be obligated initially to cover the expected U.S. financing to be required.

(2) If prior year (FY 1977 and prior) deobligations are not adequate or available to cover cost overruns or other upward adjustments of prior year procurement actions (not involving change in scope or purpose), the post requests AID/W, FM/PAD for authority to increase the amount of the underlying IAA as a charge against the limitation from current-year funds. FM/PAD ascertains availability for this purpose from the official accounts and coordinates with AFR/DP and DS/POP advice to the post of the increase of the IAA in an appropriate amount. Increases and offsetting decreases in IAA's, with unutilized balances after project completion, are subject to the limitation authority (and increments if issued) established for the post's current-year self-help program, 10L5a above. USAID or Embassy accounting stations are responsible for rendering the above information on prior year deobligations applicable to FY 1978 and subsequent fiscal years' allotments.

i. Allotment Accounting

(1) FM/PAD maintains FY 1977 and prior years allotment accounts for the single allotment of funds made to the Assistant Administrator, Bureau for Africa for nonpopulation self-help activity. For the population self-help program, a separate allotment account is maintained for funds allotted to the Assistant Administrator, Bureau for Population and Humanitarian Assistance. See 10L2b above. Input to these accounts is based on monthly MOR reports with supporting IAA's submitted by each post.

(2) The FY 1977 and prior allotment accounts group the obligations by post, based on the obligation number and fiscal year.

(3) Effective with FY 1978 and subsequent fiscal years, the Embassy Budget and Finance Office or the appropriate USAID Controller's accounting station as shown in the (AID form 7-158) Advice of Allotment (prepared by AFR/DP) maintains the official allotment accounts applicable to self-help funds identified by the use of purpose code "75" in the allotment symbol (xxx-59-cty-00-75-xx). The benefiting country is inserted as appropriate in the place of "cty". (see HB 18 App D)

(4) The allotment accounts provide the data for Agency internal and external reporting requirements.

j. Project Accounting

(1) Agency Requirements

Funds used for self-help activities, which are encompassed under AID's technical assistance program, are subject to project accounting as an integral element of control in the Agency's financial management operations. See also HB 19, Ch 8 and Ch 9.

10L5j

(2) Single Project/Multiple Activities

A single self-help project is established for each country. Numerous activities, for which funds are obligated by individual IAA's, are undertaken within the country for nonpopulation assistance self-help activities. Another AID/W project is established for interregional population self-help projects and a third for human rights activities. A special numbering system is prescribed in 10L5d(2) for use in controlling and identifying each IAA. These documents are summarized by country in the Agency's project accounting system for which input is derived from USAID allotment accounts. Input to the latter is provided by the Embassy from MOR's and attached IAA's submitted by the posts. Project reports at the summary level are furnished to the posts and reconciled by the appropriate field accounting station based on post review and reconciliation of accounting information on unliquidated obligations furnished for this purpose from the official accounts as provided in 10L5j(3) below.

(3) Post Reconciliation - Report on Trial Balance of Unliquidated Obligations by Project

(a) Copy to Post

FM/PAD as appropriate for FY 1977 and prior fiscal years forwards the monthly Report on Trial Balance of prior year Unliquidated Obligations by Project, Attachment 10P, to the post following the closing of each month's accounts. The Official having responsibility for preparing the MOR, Attachment E, as prescribed in 10L5g above, reviews immediately the trial balance following receipt.

(b) Post Action

The trial balance is checked against the MOR maintained at the post to assure that all prior year obligations have been recorded correctly to the official FM/PAD accounts. The IAA document numbers and monetary amounts are to be identical with the post records. The only exception will be in those cases when expenditures are processed directly to FM/PAD from another paying post (e.g., RFC Paris or purchases in the United States paid directly), or when the exchange rate has changed between the date of the obligation and the date of the expenditure). These differences are adjusted when the differences become known. Post review assures that unliquidated balances of IAA obligations are valid and represent bona fide plans and actions to be carried out under each IAA for ongoing currently effective self-help activities and projects. Post review is performed as a continuing phase of the verification process prescribed by Section 1311 criteria. See also HB 19, Ch 1.

10L5j(3)

(c) Adjusting Erroneous Records

Any corrections or adjustments necessary to assure the accurate and correct statement of the FY 77 and prior year self-help accounts are to be directed immediately to FM/PAD for timely input to the official accounts. It is of utmost importance that these submissions be made promptly to FM/PAD and/or AF/EPS to assure that accountability for AID self-help funds are fully, adequately, and timely reflected in the official accounts from which reports for AID management and central fiscal agencies and other outside authorities are prepared.

(4) Fiscal Field Accounting Station Action

For FY 1978 and subsequent fiscal years the appropriate Embassy or USAID field accounting station receives a quarterly project report from AID/W, FM/CAD. Balances are verified and maintained by the field in accordance with requirements of HB 19, Chapter 9F.

k. Self-Help Program in Africa - Flash Report of Obligations (Report Control Symbol U-1323/2) and U-102 (Flash Report of Obligations and Disbursements)

(1) Due Date/Purpose

A flash report of obligations is due in AID/W on the first working day of each month. The purpose of this flash report is to assure that Agency financial reports contain current information as to the obligations which have been incurred. This flash report is used to capture obligations incurred in financial reports.

(2) Flash Report Format

The flash report, U-1323/2, itemizes each obligation issued and its amount for the month reported. Cumulative obligations are also reported. The format follows:

Subject: FY 1977 and Prior Self-Help Obligations for FM/PAD and AF/EPS

1.	8685080	$ 800.00
	8685090	600.00
	8685100	745.00
	Total for (show month)	$2,145.00
2.	Cumulative	$9,685.00

10L5k(2)

3. Embassy and USAID accounting stations are to establish a similar method of reporting monthly obligations for FY 1978 and subsequent fiscal years in order to meet the monthly flash report requirements contained in the U-102 Report (see HB 19, Chapter 9C).

1. Funding Costs of Activities

(1) Direct payment to vendors or suppliers for services or commodities, using form FS-455, is the preferable method of financing self-help activities.

(2) An acceptable alternative method is to reimburse the cooperating-government ministry, based on claims for reimbursement, appropriately supported by financial expense reports, which in turn are documented in accounting ledgers and expenditure records that must be made available to the U.S. Government for audit purposes.

(3) Based on local conditions, the post may follow the well-established local customs in assuring that liquidation of U.S. obligations are promptly and efficiently processed.

(4) The issuance of a check for the total amount of the project is not recommended; nor is it in accordance with good cash management policies as promulgated in the Treasury Fiscal Requirements Manual (T.F.R.M.). "Cash advances to a recipient organization shall be limited to the minimum amounts needed and shall be timed to be in accord only with the actual, immediate cash requirements of the recipient organization in carrying out the purpose of the approved program or project" Section 205.4, App. No. 1 (Circular 1075), Part 6-1000, T.F.R.M. In any case, the maximum advance given should not exceed one month's cash requirement, unless it jeopardizes the entire project. The direct payment of vouchers submitted, or the reimbursement of claims paid, by the recipient are the preferred methods of payment.

m. Processing Payments

(1) Regular U.S. Disbursing Officer (USDO)

Posts process expenditure vouchers through regular established disbursing channels. When payments have been made, the USDO prepares the SF 1221, Statement of Transactions according to Appropriations, Funds, and Receipt Accounts and forwards it, with paid vouchers, in the usual manner.

(2) Regional Budget and Fiscal Officers

When facilities of a Regional Budget and Fiscal Organization are utilized, such as Abidjan, Ivory Coast, Yaounde,

Cameroon, Nairobi, Kenya, or Pretoria, South Africa, the same disbursing services are provided. The post executes obligating IAA's, and implementing purchase orders without any additional authorization other than that provided in this Handbook. When goods or services are received, the post official signs the receiving report (form FS-455). This form is then forwarded to the Budget and Fiscal Officer for payment purposes following the usual established disbursing routine and is used for accounting support in the local field accounting station allotment records.

n. Audits

(1) General

Special self-help activities are subject to the same general internal and external audits as other activities financed from funds made available to AID.

(2) AID Auditor General (AG)

(a) Special self-help activities implemented by the Embassy are subject to audit by AG. The scope and extent of audits may vary from post to post, depending on the size and condition of the program in each country.

(b) AG schedules audits to the extent desired or essential to assure that activities financed from self-help funds are within the intent of applicable regulations, are fundamentally sound for financing, and effectively managed.

(3) Post Self-Audits and Followup

It is the responsibility of each post to provide followup on activities which are financed from U.S. Government funds and to assure that maximum benefits are derived. Followup is made at least once during the implementation stages of a project, and more frequently if the nature and amount of U.S. financing warrants. Before the final bill is paid for the activity, the post assures that the activity has, in fact, been successfully completed. A simple brief written record of followup and findings is prepared by the post official and retained in the post Self-Help Activity file for internal and external audit uses. See 10L3b(3) above. * *

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* * New Material

10M Accounting and Internal Control Procedures for AID Self-Funded Participant Health and Accident Coverage (HAC) Program

1. General

Effective February 1, 1980, AID adopted an AID Self-Funded Participant Health and Accident Coverage (HAC) Program for the financing of medical costs for all AID-financed non-U.S. participants training in the United States. This Program is currently administered by a contractor, Trust Fund Administrators, Inc., 1030 15th Street, N.W., Suite 500, Washington, D. C. 20005 (the HAC Program Administrator), under the Cognizant Technical Office - Office of International Training, Bureau for Science and Technology (S&T/IT). This section is to establish accounting and internal control procedures for the HAC Program.

2. Categories of Participants

The following categories of participants are A.I.D. financed for training in the United States but programmed and/or implemented by various agents. These participants are eligible for enrollment in the A.I.D. Self-Funded Participant Health and Accident Coverage (HAC) Program. Coverage is mandatory for AID directly administered participants and participants under AID-Direct Contracts ((1), (2) and (3) below); coverage is optional for host government contractor administered participants ((4) below).

a. S&T/IT Directly Administered Participants (Funded PIO/Ps are issued)

(1) Participants programmed by A.I.D. for training in the United States and implemented by Office of International Training, Bureau for Science and Technology, AID/W.

(2) Participants programmed and implemented for AID by other U.S. Government agencies or by programming contractors (currently SECID and Roy Littlejohn Associates, Inc.).

b. Contractor Administered Participants (Funding Included in Contract Budget)

(3) Participants programmed and implemented by individual contractors/grantees (contracts between A.I.D. and contractor/grantee).

(4) Participants programmed and implemented by host government contractors (A.I.D. financed contracts between governments of A.I.D. receiving countries and contractors).

3. Responsibility

a. S&T/IT is responsible for (1) maintaining an automated participant data system collecting information on all eligible participants as prescribed in 10M2 above, (2) authorizing the HAC Program Administrator to issue "Enrollment Cards" to the eligible participants, (3) establishing standards for processing payments of claims under the HAC Program, and (4) supervising the operations, and monitoring the control procedures, of the HAC Program.

b. M/FM/PAD is responsible for (1) maintaining an accounting system for control of the HAC Program funds, (2) transferring funds for HAC fees from the Participant Master Disbursing Account (for S&T/IT directly administered participants as prescribed in 10M2 above), (3) issuing FRLC for advance to the HAC Program Administrator for processing medical claims, (4) reviewing and processing expenditure vouchers (SF-1034) submitted by the HAC Program Administrator, and (5) monitoring, and reporting results of, internal control procedures for the HAC Program. M/FM/CAD is responsible for receiving and depositing HAC fees collected from contractors (for contractor administered participants as prescribed in 10M2 above).

c. The HAC Program Administrator is responsible for (1) issuing "Enrollment Cards" to the eligible participants only based on the authorizing list furnished by S&T/IT, (2) maintaining necessary records as specified in the contract, (3) processing medical claims in accordance with the standards established by AID (S&T/IT), and (4) periodically submitting reports to AID as required in the contract.

d. The Office of the Inspector General is responsible for having the HAC Program Administrator's medical payment system audited and for determining overhead rates on a timely basis.

e. It is the joint responsibility of M/FM/PAD and S&T/IT to determine the HAC fee rate for providing sufficient and adequate funds for the HAC Program.

4. Operating Guidelines for Internal Control under HAC Program

HB 10, Chapter 23 prescribes the detail operating procedures for issuance of HAC Enrollment Cards. The following outlines and emphasizes internal control guidelines for the administration of the HAC Program.

a. Enrollment of Participants under HAC Program

(1) S&T/IT Directly Administered Participants

(a) M/FM/PAD performs a review of the PIO/Ps in the budget formulation process to ascertain if various line items are in accordance with authorized allowance and that there is proper inclusion of the HAC fee.

(b) S&T/IT, at the time of "call forward" or the earliest date that participant's arrival is known, issues a list of eligible participants for enrollment authorizing the HAC Program Administrator to issue "Enrollment Cards".

(2) Contractor Administered Participants

(a) Contractors mail post cards (Form AID 1380-98) to S&T/IT requesting enrollment of participants.

(b) S&T/IT approves the post cards and forwards to the HAC Program Administrator for issuance of "Enrollment Cards".

b. Monthly Report of Eligible and Enrolled Participants

At the end of each month, S&T/IT issues a report of all eligible participants, who have been enrolled in that month, in two parts: (1) AID Directly Administered Participants including PIO/P No., Name of Participants, and Period Covered, and (2) Contractor Administered Participants including Contract No., Name of Participant, and Period Covered. This report will be used by M/FM/PAD for (1) transfer of funds, and (2) verification of eligibility for medical claims.

c. Fund Control

(1) AID Directly Administered Participants

On the basis of the part (1) of the S&T/IT monthly report of eligible and enrolled participants (see 10M4b above), M/FM/PAD transfers the computed HAC fee earned from the Participant Master Disbursing Account to Pseudo Allotment "B" (see 10M5 below).

(2) Contractor Administered Participants

(a) Contractors have been instructed to send, within thirty (30) days after enrollment, HAC fees computed on the basis of the fixed rate per participant per month to M/FM/CAD. The minimum period for calculation of HAC fee is one month -- that is, one participant-month, 30 days, not one calendar month -- HAC fees may not be prorated for fractional periods of less than 30 days.

(b) M/FM/CAD receives remittances from the contractors and M/FM/PAD transmits a list to the HAC Progam Administrator for inclusion in records as participants who have remitted HAC fee for a specified period of time.

(c) M/FM/CAD immediately deposits receipts for credit to Pseudo Allotment "A" (see 10M5a below).

(d) At the end of each month, M/FM/PAD transfers the earned HAC fee for contractor administered participants on the basis of part (2) of the DS/IT monthly report of eligible and enrolled participants (see 10M4b above) from Pseudo Allotment "A" to Pseudo Allotment "B".

(e) The HAC Program Administrator, at the end of each month, prepares the following reports to S&T/IT and M/FM/PAD:

1 A listing of all covered participants segregated by type.

2 Exception reports for:

a Enrolled participants for whom remittances have not been verified as received.

b Remittances received which can not be matched with enrolled participants.

(f) For exception report a, the HAC Program Administrator is to follow-up after 30 days of enrollment with a notice to the contractor(s) indicating that the required HAC fee has not been paid . A copy of this notice is attached to the exception report a which will be provided to S&T/IT and M/FM/PAD.

(g) If payment has not been received by the end of the second month of enrollment, the HAC Program Administrator sends follow-up notice(s) to S&T/IT for signature and then to the delinquent contractor(s).

(h) If payment has not been received by the end of the third month of enrollment, a formal Bill for Collection (Form AID 7-129) will be issued by M/FM/PAD and input into the AID mechanized Accounts Receivable System based on the listing provided by the HAC Program Administrator. No action will be taken by AID to stop possible claim payment for reason of non remittance of HAC fees due for authorized enrolled participants.

(i) S&T/IT in coordination with M/FM/PAD will attempt to identify participants reported on exception report b for the use of the HAC Program Administrator.

d. Verification of Medical Claims

(1) At the end of each month, a no pay voucher will be submitted by the HAC Program Administrator which will be supported by reports of claims paid for covered participants. M/FM/PAD will perform a review of the claims processed by the HAC Program Administrator by employing acceptable statistical

sampling techniques to make certain that the participants are eligible and HAC fees have been paid. The S&T/IT monthly report as prescribed in 10M4b and the HAC Program Administrator's monthly report are to be used as the basis for the verification.

(2) A quarterly report is to be submitted by M/FM/PAD to the Deputy Controller, FM on the results of the statistical sampling review.

e. Shared Administrative Costs of the HAC Program

Since the HAC Program Administrator concurrently administers under the same contract the similar health programs for the Nigerian participants (trust fund financed) and the participants under Department of State Narcotic Program, M/FM/PAD distributes, based on enrollment data, an appropriate share of the HAC Program Administrator's administrative costs to these other health programs.

5. Accounting System for Control of the HAC Program

a. Pseudo Allotments

Two (2) pseudo allotments are to be established and maintained by M/FM/PAD, AID/W as follows:

(1) Pseudo Allotment for HAC Fees Collected (Pseudo Allotment "A" - for FY 1980: 949-69-099-00-80-03)

(a) Pseudo Allotment "A" is credited for HAC fees collected by checks from contractors/grantees (for Contractor Administered Participants).

(b) Pseudo Allotment "A" is debited monthly for premiums earned based on Part (2) of the S&T/IT Monthly Report of Eligible and Enrolled Participants (see 10M4b) with an offsetting credit to Pseudo Allotment "B".

(c) The month-end balance in Pseudo Allotment "A" plus earned HAC fee receivables represents the unearned HAC fees collected from contractors/ grantees.

(2) Pseudo Allotment for Program Expenses (Pseudo Allotment "B" - for FY 1980: 949-69-099-00-82-03)

(a) Pseudo Allotment "B" is credited monthly for HAC fees earned which are (1) charged to the Master Disbursing Account for Participant Costs for S&T/IT Directly Administered Participants based on Part (1) of the S&T/IT Monthly Report (the Master Disbursing Account is to be zeroed out at end of each month to the various Pseudo Allotments for the "credit

disbursements" of participant costs transferred quarterly from Missions in U-101 Reports), and (2) transferred from Pseudo Allotment "A" for contractor administered participants, based on Part (2) of the S&T/IT Monthly Report of Eligible and Enrolled Participants (see 10M4b).

(b) Pseudo Allotment "B" is debited for all expenses incurred and paid for the HAC Program including monthly fee for the HAC Program Administrator, claim payments for participants, other expense for the Program, etc.

(c) Analyses of Pseudo Allotment "B" is to be used as a basis for determination of adjustment of future HAC fee rate.

b. Accounting Procedures

M/FM/PAD is responsible for maintaining two (2) Pseudo Allotments as described above. The following are the accounting procedures for the activities under the HAC Program:

(1) Collection of HAC Fees from Contractors/Grantees for Contractor Administered Participants

Upon receipt of the checks from the contractors/grantees, M/FM/CAD Cashier's Office deposits the checks and prepares a Notice of Collection/Adjustment (Form AID 7-128) including the following accounting information:

Dr. A/c 1111 Under Appropriation for Pseudo "A"
Cr. A/c 4100 - Pseudo Allotment "A"

The Cashier forwards the NC/A to M/FM/PAD which verifies the amount of the check for correct HAC fee for those covered.

(2) HAC Fees Earned

At the end of each month, M/FM/PAD receives from S&T/IT a report of eligible and enrolled participants by category. Based on the report, M/FM/PAD computes the amounts of HAC fees earned for that month and makes the following entries:

(a) For S&T/IT Directly Administered Participants on SF-1097 "Transfer Voucher"

Dr. A/c 4100 - Master Disbursing Account
Cr. A/c 4100 - Pseudo Allotment "B"

(Eventually the amount charged to the Master Disbursing Account will be allocated at the end of each month together with all other participant training costs to the various Pseudo Allotments for "credit disbursements" transferred from Missions.)

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1 copy

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(b) For Contractor Administered Participants on SF-1017G "Journal Voucher"

Dr. A/c 4100 - Pseudo Allotment "A"
Cr. A/c 4100 - Pseudo Allotment "B"

(3) Refund of Unexpired HAC Fees of Contractor Administered Participants

From time to time, FM/PAD receives notice(s)/request(s) from the contractors/grantees through DS/IT for refund of unexpired HAC fee due to reduction of training period. After the notice(s)/request(s) is verified and approved by DS/IT, FM/PAD prepares an SF-1034 for issuance of check(s) to the contractors/grantee(s) concerned charging to Pseudo Allotment "A". Contractors have the alternative and are encouraged to effect refunds due against future remittance due.

Dr. A/c 4100 - Pseudo Allotment "A"
Cr. A/c 1111 Under Appropriation for Pseudo "A"

(4) FRLC Drawdowns by the HAC Program Administrator

When drawdown(s) is reported from the Treasury, being a part of FRLC operation, FM/PAD prepares a Journal Voucher (SF-1017G) for the advances to the HAC Program Administrator as follows:

Dr. A/c 1323 Under Carrier Appropriation
Cr. A/c 1111 Under Appropriation for Pseudo "B"

(5) Expenditures Reported by the HAC Program Administrator

The HAC Program Administrator submits monthly SF-1034 covering payments made during the month for participant claims. A list of checks issued by the HAC Program Administrator during the month with payee information should be attached. The SF-1034 is processed as "No Pay" voucher with the following accounting entry:

Dr. A/c 4100 - Pseudo Allotment "B"
Cr. A/c 1323 Under Carrier Appropriation

(6) Other Expenses for the HAC Program

Other expenses for the HAC Program may include contract payment to the HAC Program Administrator etc. Such expenses are reported on SF-1034 by the HAC Program Administrator and/or others, which will be processed by FM/PAD for payment with the following accounting entry:

Dr. A/c 4100 - Pseudo Allotment "B"
Cr. A/c 1111 Under Appropriation for Pseudo "B"

6. Quarterly Reporting

FM/PAD is required to make a quarterly report to FM Deputy Controller on the status of the HAC funds. The statement will reflect the following:

a. Total HAC fees earned and trasferred to Pseudo Allotment "B" (Contract and PIO/Ps);

b. Total HAC fees collected (Contract);

c. Total HAC fees remaining outstanding yet to be collected from contractors;

d. HAC Program Costs (Trust Fund administrative costs and total medical claims).

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c. The Cash Transfer may be made by the Mission or by AID/Washington but is almost exclusively done by AID/W. In AID/W, M/FM/PAD schedules the payment and makes the disbursement for a grant. M/FM/LMD issues a DRA which is sent to M/FM/BFD who then schedules the payment and makes the disbursements for a loan. The payment is scheduled on a Standard Form 1166 and is certified by an Authorized Certifying Officer. The form is filled out to indicate that a TFCS (Treasury Financial Communications System) payment is involved. After the schedule is completed, M/FM/PAD or BFD effects a wire transfer with Treasury. In rare cases, the payment may be affected by check rather than wire transfer.

d. Under an unusual situation, a cash transfer may be made by the Mission. In such a case, FM/PAD (for grants) or FM/LMD (for loans) will send a Disbursing Authorization to the Mission where a Standard Form 1166 is prepared and certified. The SF1166 is then sent to the Disbursing Officer for issuance of a check. The transaction is transferred to M/FM in AID/W through AOC procedures.

e. The following information is required for a cash transfer prior to disbursement:

(1) copy of executed agreement or executed Program Assistance Agreement Abstract,
(2) evidence that all Conditions Precedent have been met and the date met,
(3) written request to establish a Cash Transfer Disbursing Authorization,
(4) any other documents which may be required under the terms of the agreement to make the disbursement,
(5) the dollar amount to be disbursed,
(6) the bank address, account name, and account number to receive the funds.

f. Information for 2,4,5, and 6 and advice of execution of the agreement may be in the form of cables from the Mission. Two full working days are required by M/FM after receipt of the documents to effect disbursement.

g. Deviations from the above procedures may only be authorized by the Controller, Deputy Controller, or other Office of Financial Management personnel serving in an "acting" capacity for the Controller or Deputy Controller of M/FM.

**10.0 Transfer of Financial Management Responsibilities

1. Purpose

This section prescribes specific procedures to be followed in the transfer of financial management responsibilities. These procedures apply to a change in accounting station not resulting from a Mission close out.

2. AID/W Responsibilities

a. Prepare and transmit to Mission Controller a checklist of specific items to be reviewed prior to departure.

b. Designate the new accounting station for the Mission.

c. Determine an effective date for accomplishment of the transfer.

d. Advise other Missions of the transfer of accounting station responsibility for the Mission.

3. Transferring Mission's Responsibilities

a. Make plans for the transfer or destruction, as appropriate, of Mission Controller/financial books, files and records.

b. Assemble documentary file of all unpaid invoices, travel claims, contracts, etc.

c. Assemble complete documentary file of all recorded Mission accounts receivable and follow-up action that has been taken in an effort to collect delinquent receivables. For each delinquent receivable, include a listing which summarizes actions taken along with a recommendation for final resolution.

d. Assemble separate documentary file of all unpaid notice of payment due on loans.

e. The Mission Controller/financial books, files and records must contain sufficient detail to permit the receiving Mission office to perform the required financial functions.

f. Controller Verification Statement and Memorandum

(1) The individual responsible for the transfer of the Mission Controller/financial books, files and records must prepare a memorandum together with a complete listing of all books, files and records being transferred to the receiving Mission office, with a copy to the Controller in AID/Washington, relating to the transfer with certification concerning specific required actions and inclusion of the verification statement below. **

** New Material

** (2) A Controller Verification Statement must be signed by the individual responsible for the transfer of the Controller/financial books, files and records, as follows:

> "I attest to the correctness and completeness of the books, files and records being transferred from my responsibility to the USAID/_____ Controller's responsibility. The financial management transfer procedures have been performed according to AID Handbook 19, Section 100 with the exception of the disclaimers and qualifications noted above."

_____
Mission Controller, or Designee

_____
USAID

_____
Date

4. Receiving Mission's Responsibilities

a. The Mission office assuming required financial functions is responsible for assuring a smooth transfer of financial operations, avoiding to the extent possible, a disruption in service.

b. The receiving Mission office must review the complete listing of all books, records and files against items actually received to ascertain that no items are missing in transit. The importance of the preparation of and the review of this complete listing can not be overemphasized.

5. Illustrative Memorandum

SUBJECT: Transferring of Financial Management Activities

TO: Receiving Mission Office (Copy to the Controller in AID/Washington)

As part of the transfer of Mission Controller/financial books, files and records, I certify that I followed the procedures as in AID Handbook 19, Section 100. The following specific actions were taken in order to assure that there was a complete and successful transfer of all records and supporting documentation:

1. Appropriate documentation exists to support all recorded Mission accounts receivables and follow-up action has been taken in an effort to collect delinquent receivables. For each delinquent receivable, a listing has been prepared which summarizes actions taken along with a recommendation for final resolution. **

** New Material

* *

2. Documentation exists to support all recorded obligations and the liquidation record accurately reflects the current status of each. A detailed listing of all unliquidated obligations has been prepared and made part of the financial records.

3. All outstanding cashier funds have been reconciled and accounted for along with all other cash advances that were outstanding to individuals.

4. All claims by suppliers, contractors and employees have been settled where possible and those that remain unpaid are identified in a separate file with a summary listing of individual recommended actions required for resolution.

5. All required reports have been prepared and submitted to AID/Washington as of _____.

6. The Allowance Ledgers, Project Ledgers, and Commitment Liquidation Control Records have been balanced and reconciled, one to the other on _____.

7. An interim Section 1311 review has been performed to ensure that all obligations are valid at the time of transfer.

8. The document files (i.e., project files, agent/contractor files, etc.) have been reviewed and updated as necessary to assure backup information for the books and records will be complete and readily available.

The following are disclaimers or qualifications to the items listed above:

1.
2.
3.
4.
5.

(NOTE: Disclaimers or qualifications must be stated in detail.) * *

* * New Material

CONTROLLER VERIFICATION STATEMENT

I attest to the correctness and completeness of the books, files and records being transferred from my responsibility to the USAID/_____Controller's responsibility. The financial management transfer procedures have been performed according to AID Handbook 19, Section 10.0 with the exception of the disclaimers or qualifications noted above.

_____
Mission Controller, or Designee

_____
USAID

_____
Date

6. Closing Out Financial Management Activities

The financial management closeout procedures may be found in AID Handbook 23, Section 13G. This section of AID Handbook 19 relates strictly to a change in accounting station not due to a Mission close out.

10.P. CHANGE IN BPC STRUCTURE

When a change in the structure of the Budget Plan Code is necessitated, the following procedures are to be used.

1. Change in Accounting Station

When the change does not involve a different appropriation account but rather a new accounting station, the following procedure is followed. For current year funds, an Advice of Budget Allowance is prepared decreasing the dollar amount to zero. A new Advice of Budget Allowance is then prepared with the new Budget Plan Code and old dollar amount. A notation should appear on both forms explaining the transfer and the reason therefore. All obligations and expenditures are simultaneously transferred. For prior year funds the same procedure is used with one exception; only the unliquidated portion is transferred, specifically, the unliquidated balance at the time of the transfer.

2. Change in Appropriation

If the change involves a new appropriation, for example, funds previously appropriated for the current fiscal year as annual funds changed by subsequent legislation to no-year funds or a completely different appropriation, then the following process must be followed. A cable to the Mission overseas and a memorandum to the AID/Washington offices is sent to all parties concerned informing them of such and requesting that the changes be made to their records. NOTE: If the change involves a small number of Budget Plan Codes, consideration should be given to following the same procedures used when a new accounting station is assigned as outlined in the previous section.

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ATTACHMENT 10A

RESERVED

WILL BE REISSUED WHEN 4FAM 437 IS UPDATED

UNIFORM STATE/AID/USIA REGULATIONS

437 Medical Expenses for American Employees and Dependents

437.1 Basic Authority

The regulations and procedures prescribed herein are based on the Foreign Service Act of 1946, as amended, and are subject to the Department of State Medical and Health Program regulations prescribed in 3 FAM 680.

437.2 Applicability

The medical regulations are applicable to eligible personnel (American employees and dependents) of all agencies participating in the Medical and Health Program by formal agreement (see 3 FAM 681.1).

437.3 Delegations of Authority

Department of State principal or administrative officers, or their formal designees, have been delegated authority to authorize medical services and related medical travel, and to approve payment therefor, for all American employees and their dependents covered by the Medical and Health Program. Such authority is subject to established regulations and special provisions or limitations as may be prescribed by participating agencies; e.g., USIA headquarters may, in certain instances, authorize a USIS officer at post to issue medical travel orders. Such special provisions or limitations will be directed to the post by the participating agency.

Certifying authority has also been delegated to overseas Department of State authorized certifying officers for medical expense vouchers chargeable to funds of participating agencies at all posts where the certifying function is normally performed for the agency under an administrative support agreement.

437.4 Authorized Medical Services

Authorized medical services include immunizations, examinations, hospitalization and related treatment, medical travel, and travel of medical attendants, as explained in 3 FAM 683 throught 686.

Particular attention must be given to certain limitations prescribed therein; e.g., the first $35 of the cost of dependent medical treatment may not be paid from appropriated funds, and expenses incurred beyond 120 days for a dependent's medical treatment are to be handled in accordance with 3 FAM 685.2.

437.5 Funds Chargeable

a. Direct medical expenses incurred in behalf of Department of State personnel (American employees or dependents) are chargeable to the applicable appropriation and allotment prescribed by Appendix A (e.g., hospitalization and related expenses are chargeable to a Washington-held allotment; examinations, immunizations, and medical travel are chargeable to the appropriate post allotment). Authorized direct medical expenses incurred in behalf of personnel of other participating agencies are chargeable to the respective agency's funds in accordance with funding instructions provided by the agency concerned (see 3 FAM 681.5-1). For A.I.D., see M.O. 758.2 IV F.

b. Shared medical expenses, such as services provided by post health units overseas, are charged initially to the applicable post shared allotment of the Department of State, Salaries and Expenses appropriation. Each agency receiving such services is billed for its share of these expenses in accordance with established shared administrative support agreements (see 3 FAM 681.5-2).

c. Amounts deposited as the employee's share of the cost for medical care of a dependent are processed as refunds to the appropriation and allotment chargeable for the remaining portion of the authorized expenses incurred in each case. Department of State allottees and participating agencies are advised of such credits to their funds by FS-477 or copy of document under DS-1491 during the month in which the deposit was received. U.S.A.I.D.'s are advised by a Form A.I.D. 7-46, Mission Advice of Charge. See Exhibit 437.7(p.2), item 6.

When deposits are made at overseas posts, Form FS-459 is prepared (see section 322) and a copy given to the employee as a receipt (for A.I.D., see M.O. 758.2). Form DS-408, Record of Remittance, is prepared for deposits made at the Department. In all such cases, the receipt form is cross-referenced to the covering Form FS-569 Authorization for Medical Services for employees and/or dependents.

437.6 Charges for Medical Expenses

437.6-1 Billings From Medical Facilities

a. Medical services authorized at Government expense at U.S. Government medical facilities are billed to the authorizing post on a SF-1080, Voucher for Transfers Between Appropriations and/or Funds, supported by copy No. 2 of the Authorization (FS-569) or the post's letter authorizing examinations or immunizations.

b. Medical services authorized in advance and at Government expense in non-Government facilities are also billed to the authorizing post. The billing is supported by copy No. 2 of FS-569, for hospitalization and related services, and by the post's letter of authorization for immunization and examination.

c. When patients are evacuated to facilities in the United States, hospitalization and related services are authorized by the Department of State Office of Medical Services (DG/MED). DG/MED is billed for all such medical services and it vouchers and administratively approves the vouchers for payment by the respective agency in Washington, with the exception of billings received for in-service medical examinations obtained with letters of authorization issued by the employee's last post of assignment. Such billings are returned to the authorizing post for payment, with the exception of billings received for examination of A.I.D. personnel in the United States. The latter are forwarded to A.I.D./W for payment.

UNIFORM STATE/AID/USIA REGULATIONS

437.6-2 Employee Claims

Upon receipt of a properly documented employee claim (see Exhibit 437.7 (p.3)), the principal or administrative officer, or designee, reviews the claim to determine whether the medical services are reimbursable under the provisions of 3 FAM 680. If so, a DS-1486 is prepared (see section 437.7) and administratively approved for payment of amounts authorized, less any amount actually recovered by the employee from medical insurance benefits (see section 437.9). Reimbursement for authorized expenses incurred need not be delayed pending the filing of a claim for insurance benefits when immediate payment is requested by the employee for reasons of financial hardship. The attending physician's certificate and the statement (any statement identifying the medical treatment or disease treated) of the physician and/or the post medical adviser, if any, are detached and transmitted with a copy of the DS-1486 as "medically privileged" information to the Department of State, Attention: * Deputy Assistant Secretary for Medical Services * (DG/MED) for filing in the employee's medical record. (See 3 FAM 685.4.) The remainder of the claim file is then forwarded for post certification and payment.

437.7 Vouchering Medical Expenses

437.7-1 General Instructions

a. All claims or billings for payment or reimbursement of medical expenses, other than travel and transportation expenses, are vouchered on Form DS-1486, Voucher or Subvoucher for Medical Expenses, in accordance with Exhibit 437.7. Billings for hospitalization and related treatment, immunization, and examinations are supported by a Form SF-1080, Voucher for Transfers Between Appropriations and/or Funds, or other appropriate billing, and by copy No. 2 of Form FS-569, Authorization for Medical Services for Employees and/or Dependents, (see 3 FAM Exhibit 685.4) or, for immunizations and examinations, by a copy of the signed letter of authorization (see 3 FAM Exhibit 683.2 (p.2)).

b. Vouchers covering medical treatment expenses claimed for reimbursement by employees after the facts are supported by a request for reimbursement prepared in the form illustrated by Exhibit 437.7 (p.3) and receipts for all expenses paid by the employee. (Employee claims for reimbursement of expenses incurred for examination or immunization of dependent children need only be supported by the receipted invoice of the attending physician.)

c. Medical travel and transportation expenses are vouchered and paid in accordance with the provisions of subchapters 460 and 470, respectively (for A.I.D., see M.O. 758.2 IV). Compensation payments to contract medical attendants are vouchered on FS-455 or a modified DS-1486. Vouchers covering compensation, travel or transportation for contract medical attendants are supported by a copy of the medical attendant agreement in each case (see 3 FAM 686.2).

d. Under no circumstances should medical reports be attached to vouchers. Such reports are "medically privileged" information and whenever they are received with billings they should be detached and transmitted immediately by air pouch to the Department, Attention: Deputy Assistant Secretary for Medical Services (DG/MED).

AID HANDBOOK 19, Att 10A	TRANS. MEMO NO. 19:24	EFFECTIVE DATE February 28, 1972	PAGE NO. 10A-4

Exhibit 437.7 (p. 1)

DS-1486, VOUCHER OR SUBVOUCHER FOR MEDICAL SERVICES

DEPARTMENT OF STATE
VOUCHER OR SUB-VOUCHER FOR MEDICAL SERVICES

D. O. VOUCHER NUMBER 3250 (1)
BUREAU VOUCHER NUMBER

VOUCHER PREPARED AT (Place and date) AMEMBASSY, Bangkok 11/12/64

PAID BY (For use of paying office) William A. Bursar, USDO, Bangkok, Thailand 6226

THE UNITED STATES, Dr.,

TO (Payee) John R. Smith
ADDRESS U.S. A.I.D., Bangkok

FULL NAME OF PATIENT CLASS, POST, AGENCY (If dependent enter name of employee also) AND OTHER PERTINENT IDENTIFICATION DATA	(2) DISEASE OR DISABILITY AND NATURE OF SERVICES	PERIOD OF SERVICES MONTH-DAY-YEAR FROM (3)	TO (3)	NUMBER OF DAYS OR TREATMENTS (4)	RATE PER DAY OR PER TREATMENT	TOTAL AMOUNT DOLLARS	CENTS
Mary Agnes Smith wife of John R. Smith, FSR-3, U.S. A.I.D., Bangkok	Hospitalization and treatment for hepatitis at Bangkok Sanitarium and Hospital, Pitsanulok Rd., Bangkok, as per attached invoices and FS-569 No. 65-6 dated 11/1/64	11/4/64	11/9/64	5		BAHT ฿ 3128 2978 214	00 00 00
				TOTAL		฿ 6320	00

(5) I certify that the above charges are correct and just, that payment therefor has not been received; that the services were necessary in the care and treatment of the persons named above; that the services were rendered as stated; and that the charges do not exceed those customary in this vicinity.

John R. Smith (Payee - Sign original only) Per

Agricultural Adviser (Title)

(Payee must NOT use this space) (6)
DIFFERENCES
$35 received & credited
See FS-569 No. 65-6
VERIFIED CORRECT FOR ฿ 6320 00
VOUCHER EXAMINER

I certify that the illness or disability of the employee(s) or dependent(s) of an employee listed above was incurred in line of duty while serving abroad and not as the result of vicious habits, intemperance or misconduct on the part of the recipient(s) of the medical services indicated above; that the expenses listed are not excessive in relation to local prevailing prices for medical services and/or supplies and hereby authorize payment therefor. G. Edward Humphrey G. Edward Humphrey (Name and signature of authorizing officer)

11/15/64 (7) (Date) Administrative Officer (Title)

CURRENCY AND EXCHANGE RATE ฿ 20.85 - $1.00

Pursuant to authority vested in me, I certify that this voucher is correct and proper for payment 11/18/64 (Date) George R. Reynolds George R. Reynolds (Name and signature of authorized certifying officer)

ACCOUNTING CLASSIFICATION BLOCK (For completion by administrative office)

(8) APPROPRIATION AND ALLOTMENT SYMBOL	AMOUNT (U. S. Dollars)	ACTIVITY/PURPOSE CODE	OBJECT CODE
72-1151000 523-50-493-12-10-51	$303.11		

PAID BY
Check No. _____ dated _____, 19__, for $ _____ on Treasurer of United States
Check No. 3478 dated 11/19/64, 19__, for ฿6320.00 Bank of America
Cash _____ on _____, 19__ Payee _____ (9)
Title of Payee _____

FORM 5-63 DS-1486 Form Approved by Comp. Gen., U. S. August 14, 1962

GUIDE FOR PREPARATION OF DS-1486

1. USDO voucher number or, when payment is effected by a cashier at a serviced post, the subvoucher number.

2. Describe the disease or disability and nature of the services rendered without revealing medical information of a confidential nature. Include the number and date of the covering FS-569, the contract number and date (if any), and reference to other supporting documentation as appropriate. In case of a SF-1080 billing from a medical facility of another agency, cite the bill number and date.

3. In case of hospitalization, cite actual dates of admission and discharge.

4. Indicate the number of days hospitalized or, if an outpatient, the number of treatments received.

5. Payee certificate to be executed only when payee is an employee.

6. Deduct any differences for unauthorized expenses and give a brief explanation. See section 437.7-2 for dependent medical care.

7. To be executed by authorizing officer prior to certification and payment except when charges cover immunizations, pre-employment and in-service examinations supported by a letter of authorization signed by the authorizing officer.

8. Enter agency accounting classification data in accordance with current instructions.

Receiving signature of payee is required for cash payments or under circumstances stated in section 416.

ADDITIONAL INSTRUCTIONS

A. Prepare a minimum of an original and six copies (snap-out set) and distribute copies as follows:

Original	- to USDO for submission with monthly SF-1221 of applicable agency.
One copy	- to USDO for post file.
One copy	- to USDO for transmission to payee with remittance. If payee is a U.S. Government hospital, attach one or more copies of SF-1080 billings as requested by the servicing facility.
One or more copies	- to the fiscally serviced post files as appropriate; e.g., for employees personnel file, etc.
Other copies	- as appropriate.

B. Support original vouchers with required documentation as applicable (receipts, invoices, request for payment, SF-1080 billings, letter of authorization for immunizations and/or examinations, FS-569, Authorization for Medical Services, etc.).

Exhibit 437.7 (p. 3)

PRESCRIBED FORM OF EMPLOYEE REQUEST FOR REIMBURSEMENT OF MEDICAL EXPENSES

The Foreign Service
of the
United States of America

Date: November 8, 1964

To: Ambassador Julius P. Minor
(Chief of Mission through Employee's Principal Officer)

From: John Raymond Smith (Full name of employee) — FSR-3 (Grade or Class)

US A.I.D. (Agency) — Bangkok, Thailand (Name and Location of Post)

Subject: Request for Reimbursement of Medical Expenses

Pursuant to the provisions of section 941 of the Foreign Service Act of 1946, as amended, I hereby request payment of the costs of treatment and other medical services received by me or my dependents as evidenced by the attached receipted invoice, physician's certificate, and other documentation.

I certify that I am a citizen of the United States; that the illness or injury was incurred in line of duty and not the result of vicious habits, intemperance or misconduct on my part or on the part of my dependents while assigned abroad; that I or my dependent required hospitalization therefor; that the items claimed are true and correct and that payment therefor has not been received from the United States or any insuror.

I further certify, that I (we) am (are) insured by the Aetna Indemnity Benefit Plan (Name of Insurance Company) under Code 202 (Insurance Plan); that I (we) have filed a claim for insurance benefits due and payable and the company has taken action in response to the claim as indicated below:

(1) The claim was settled for $ 218.12 and a copy of the claim voucher or statement received from the company is enclosed herewith; or

(2) The claim was rejected as not reimbursable for the reasons stated in the attached statement received from the company.

John R. Smith
(Signature of Claimant)

(NOTE.--Paragraph three is completed if applicable)

437.7-2 Dependent Medical Care

Upon receipt of an invoice or other billing for dependent medical care from a physician or medical facility by the authorizing office or post, the FS-569 file copy is related to the bill and the FS-569 (copy No. 2) supporting the bill to determine whether the amounts payable by the employee were actually deposited or, if not, whether the vendor's bill indicates that such amounts were paid directly and have been deducted from the total bill for authorized services rendered. If so, and the billing is otherwise correct, the authorized expenses are vouchered and administratively approved for payment.

When the $35 deposit and any amount due for care in excess of 120 days has been received and processed as refund to the applicable appropriation and allotment, the voucher shows the total authorized expenses as a charge against the appropriation and allotment with the following explanatory note entered on the voucher under "Differences":

> "$35 (and additional amounts, if any) received and credited--see (the covering) FS-569 No. XX-X."

The voucher is then verified as correct for payment of the total amount billed, if otherwise proper for payment. Payment of such billings should not be delayed pending the filing of an insurance claim or the receipt of recoverable insurance benefits.

437.8 Payment of Medical Vouchers

All medical expense vouchers are administratively approved by the responsible authorizing officer (see section 437.3) prior to certification and payment. Approving officers assure themselves that the expenses claimed in each case are authorized at Government expense under the provisions of 3 FAM 680. Vouchers covering medical expenses incurred by personnel at fiscal-serviced posts are administratively approved and forwarded to the servicing post for certification and payment. When specifically authorized, cashiers may effect cash payment of medical expense vouchers. In such instances, the administratively approved voucher (DS-1486) and supporting documentation are submitted as a subvoucher to the FS-453, Statement of Operating Cash Advance and Replenishment Voucher.

On all vouchers covering hospitalization and related medical expenses, the authorizing post prepares the original request to the employee to claim recoverable medical insurance benefits, if any (see section 437.9).

437.9 Recovery of Medical Insurance Benefits

437.9-1 Authority

a. Medical insurance benefits payable to American employees and dependents hospitalized under the Department of State Medical and Health Program, less any authorized out-of-pocket medical expense as defined by 3 FAM 685.2g, are recoverable pursuant to Decision No. B-82658 dated February 9, 1949, of the Comptroller General of the United States.

**b. Further, in accordance with Decision No. B-82658 dated January 18, 1974, of the Comptroller General of the United States, employees having private health insurance coverage are required to act prudently by filing claims in accordance with insurance carrier rules for recovery of expenses incurred as a result of illness or injury for which the Government has paid medical care. Failure of an employee to recover insurance payments, unless such failure is for reasons beyond the employee's control, defeats the employee's right to health service at Government expense. The employee should be held indebted to the Government for the amount of the insurance payment to which the employee would have been entitled had the employee filed a claim in accordance with the rules of the insurance carrier. **

*c. * Eligible employees and dependents of the Department of State or participating agencies who are insured by any of the following companies may be entitled to benefits which are recoverable as repayments of amounts paid in their behalf from appropriated funds:

- Aetna Indemnity Benefit Plan.
- Blue Cross-Blue Shield Service Benefit Plan.
- Group Health Association.
- AFGE Health Benefit Plan.
- All other insurance companies (as applicable).

Medical insurance repayments are processed as refunds to the appropriation and allotment accounts from which the medical expenses were paid in each case.

(*) Revision
(**) New Material

UNIFORM STATE/AID/USIA REGULATIONS

437.9-2 Post Collection Procedures

The post authorizing hospitalization and related medical expenses at Government expense in overseas facilities performs the following operations for each case:

a. Ascertains the insurance status of the employee or dependent, enters the necessary information on the FS-569 and obtains the employee's signature thereon (see 3 FAM Exhibit 685.4) at the time of preparation or as soon as possible in cases of emergency hospitalization.

b. Upon administrative approval of expenses incurred, prepares a DSL-996 requesting the employee or dependent to claim recoverable insurance benefits (see Exhibit 437.9-2).

c. Assists with the preparation of insurance claims and provides the necessary supporting information regarding expenses paid from appropriated funds. Obtains supplies of claim forms from the FEHBA companies listed in section 437.9-1 (employees obtain their own forms from other companies).

d. In each case, if the proceeds of recoverable benefits are not remitted by the employee within 45 days from the date of the original request, takes the necessary follow-up action with the employee to ascertain why remittance has not been made. If the remittance is not received from a Department of State employee or dependent within additional 15 days, the Department is notified by OM, subject: AFIN, Attention: BF/FS/Revenues and Receipts, regarding the action taken by the post to effect collection and the reason collection could not be made. When appropriate, a copy of the OM is sent to the fiscal-servicing post.

Similar follow-up action is taken and a report made to the appropriate official of the agency concerned in case an employee or dependent of a participating agency fails to remit the proceeds of recoverable insurance benefits. A copy of such report is sent to the fiscal-servicing post, when appropriate, but not to the Department of State. Responsibility for collection of the insurance repayment thereafter rests with the employee's agency.

437.9-3 Disposition of Remittances

Proceeds of medical insurance benefits received from employees and/or dependents, that is, the check received from the insurance company, are processed in the following manner:

a. With the exceptions noted in paragraph b, the insuror's check is endorsed to the fiscal-servicing post by the employee or dependent and is submitted to the Department of State cashier at a fiscal-serviced post or to the USDO, with a copy of the claim voucher or statement received with the check and a copy of the request letter received from the authorizing and billing post. Cashiers record the collection on a Form FS-459, Deposit or Trust Fund Receipt and Record, in accordance with prescribed collection procedures but transmit the remittance, the request letter, and the duplicate FS-459 to the USDO immediately for deposit as a refund to the appropriation and allotment charged with the medical expenses incurred. In all cases the FS-459 (or Form DS-408, Record of Remittance, for remittances received at Washington) is cross-referenced to the covering Form FS-569, Authorization for Medical Services for Employees and/or Dependents.

b. When applicable, a statement supported by receipts for authorized out-of-pocket medical expenses, including the $35 deposit for dependent medical care (see 3 FAM 685.4) paid by an employee or a dependent, is submitted to the principal or administrative officer with a copy of the claim voucher or statement received from the insurance company and a copy of the post's request letter. If the out-of-pocket expense claimed is authorized and is administratively approved for payment, the employee is requested to refund the difference between the amount of the insurance company check and the authorized out-of-pocket expense paid, either by a personal check payable to the fiscal-servicing post or by cash (U.S. dollars, or the equivalent in local currency). Upon receipt of the employee's remittance, it is transmitted immediately to the cashier or USDO for processing as an official collection and refund to the appropriation and allotment charged with the medical expenses incurred in behalf of the employee or the employee's dependent.

Exhibit 437.9-2 (p. 1)

FORM LETTER REQUESTING EMPLOYEE TO CLAIM MEDICAL INSURANCE BENEFITS

DEPARTMENT OF STATE

Washington, D.C. 20520

July 12, 1971

Mr. Harry Johnson
234 Highland Court
London, England (1)

Employed by: USIA

Dear Mr. Johnson:

Your cooperation is requested in resolving the financial matters relating to the medical care which Miss JoAnn Johnson, your daughter (2) received at Government expense at Queens Hospital, London, England (3) during the period June 5 through June 17, 1971 (4).

The Comptroller General of the United States has held that employees and their dependents who receive medical care at Government expense and who are covered by private medical insurance policies shall claim and transfer to the Government such benefits as may be payable under these policies. In keeping with this ruling, the Department requests that you file a claim for the benefits due you under your medical insurance policy with the Blue Cross-Blue Shield Service Benefit Group (5). Appropriate medical statements and/or bills are attached in the amount of $ 525.40 (6) to support your claim.

When you receive the check from the insurance company in settlement of your claim and no authorized out-of-pocket medical expenses are to be claimed by you, please endorse the check to the Amembassy, London, England (7) and promptly submit it to the Department of State Cashier, Amembassy, London (8) along with a copy of the claim voucher or statement and a copy of this letter.

If authorized out-of-pocket expenses have been paid, such as payments for dependent care, purchase of prescriptions, etc., a copy of the claim voucher or statement received from the insurance company together with a copy of this letter and a statement of out-of-pocket expenses supported by paid receipts, should be submitted to the Administrative Officer, Amembassy, London, England (9) for approval of your claim. Upon approval, you will be requested to pay the Government the difference between the amount received from the insurance company and the authorized out-of-pocket expenses refundable to you.

Sincerely yours,

John Stanford (10)

Administrative Officer

Reference Data:

FS-569 No. 160 Date June 6, 1971
DS-1486 No. 15 Date June 20, 1971
Amount Paid $ 525.40

DSL-996

Exhibit 437.9-2 (p. 2)

UNIFORM STATE/AID/USIA REGULATIONS

GUIDE FOR PREPARATION OF DSL-996

(1) Name and address of insured and name of agency employed by.

(2) If medical care was for insured, insert "you"; if for dependent, insert name and relationship of dependent.

(3) Name and location of medical facility.

(4) Dates during which services were rendered.

(5) Name of insurance company.

(6) Show amount in dollars and cents.

(7) Name and location of post where the check is to be scheduled for deposit. For this purpose, the Department is considered a post.

(8) Department of State cashier (or USDO) of the post where the care was authorized.

(9) For Overseas: Administrative officer of the post where the care was authorized.
For Stateside: Administrative Officer, DG/MED, Washington D. C.

(10) Same as (9)

ADDITIONAL INSTRUCTIONS

The DSL-996, a six-part snap-out form, is distributed as follows:

Overseas

Original and one copy to the employee.
One copy to post BFO to establish an estimated accounts receivable item in the accounts.
Two copies to the Department, Attention: DG/MED.
One copy retained by the post for the employee's file.

Stateside

Original and one copy to the employee.
One copy to BF/FS/Accounting Branch to establish an estimated accounts receivable item in the accounts.
Two copies retained by DG/MED.
One copy for the employee's file.

AID-OWNED PROPERTY

PART I - MISSION REAL PROPERTY

A. GENERAL LEDGER TRIAL BALANCE
as of September 30, 19__

Mission _____

Report Control Symbol U-754/1

Account	Debit	Credit
Land	$	$
Buildings--Permanent		
Buildings--Temporary		
Leasehold Improvements		
Structures and Facilities		
Construction in Progress--Buildings		
(Show detail.)		
Permanent Buildings _____		
Temporary Buildings _____		
Accounts Payable Real Property Costs		
Investment in Real Property		
TOTALS	$	$

Certified Correct:

/s/
Controller

B. PROPERTY CERTIFICATION

I certify that property records and General Ledger Accounts for AID-Owned Real Property have been reconciled with the following major changes:
(List major changes.)

Mission Director (or) Accountable Property Officer

C. FINAL DISPOSAL REPORT

Type of Property	Value	Method of Disposal	Recipient
(Identity and General Ledger Account Classification)	$		

ATTACHMENT 10B

RESERVED

ATTACHMENT 10C

RESERVED

(SAMPLE FORMAT)

AID-OWNED PROPERTY
PART II - MISSION NONEXPENDABLE PROPERTY

Mission_____ September 30, 197__ Report Control Symbol U-754/1

A. GENERAL LEDGER TRIAL BALANCE

ACCOUNT	DEBIT	CREDIT
Inventory--Nonexpendable Property (except vehicles)	$ 1,800	$
Inventory--Motor Vehicles	-0-	
Goods in Transit	-0-	
Inventory Adjustments--Property		80
Accounts Payable		20
Investment in Property		1,700
TOTALS	$ 1,800	$ 1,800

Certified Correct:

_____
(Controller)

B. PROPERTY INVENTORY CERTIFICATION

I certify that a physical inventory was taken of all AID-Owned Nonexpendable Property in the Mission's custody, as required by HB 23. The inventory has been verified with the property records and all overages and shortages reconciled or surveyed, or otherwise accounted for.

_____
(Mission Director (or) Accountable Property Officer)

C. SUPPLEMENTAL INFORMATION

Value of Expendable Material and Supplies as of September 30, 19___ $____ Amount of Prepaid Rents as of September 30, 19____ $_____

** (Policy on Country-Financed Technical Services)

JUN 3 1975

ACTION MEMORANDUM FOR THE DEPUTY ADMINISTRATOR

THRU: GC, Mr. Charles L. Gladson
ES

FROM: AA/PPC, Philip Birnbaum

Problem: We need a policy statement on country-financed technical services which reflects the recent AAC discussion.

Discussion: The policy statement appended hereto, drafted by TA/STS, has been cleared by AA/TA, PPC, and, by this memo, GC. In our view it reflects AAC and your own views.

Recommendation: That you authorize the attached policy statement.

Approved: /s/ John E. Murphy

Disapproved: _____

Date: JUN 24 1975

Attachment:
Policy Statement - Country Financed Technical Services

Clearances:
AA/TA:CFarrar (Draft) Date 2 Jun 75
TA/STS:JHeilman (Draft) Date 2 Jun 75

bcc: GC:CLGladson
AA/TA:CFarrar
TA/STS:JHeilman
ES
PPC Reading File

Drafted by: EGriffel:PPC/RC:2 Jun 75 **

** New Material

* *

POLICY STATEMENT
COUNTRY-FINANCED TECHNICAL SERVICES

It is AID's policy to respond in a positive fashion to rapidly evolving U.S. foreign policy interests in enhancing economic relationships with developing countries that are now outside of the concessional AID framework or are in transition to such a status.

To carry out this policy AID will actively stimulate country-financed services in developing countries and, pursuant to the Foreign Assistance Act (FAA), perform a central role in arranging for these services from AID, other U.S. agencies, or the private sector. This policy extends both to non-AID countries -- particularly those with natural resources of interest to the United States -- and to countries where concessional AID programs are phasing out. In this latter case, developing country financed technical cooperation on a continuing basis with the United States will be an integral part of the transition strategy.

AID will respond to the development priorities set by the host country while seeking to establish long-term technological linkages with the U.S. public and private sectors and a continuing dialogue on development matters. In establishing technological linkages, AID will encourage the use of its established networks of development research and training resources on a reimbursable basis.

Within the U.S. government, AID will cooperate closely with the State Department in developing country-financed services. It will cooperate * *

* * New Material

** with other USG agencies to encourage and facilitate their active participation in country-financed technical services. As required, AID will undertake coordinating and administrative responsibilities for Joint Economic Commissions and other joint programming activities.

It is AID's policy that funds authorized under Section 661 of the FAA will be primarily utilized in (a) countries having raw materials of interest to the United States and in (b) countries where AID concessionary assistance is being phased out, to stimulate reimbursable services and to assist in defining project needs. **

** New Material

** (Guidelines for Use of Section 661 Authority)

ACTION MEMORANDUM FOR THE ADMINISTRATOR

May 13 1975

THRU: ES

FROM: AA/TA, Curtis Farrar

Problem: To establish guidelines for the use of Section 661 authority.

Discussion: The new Section 661 authority now provides the legislative basis for a more effective program of "Country Financed Technical Services" (generally referred to as "reimbursable" services). This authority not only relates to the previously enacted Section 607, but also would be used to stimulate country financed technical services from non-U.S. government sources such as universities, foundations, professional societies, consulting firms and private experts.

We visualize this new authority being used for two main purposes:

1. To generally stimulate country financed technical services;

2. To help develop project concepts and define and articulate requests;

-- If a project is of such complexity that a "project design" step is needed between project definition and implementation, the design work will not be carried out under 661 authority but rather included under Section 607 authority.

The attached guidelines for the use of Section 661 authority would be applied in determining the use of funds (Annex A). In them, two points deserve highlighting.

1. The guidelines contemplate not only the use of USG direct-hire, but also consultants, experts and contract personnel subject to further consultation with Senator Case. This is contrary to the assurances given by the AID General Counsel to Senator Case at the time the legislation was passed (Annex B), and therefore will require going back for the Senator's approval. The employment limitations provided in the guidelines are intended to obviate specific concerns expressed by Senator Case. They will prevent personnel performing services under Section 661 from accepting reimbursement from other than U.S. government sources. Further, special government employees and contractor personnel who engage in activities under Section 661 will be precluded from providing follow-on reimbursable services or commodities resulting from such activities. We think this should be satisfactory to Senator Case, and that these limitations will not impair the effectiveness of activities performed under the authority of Section 661.

**

** New Material

** 2. The guidelines specifically contemplate using Section 661 authority subject to further consultation with Congressman Bingham to fund personnel stationed overseas (either in a country or regionally) to stimulate country financed services. While the legislative history of 661 does not reflect that Congress considered this use, we believe that doing so is nonetheless consistent with the overall Congressional intent. Moreover, we believe that doing so may be an important element in the transition strategy for AID countries and in support of the Joint Commissions. There are several cases now being discussed where such use of 661 may become desirable in the near future.

-- Brazil and Indonesia, where the State/AID desks are currently viewing the stationing of such personnel an important part of the transition strategy in those countries;

-- The Arab Gulf States where the State Department study of U.S. policy in that area which is now in process will probably recommend a regional representative.

-- Further exploration of the potential for country financed services may reveal the need for placing regional representatives in Venezuela and Nigeria.

The Administrator or the Deputy Administrator will need to approve each overseas full-time position. Also, there might be some funding questions with respect to such assignments which we anticipate resolving on a case by case basis.

Recommendation:

That you approve, the attached guidelines for use of the Section 661 authority.

Approved /s/ John E. Murphy

Disapproved _____

Date 5-10-75

Atchs: a/s

TA/STS:JHeilman:mas:3/19/75
Redrafted:TA/STS:JHeilman:ces:5/12/75

Clearance:

AA/NESA	(Draft)	Date 3/25/75
AA/AFR	"	Date 3/28/75
AA/EA	"	Date 4/21/75
AA/LEG	"	Date 4/14/75
ARA-LA	"	Date 4/9/75
PPC	"	Date 4/10/75
GC	"	Date 4/15/75
GC/TFHA	"	Date 4/15/75 **

** New Material

**

COUNTRY-FINANCED TECHNICAL SERVICES

USE OF AUTHORITY IN SECTION 661 OF FAA

General Criteria

The authorization provided under Section 661 will be used:

> ".....to work with friendly countries, especially those in which United States development programs have been concluded or those not receiving assistance under Part I of this Act, in (1) facilitating open and fair access to natural resources of interest to the United States and (2) stimulation of reimbursable aid programs consistent with Part I of this Act. Any funds used for purposes of this section may be used notwithstanding any other provision of this Act."

Such use will be subject to agreement by the U.S. embassy in the host country that utilization of the authority is in the U.S. interest and will be approved by TA/STS with clearance from PPC, GC and other interested components of State/AID. In utilizing funds provided under this authorization emphasis will be given to friendly countries in the Middle East and Persian Gulf, Africa, Latin America and others which are "aid graduates" or have never received U.S. assistance.

Activities to be Funded Under Section 661 Authorization

1. Authority will be utilized for the stationing and funding of activities on a continuing basis overseas of technical cooperation specialists for purposes of pursuing the objectives of this Section of the Act.

2. Authority will also be utilized for short-term activities (normally not to exceed 90 days) of U.S. government direct-hire employees, special government employees or contractor employees conducted in the host country and in the U.S. which are required to carry out the objectives of Section 661. These short-term activities will include:

a. Travel to discuss with countries available U.S. services, resources, and methods of facilitating their use by such countries;

b. Surveys to identify reimbursable technical cooperation opportunities and technical relationships between the country and the U.S.;

c. Activities necessary to assist countries in clarifying and articulating requests for reimbursable technical services;

**

** New Material

** d. Funding costs of U.S. personnel for scientific and technical meetings, workshops and study groups in friendly countries, which involve U.S. and country personnel, where it is determined by the Administrator that these will directly facilitate U.S. access to natural resources or stimulate reimbursable aid programs;

e. Funding of intermittent country requests for technical information and data in furtherance of objectives of Section 607;

f. Other activities determined to be consistent with the objectives of Section 661.

Restrictions on the Use of Section 661 Authorization

1. All activities undertaken to stimulate reimbursable assistance programs under this authority will be consistent with Part I of the Foreign Assistance Act of 1961, as amended.

2. Activities which may give undue commerical advantage to any particular U.S. commerical organization over other U.S. commercial organizations will not be authorized.

Funding

Funding, consistent with USG regulations, may be provided for salary, costs of stationing personnel, transportation, per diem and incidental expenses of U.S. government direct-hire personnel, special government employees, and contracting employees in conducting the above described activities together with the costs of writing and publishing reports which result from such activities.

Employment Limitations

1. All personnel who perform services under the authority of Section 661 will not accept reimbursement for such services from any source other than the U.S. Government.

2. All special government employees and contractor personnel who engage in activities under Section 661 will be precluded from providing any follow-on reimbursable services or commodities resulting from, or arising out of, their participation in the aforementioned activities.

3. In the case of special government employees and contractor employees, agreements necessary to implement the above limitations will be obtained when they are appointed or hired. **

** New Material

ATTACHMENT 10F

** Country-Financed Technical Services

Direct and Indirect Cost Classifications

The cost of providing reimbursable technical services falls in two distinct categories; i.e., costs expended directly in behalf of project, which are classified as direct costs, and incremental costs incurred for program and management support of the project, which are classified as indirect costs.

Direct Project Cost

1. Preproject planning and postproject evaluation.

2. Total cost of project personnel in the country, including short-term assignments of headquarters personnel to respond to a particular problem (e.g., salaries, benefits, foreign differential and allowances, travel of employee and family, transportation of household goods and personal effects, housing).

3. Headquarters-based personnel assigned to directly support the implementation of project.

4. Report-writing time of project personnel at headquarters upon completion of project assignment.

5. Publication of technical reports.

6. Laboratory support.

7. Computer services.

8. Special analytical studies as required.

9. Maintenance of specialized equipment on project.

10. Purchase of specialized equipment, existing publications, translation and printing services, and transportation costs.

11. Foreign Affairs Administrative Support (FAAS) chargeable to the project.

12. In-country office space, furniture, machines, telephones, vehicles, etc., not provided by sponsor.

13. Customs fees and other taxes assessed in country.

14. Instructional cost of training foreign nationals.

15. Contractual services. **

** New Material

* *

Country-Financed Technical Services

Direct and Indirect Cost Classifications

Indirect Project Costs - Program and Management Support

Program and management support costs cannot be identified with a specific reimbursable project but provide direct benefits shared by all reimbursable projects. These costs are included in the project budget as a single line item. The amount for program and management support is assessed as a percentage of direct costs or in a specific dollar amount. See 10I4d(2) of this Handbook.

Examples of program and management support activities are listed below:

1. Program Support

a. Services associated with program development and negotiations, including planning, general support, monitoring, and mid-management supervision; professional recruitment; orientation and briefing, on-going project review; prepublication activities (cartography, technical editing, drafting, etc.); consultation with headquarters and agency staff on specific problems encountered during conduct of project; operation and maintenance of specialized equipment, operational methods, instrumentation, and standards.

b. Program support services also include preplanning activitives, administration, and coordination of agency involvement and resources committed to development assistance activities; overall supervision and direction of projects, periodic supervisory or consultation trips. These functions are performed by officials at top management levels.

2. Management Support

Administrative and management activities related to providing headquarters project support such as personnel management, budget, fiscal, procurement, communications, mail, records management, data processing, office furniture and machines, office space, heat, light and floor space. Also included are supervisory in-country visits and consultation. * *

Country-Financed Technical Services Reimbursement Agreement (Suggested Format)

Project Budget Estimates

Phase	Project Costs					Implementation Period											
		197				197				197				Total			
		No. Mos.	Amount*			No. Mos.	Amount*			No. Mos.	Amount*			No. Mos.	Amount*		
			D-H	Cont.	Oth.		D-H	Cont.	Oth.		D-H	Cont.	Oth.		D-H	Cont.	Oth.
1	Reimbursable to USG																
	Direct																
	Personnel compensation																
	Benefits																
	Allowances																
	Differentials																
	Travel & transportation																
	Persons																
	Things																
	Rent, communications, & utilities																
	Printing & reproduction																
	Other services																
	Supplies & materials																
	Equipment																
	Total Direct Costs																
	Indirect 1/																
	Total Reimbursable																
	Payable in $'s																
	Payable in LC																
	GOI Contribution 2/																
	Payable in $'s																
	Payable in LC																
	Total Costs - Phase 1																
	TOTAL PROJECT COSTS																
	Payable in $'s																
	Payable in LC																

* Amounts stated in U.S. dollar equivalents.
1/Composite rate for AID program and management support; for JEC projects, uniform rate prescribed by USG coordinating agency.
2/If defined in agreement as part of total input to project.

** (Overhead Rates for Application to Country-Financed Services)

ACTION MEMORANDUM FOR THE DEPUTY ADMINISTRATOR

THRU: ES

FROM: AA/SER, Charles A. Mann

Problem: AID overhead rates determined on an incremental basis for application to direct costs of country-financed services (CFS) authorized under Section 607 of the FAA need to be approved.

Background: AID policy on the assessment of overhead for country-financed services implemented by AID, which you approved on April 27, 1976, provides:

> "That AID overhead rates for country-financed services include all reasonable direct incremental costs but should take into account the Agency's desire to be competitive in international affairs."

AID implementation of country-financed projects and activities may be arranged under a bilateral agreement or under a Joint Economic Commission (JEC) program coordinated by another USG agency. In some cases AID may participate in a country-financed project which is the responsibility of another USG agency under a separate agreement with the recipient country (or other entity) pursuant to the issuance of a Section 607 Determination by AID or other authority. AID country-financed agreements may be implemented by direct-hire or Personal Service Contract technicians, or by AID contractor or PASA personnel. The recently approved overhead policy applies to any of these AID implementation methods; it would also apply to the assessment of AID direct costs incurred under a project administered by another USG agency.

Overhead costs under the AID overhead policy are considered to be those costs incurred in AID/W operations, including program and management support, which clearly and fairly benefit the project and enhance its conduct in a substantive manner. Proposed overhead rates for the purpose of effectuating the policy have been developed on the basis of the workforce levels required in certain AID/W operations and functions to provide benefits directly attributable to the AID country-financed program. Separate rates have been calculated for the technical services, procurement and training components of country-financed projects, reflecting the variations in workforce effort involved at AID/W in generating incremental direct costs. Also, the method of implementation (AID, contractor or PASA technicians) was factored into the rates to reflect differences in AID/W workforce costs that are equitably distributable under each method. Using the base fiscal year 1975, the most recent period for which actual AID operations and workforce data are available, these calculations result **

** New Material

** in the following overhead rates, by cost components and method of implementation, proposed for assessment of AID country-financed projects in accordance with the underlying policy:

Project Components	Method of Implementation: AID (1)	Contractor (2)	PASA (3)
Technical Services	30%	19% 1/	19% 1/
Procurement Services			
Up to $2 million	17%	4% 1/	4% 1/
$2 to $5 million	7%		
Over $5 million	3%		
Training Activities			
Academic-person/month	$85 2/	3/	3/
Non-academic-person/month	$95 2/	3/	3/

For technical services the overhead rates are based on the additional AID/W workforce costs as a percent of the average direct costs of AID, contractor and PASA technicians, respectively, employed in the base year. As computed above, the technical services overhead rate of 30% for AID implemented projects is approximately 25% below the previous rate which was based on the distribution of the bulk of AID/W operating costs, rather than incremental costs, which you initially approved on November 8, 1974. The rates for procurement represent the cost of AID/W operations involved in offshelf procurements of various dollar amounts when carried out by the Agency; and, when carried out by contractor or PASA, a uniform rate of 4% should be assessed based on an average procurement value of $2 million.

The selling or marketing function conducted by the Coordinator, Reimbursable Technical Assistance 4/ in pursuit of country-financed projects, will be performed at no cost to a recipient country. In instances where AID performs substantially the same technical, professional and management services as provided in a Section 607 country-financed project but the contracts or related arrangements (contractors, PASAs or Personnel Service contractors) are executed between the country involved and the respective party, AID will charge overhead at the rates shown above. In instances

1/ Rates are for contracts or agreements under $2 million, but would be negotiable on larger projects and/or based on the extent of AID involvement.
2/ Maximum rates if full range of support services provided.
3/ Where the training or backstopping services are provided by a contractor or under a RSSA, AID will consider the charges imposed by the contractor or other USG agency as a direct cost and will apply an overhead rate commensurate with the services provided by AID.
4/ However the costs of SER/CFS, which are more in the nature of monitoring and implementation of Section 607 programs are included in the overall rates shown above.

**

** New Material

** where AID performs substantial services culminating in an agreement between the recipient country and a respective party, but where AID is not responsible for monitoring or management services, such as audit or financial support, the rate could be assessed at 4%. Individual agreements involving more than the type of services contemplated by Section 661 will be burdened with a charge, depending upon the amount of services rendered, at rates ranging from 3% to 19%.

It is also proposed that the AID overhead assessment of direct costs incurred in participation in another USG agency's country-financed project be established at the same rates as apply to country-financed projects for technical services, procurement and training when carried out by AID (column 1 of the table above).

For JEC projects implemented by AID, the overhead allocation will be governed by the criteria of the JEC coordinating agency of the USG and the underlying Technical Cooperation Agreement between the coordinating agency and the recipient country. For example, a uniform rate of 40% of total direct costs for JEC projects with Saudi Arabia, coordinated by the Treasury, applies to most work carried out by various USG agencies, except for equipment which is assessed at 15%. In instances where AID participates in a JEC project which is administered under an operating agreement between the country and another USG agency, e.g., Saudi Arabia vocational training centers project, AID overhead on direct costs will be the same as in the table above (column 1). Where AID overhead rates on its contribution to a JEC project of another agency are less than the rates stipulated in the underlying Technical Cooperation Agreement, the matter of compliance with the latter should be left to the determination of the administering agency which is a principal or signatory to the operating agreement with the country.

Attached, for your information, is a list of overhead rates of other USG agencies applied to intragovernmental agreements (PASAs or equivalent) or charged to country-financed projects; and rates charged by selected U.S. contractors and organizations (profit and non-profit) for providing similar services.

Recommendations:

1. That the proposed overhead rates for AID country-financed projects under Section 607 of the FAA, as set forth in the Background, be approved as a basis for distributing incremental direct costs of AID/W operations and functions to benefitted bilateral projects implemented by AID, contractors or PASA agencies.

Approved: /s/ JEM

Disapproved: _____

Date: 7-27-76 **

** New Material

** 2. That AID overhead on input to a country-financed project administered by another USG agency be approved on the basis of the same rates as proposed for AID bilateral projects implemented by the Agency.

Approved: /s/ JEM

Disapproved: _____

Date: 7-27-76

3. That it is recognized that AID overhead on country-financed projects under the jurisdiction of a JEC, coordinated by another USG agency, is subject to the assessment formula and standards in the underlying Technical Cooperation Agreement with the recipient country and related implementing guidelines of the coordinating agency; but that AID participation in a program or activity in which another USG agency is a principal or signatory would be assessed at the same overhead rates as for AID bilateral projects, unless such rates are inconsistent with the established JEC agreement.

Approved: /s/ JEM

Disapproved: _____

Date: 7-27-76

4. That SER/CFS and SER/FM be given the flexibility to negotiate overhead rates which fairly recover AID indirect costs applicable to support services which do not fall into the normal scheduled categories shown in the table, page 2.

Approved: /s/ JEM

Disapproved: _____

Date: 7-27-76

Enclosure

Clearance (in substance):
SER/CFS:TAMoser
SER/CM:HLDwelley
SER/COM:WCSchmeisser
SER/IT:CHFleer
SER/ENGR:MMVogel
SER/FM:TRBlacka
FM/RSD:DDolley
Coordinator/RTA:WJKendrick

SER/FM:PACooper:FM/ASD:MYTomkin:cav:7/22/76 **

** New Material

Subj: LEG - 6 (Parameters of Section 661 and 607 Authorities)

July 22, 1975 vj

INFO: Parker log (o)
Murphy log (o)
ES log (o)
McGraw log (o)
ES/RAS log (o)
AA/SER, CMann
AA/TA, CFarrar
TA/STS

INFORMATION MEMORANDUM FOR THE DEPUTY ADMINISTRATOR

THRU: ES
/s/
FROM: GC, Charles L. Gladson

SUBJECT: Sections 607 and 661

This memorandum is in response to your request for a clarification of the parameters of Sections 661 and 607 authorities.

I. Section 607

Section 607 authorizes the furnishing of "services and commodities" on an advance-of-funds or reimbursement basis to friendly countries, international organizations, the American Red Cross, and voluntary nonprofit relief agencies registered with and approved by the Advisory Committee on Voluntary Foreign Aid." Section 607 was enacted as part of the Foreign Assistance Act of 1961. The Committee report which accompanied the bill stated pertinently:

> "This, in effect, permits U.S. agencies to sell services and commodities, including excess property, to the specified recipients when the President determines that such sales will further the economic assistance purposes (part 1) of this bill." (H. Rpt. No. 851, 87th Cong., 1st Sess., p. 67 (1961)).

Section 607, like its predecessor, Section 535(b) of the Mutual Security Act, requires that sales be "within the limitations of the Act." The Office of the General Counsel concluded that, in view of the legislative history of §535(b), the phrase is not to be given a restrictive meaning, thereby precluding sales to nations not eligible for assistance and that, for example, in the case of Ireland, the lack of a bilateral agreement and the termination of assistance did not preclude sales under Section 535(b) (Saccio Memo to the Files, July 9, 1958; G.C. Opinion: MSA §535). Therefore, the phrase "within the limitations of the Act, does not require a "friendly country" to be an AID recipient or a "developing" country to be eligible for Section 607 sales.

As to the specific prohibition in the Act regarding "assistance" to particular countries, e.g., Sections 620, 211 (forty-country limitation) it should be noted that the term "assistance" denotes generally the supplying of commodities or services on a grant basis or on concessional credit terms, and that Section 607, on the other hand, provides for the sale of commodities and services. Accordingly, the Office of the General Counsel has concluded that the furnishing of services and commodities under Section 607 does not constitute assistance; that Section 607 does not authorize the furnishing of assistance; and, therefore, that the furnishing of services or commodities that amounts to providing assistance is outside the authority of Section 607 (Hoskins/Dragon Memo to Tyler

Wood, Sept. 16, 1971; G.C. Opinion: §607, No. 40 and Phippard Memo to Rhinelander, March 2, 1971; G.C. Opinion: §607, No. 29). Therefore, while the specific prohibitions of the Act on "assistance" to particular countries may have relevance to whether or not the particular country in question is "friendly" for purposes of Section 607[1/], their direct application of Section 607 sales is not required.

Examples of limitations to the Act which would be applicable to Section 607 sales are: Section 601 which required participation of private enterprise to the extent practicable in achieving the purposes of the Act; Section 625(h) which prohibits Federal employees from accepting compensation or other benefits from any foreign country; Section 626 which places certain restrictions on the use of consultants; Section 608 which requires reimbursement for all costs incurred in furnishing excess property pursuant to Section 607; Section 622(a) which states that nothing in the Act shall be construed to infringe upon the powers of functions of the Secretary of State.

Specific Activities under Section 607

Section 607 may not be used as authority for providing services and commodities of a military nature because such sales would not be consistent with economic assistance purposes of Part 1 of the Act and under Section 644 the definition of both "commodity" and "services" are limited to non-military assistance.

Because an agency may use its appropriations to defray the expenses of additional duties imposed upon them by proper legal authority (30 Comp. Gen. 258; 46 id. 604), the agency may pay for the administrative expenses necessary for the implementation of Section 607. However, paying the expenses of an A.I.D. specialist to visit a country for the purpose of analyzing the potentials for, and arranging for the purchase of technical services from the United States goes beyond funding the basic needs for administration of Section 607 and, therefore, would not be an authorized function pursuant to the administration of Section 607 (Hoskins/Dragon Memo, supra).

While administrative expenses of the agency may properly be used to fund expenses in the U.S. to administer Section 607 activities, personnel who are required in a foreign country solely to administer programs of technical cooperation would represent costs requiring full reimbursement. (ibid)

1/ See Hoskins Memo to Wood, March 1970, G.C. Opinion §607, No. 29, which states that "countries barred under some of the 620 provisions may not be beneficiaries of this activity."

The U.S. may not engage in "topping off" of a technician's salary under Section 607 since that U.S. portion of the salary for which reimbursement is not received constitutes grant assistance to the country or organization involved and would not be fundable under Section 607 (Mevorah, GC to Tobler Memo, March 13, 1973, G.C. Opinion: §607, No. 47).

Reimbursement

It is clear that Section 607 requires full reimbursement for costs for services or commodities provided under its authority. When Section 607 was enacted as part of the FAA of 1961, it was the Executive Branch understanding that the reimbursement which Section 607 required was for "out-of-pocket expenses." (See Section-by-Section Analysis of Proposed Foreign Assistance Bill submitted by the Executive Branch, June 9, 1961, 87th Congress, 1st Session, p. 14.)

There is no definition of the term "out-of-pocket" expenses in the above-mentioned analysis. However, Executive Branch Position Paper No. 25, June 27, 1957 concerning the antecedent of Section 607, which contained substantially the same language, indicated an understanding that "these transactions [referring to services and commodities supplied on an advance-of-funds or reimbursable basis] ... involve full payment ...."

A dictionary meaning of "out-of-pocket" is "paid out or owed in cash." It has been held that "out-of-pocket costs" include direct labor and material costs and exclude general overhead such as administrative expenses (Armour & Co. v. Bowles, 148 F.2d. 520, 541, cert. denied, (1945)). Accordingly, reimbursement is required for all direct, as distinguished from indirect costs. (Richstein to Gladson Memo, supra.)

Under the Standard Cost Factors for use in providing services and commodities under Section 607, which were approved by the Deputy Administrator, reimbursement for pre-planning surveys made for the purpose of discussing and reviewing potential arrangements for technical assistance (as opposed to more in-depth surveys dealing with actual project formulation) need not include a salary and benefit charge or allocation of overhead.

II. Section 661

Section 661 (Section 31 of the Foreign Assistance Act of 1974) authorizes activities (1) to facilitate open and fair access to natural resources of interest to the United States and (2) to stimulate reimbursable aid programs consistent with Part I of the Act. The purpose of the amendment is "to assist friendly countries particularly those in which development assistance has ceased or those not receiving prior assistance, in obtaining development-related goods or services from U.S. sources." (H. Rpt. No. 1471, 93rd Congress, 2nd Session, p. 42 (1974)).

It is clear from the plain language of the section that funds used under authority of Section 661 are not subject to restrictions in the FAA, such as country limitations under Section 211 and Section 620 restrictions. Activities under Section 661 must have a direct relationship to the purposes of that section. Therefore, a proposal for the use of Section 661 funds should identify at least an expectation that the activity will (1) stimulate reimbursable aid programs or (2) facilitate U.S. access to natural resources (Gladson Memo to Deputy Administrator, June 13, 1975).

Government Employees under Section 661

AID assured Senator Case that only government employees would be utilized under Section 661 and that experts and consultants appointed as "special government employees" would not be used under the authority of Section 661. However, as a result of further consultations with Senator Case the authority of Section 661 can now be utilized for special government employees and contractor employees, provided that all salaries and expenses are received exclusively from the United States Government.

The legislative history also indicates that Section 661 funds would be available for the "topping-off" of the salaries of experts serving with international organizations or foreign governments. This history was superseded by the assurances given to Senator Case that persons engaged in activities under the authority of Section 661 will receive all salaries and expenses exclusively from the USG. This assurance is still valid. Accordingly, the authority of Section 661 is not available for "topping-off" of salaries of experts serving with international organizations or foreign governments.

Administration of Section 661

Section 661, authorizes the use of funds, up to one million dollars, which are authorized elsewhere in the legislation; it does not authorize the appropriation of new funds. The authority to use the funds for purposes of Section 661, is given to the President. Accordingly, by virtue of the delegation of authority in Executive Order 10973, as amended, and Delegation of Authority No. 104, as amended, the AID Administrator may use or allocate any part thereof for use by other agencies for Section 661 purposes. Transfer of the funds to other agencies for such purposes may be effected pursuant to Section 632(a) of the FAA, as amended.

Since Section 661 does not authorize the appropriation of new funds but authorizes the use of funds authorized elsewhere in the legislation, funds used for Section 661 purposes are programmed, authorized, obligated, and allocated in the same manner as all other FAA funds, subject to any specific guidelines that may govern their use.

Specific Activities

The authority of Section 661 is available for funding the costs of U.S. personnel for scientific and technical meetings and study groups in friendly countries which involve US and country personnel and which will directly facilitate US access to natural resources or stimulation of reimbursable aid programs.

Another activity eligible for Section 661 authority is the funding and stationing of technical cooperation specialists in foreign countries for purposes of pursuing the objectives to Section 661.

Section 661 does not permit the funding of activities for the purpose of stimulating reimbursable programs for non-US sources. While the term "reimbursable aid program" is not defined in Section 661 or elsewhere in the FAA, the House Report quoted above, cites "development-related goods or services from U.S. sources" (H. Rpt. No. 1471, supra). To the same effect is the following understanding of the executive branch in the letter which accompanied the proposed amendment which was enacted as Section 661:

> "The Executive Branch supported the amendment, the purpose of which was to authorize the provision of a limited amount of assistance

" and advice to aid graduates and countries which may never have received economic assistance to help in the procurement of public and private assistance from the United States. ...

Encouraging the furnishing of technical services from United States sources to countries which do not need foreign exchange support but which suffer a technology gap is a logical and proper role for the foreign assistance program. ..." (See Richstein GC to Gladson, Memo, June 19, 1975.)

III. Legal Considerations Relevant to Joint Commission Activities

Establishment of Joint Commissions

The President's authority under Article II of the Constitution to conduct foreign relations (delegated to the Secretary of State and recognized in 22 USC 2656) provides an adequate basis for the establishment of joint commissions.

USG Agency Participation in Joint Commission Meetings

Most agency possess ample authority in their organic legislation to permit their participation in joint commission meetings which pertain directly to their basic programs.

USG Agency Participation in Projects Established by Joint Commissions

The Departments of State, Treasury, and Commerce have a legal basis in the Constitution (in the case of State) and their organic legislation to coordinate joint Commission meetings and follow-on projects within their respective areas of competence. However, other agencies must find a statutory basis for their activities not pertaining to their basic programs.

In addition to Sections 607 and 661 of the FAA the following are available as authority for agency participation in joint commission activities.

- Sections 627-630 of the FAA;

- United States Information and Educational Exchange Act of 1943, as amended (22 USC 1431) (Smith-Mundt Act);

- Mutual Educational and Exchange Act of 1961, as amended (22 USC 2451) (Fulbright-Hayes Act);

- Joint Commissions on Rural Development under Section 471 of the FAA;

- Operation under the FAA and Foreign Military Sales Act on Defense Matters (22 USC 2751).

Legal Considerations relevant to Commission Activities

- Anti-Trust Laws

While the provisions of the Sherman Anti-Trust Act (15 USC 1) would not prevent joint commissions from promoting the development of commerce between the U.S. and another nation or prohibit members of the private sector from participating in such efforts, they would bar activities which curtail competition. Thus, it is desirable that any subcommission on trade or investment involving the private sector open its membership to all interested parties, and that all business opportunities developed by joint commission activities be open to all interested and qualified American companies.

- Arab Boycott

The Arab boycott presents unique legal problems enhancing the likelihood of serious anti-trust difficulties, in that participation by US businessmen in a joint commission which produced commercial opportunities closed to US firms by the boycott might well constitute a violation of the anti-trust law. USG sponsorship of such commissions would also appear to be in violation of the Export Administration Act of 1969 which states, "It is the policy of the US (A) to oppose restrictive trade practices or boycotts fostered or imposed by foreign countries against other countries friendly to the United States and (B) to encourage and request domestic concerns engaged in the export of articles, materials, supplies or information, to refuse to take any action, including the furnishing of information or the signing of agreements, which has the effect of furthering or supporting the restrictive trade practices ..." (50 App. U.S.C. 2402 (55)).

In addition, exclusion of persons on ethnic lines would also result in the infringement of rights protected by the United States Constitution (5th Amendment) and civil rights laws (42 U.S.C., 2000(d), (e), et seq.)

Conflict of Interest Laws

While there is a clear body of law and regulations governing conflicts of interst by persons employed by the USG on a part-time basis (18 U.S.C. 202 et seq.) there are no such provisions, for example, for industry advisers, not employed by the USG, who accompany a U.S. delegation to an international conference and presents the position of his industry to the delegation as negotiations develop. Therefore, it is essential that all USG agencies monitor potential conflicts of interest by private persons who are not employed by the USG as consultants, experts, or "special government employees." Agencies should make every effort to avoid placing private sector advisers in situations where their actions might result in financial benefit for themselves or their affiliates. For instance, private-sector participants should refrain from any involvement in contractor selection processes.

** (Authorization for Modified Standard Cost System)

ACTION MEMORANDUM FOR THE DEPUTY ADMINISTRATOR

THRU: ES

FROM: AA/SER, Charles A. Mann

Problem: The use of the participant standard cost system by SER/FM in accounting for and costing participant training activities has invoked critcism from Arthur Young & Co., in their recent audit, from our Auditor General staff and from Missions because of certain features of the system. Basically the criticism stems from our use of a single standard for academic training and a single standard for non-academic training. These two standard rates do not take into account differences in the costs of various academic institutions and the significant differences in various non-academic training programs. The standard cost now contains a factor for funding training support provided by other USG agencies and a factor for complementary programs, such as orientation, language training, pre-departure seminars and seminar activities, and program development, centrally managed by SER/IT to enhance the training effort as a whole. Many of these costs now distributed against Mission funded participants through the use of the standard system do not apply on an individual basis to certain participants, and we have not developed a mechanism to recover these costs against AID financed contractor funded participants nor self-financed participants. The problem is how to modify the existing standard cost system to provide for equitable costing and still retain the flexibility in operations and substantial manpower savings both in AID/W and Missions inherent with the standard cost system.

Background: The present standard cost system was developed more as an accounting technique than as a device to accurately measure cost. Under present procedures a standard monthly charge of $650.00 is assessed for each academic and $1,750 for non-academic participant. The standards established are in effect estimates of the average monthly costs for each category of participant, and no attempt has been made to further refine the standards since the system was implemented in July of 1973, other than revision of the rates. The costs of academic training vary significantly depending upon the educational institution and locale. At the present time the range for tuition charges ranges from approximately $1,500 to $4,000 per year. Maintenance charges vary from $182 to $375 per month. The costs of the various non-academic training programs also are substantially different depending upon the institutions or organizations involved and locale. **

** New Material

** In developing our standard cost system the primary objective was to eliminate the thousands of advice of charge transactions and cable exchanges between AID/W and the Missions, as well as to improve our accounting reports involving the participant training program. The system has accomplished this in an exemplary manner. Most Missions have been enthusiastic about the system and it has made life simpler on the programming side as well as the controller side.

The standard cost system is a mechanism whereby Missions transfer a portion of their allotment at the stipulated standard monthly rates for inclusion in an AID/W master account established for this purpose. Actual billings for participant costs are charges to this account, with no attempt to accurately cost our specific or actual training costs by individual participant or country. The standard cost system is used for participants funded from both grant and loan programs. The initial concept recognized that the standard instituted an averaging process, and it was a considered judgment that within a country program the cost or charges to the Mission allotments fairly averaged out in that some participants would attend high cost institutions and others low cost intstitutions. Likewise it was thought the costs for non-academic training would average out, and in the overall picture "gains" or "losses" by individual Mission programs would be relatively insignificant when taken in the context of total country programs. Apparently the inequities inherent in the existing system as far as the costing of an individual participant now require a revision of the standard cost system.

Under the standard cost system payments for centrally administered programs and activities and for training support of other agencies are attributed against all SER/IT managed participants (AID direct training) through the mechanism of issuing payments from the master disbursing account. This would include participants whose training is carried out through another U.S. Government Agency under a Resources Support Service Agreement. Complementary programs which are general in nature, and cost of which is not user-specific, have similarly been paid from the master disbursing account. Complementary programs include COSERV, University of Hawaii contract, AACRAO, Orientation, arrival and evaluation programs, pre-academic workshops, communication seminars, NAFSA, and mid-winter seminars. Some of the complementary programs and services, such as health insurance, benefit all participants. SER/IT costs of operations have not been distributed to Missions but are absorbed through AID/W operating expense.

<u>Options</u>: There are several options which must be addressed which we would summarize as follows:

1. Should the Standard Cost System be retained?
2. If so, should the system be modified to provide for a more accurate determination of the standards for a given participant. **

** New Material

** 3. Should complementary programs which do not benefit all participants be centrally funded.
4. Should certain RSSA costs and other complementary programs which are user specific be more clearly identified with benefitting participants.

Recommendation: SER/FM will continue the existing standard cost system modified as follows:

1. The standard for academic and non-academic participants will be established based on accurate estimates of tuition, maintenance or per diem, and domestic travel costs.
2. The basic standard will include a load factor for ancillary benefits provided by complementary programs and activities which are reasonably allocable to all participants.
3. The standard for each participant will be further modified in a "building block approach" for certain cost factors which benefit that participant or class of participants. This would mean that all participants serviced under a particular RSSA would have included in the standard developed for participants in specific fields of instruction or technical area a load factor intended to recoup the RSSA cost, which in turn would be disbursed from the master account.
4. The ancillary costs of complementary programs and activities which cannot reasonably be allocated to particular participants or classes of participants and/or which are not properly allocable to all participants will be transferred to central funding. We estimate that the impact of this procedural change will increase AID/W central funding less than $2 Million.

Approved:_____

Disapproved:_____

Date:_____

Clearance:
SER/IT:CHFleer_____Date_____
PPC/PB:CSBiddle_____Date_____
SER/FM:TRBlacka_____Date_____

SER/FM:PACooper/MYTomkin:cav:5/3/76 **

** New Material

ATTACHMENT 10K

General Agreement

Special Development Assistance

I. OBJECTIVE

The purpose of this agreement is to provide a framework for assistance by the United States of America for small development activities in _____ _____ for which primary responsibility is reposed in the Government or people of _____. Such assistance shall be furnished as agreed upon by the Embassy of the United States of America ("Embassy") and the Government or people of _____, pursuant to the Foreign Assistance Act of 1961, as amended. Such assistance will be directed toward those activities in which self-help by the Government or people of _____ is an important element.

II. METHODS OF IMPLEMENTATION

A. Pursuant to this agreement the Embassy will consider requests for assistance for small development activities proposed by the Government of _____ or requests for such activities which have been proposed by local governments or private organizations within _____.

B. Upon determining that a proposed activity meets the Self-help criteria and warrants U.S. assistance, the Embassy will prepare an Individual Activity Agreement which will set forth a brief description of the activity, the commitment of each party, the estimated date for beginning and completing the activity, and name and title of the activity supervisor.

C. Individual Activity Agreements will become effective upon signature by the Embassy and the sponsoring agent.

III. SPECIAL PROVISIONS

A. The Government of _____ will make such arrangements as may be necessary so that funds introduced into _____ by the Embassy or any public or private agency for purposes of carrying out obligations of the U.S. Government hereunder shall be convertible into currency of _____ at the highest rate which, at the time the conversion is made, is not unlawful in _____.

B. The Embassy shall expend funds and carry on operations pursuant to this agreement only in accordance with the applicable laws and regulations of the United States Government.

C. If the Embassy and any public or private organization furnishing commodities through United States Government financing for operations hereunder in _____ is, under the laws, regulations, or administrative procedures of _____, liable for customs duties or import taxes on commodities imported into _____ for the purpose of carrying out an activity under this agreement, the Government of _____ will pay such duties and taxes unless exemption is otherwise provided by any applicable international agreement.

D. The two parties shall have the right at any time to observe operations carried out under this agreement. Either party during the term of an activity under this agreement and until three years after the completion of the activity, shall further have the right (1) to examine any property procured through financing by that party under this agreement, wherever such property is located, and (2) to inspect and audit any records and accounts with respect to funds provided by, or any properties and contract services procured through financing by, that party under this agreement, wherever such records may be located and maintained. Each party, in arranging for any disposition of any property procured through financing by the other party under this agreement, shall assure that the rights of examination, inspection, and audit described in the preceding sentence are reserved to the party which did the financing.

E. Any property furnished to the Government or people of _____ through financing pursuant to this agreement shall, unless otherwise agreed by the United States Government, be devoted to the project until completion of the project, and thereafter shall be used so as to further the objectives sought in carrying out the project. The Government of _____, unless otherwise agreed by the United States Government, shall offer to return to the United States Government, or to reimburse the United States for, any property which it obtains through financing by the United States Government pursuant to this agreement which is not used in accordance with the preceding sentence.

F. The agreement shall enter into force when signed. All or any part of the assistance provided herein may be terminated by either government if that government determines that by changed conditions such assistance is unnecessary or undesirable. The termination of such assistance under this provision may include the termination of deliveries of any commodities hereunder not yet delivered. It is expressly understood that the obligations under paragraph E relating to the use of property shall remain in force after such termination.

For the Cooperating Government or Agency		For the Government of the United States of America
_____	Signature	_____
_____	Typed Name	_____
_____	Title	_____
_____	Date	_____

ATTACHMENT 10L

AGREEMENT
between
THE GOVERNMENT OF THE UNITED STATES OF AMERICA
and
UPSTATE AGRICULTURE COUNCIL

Individual Activity Agreement No. 8685010; Title: Thies Region Vegetable and Rice Development

Authority: Foreign Assistance Act of 1961, as amended, in accordance with the General Agreement on Special Development Assistance between the Government of United States of America and the Government of Africana dated April 2, 1975, and in accordance with the standard provisions annexed to this Individual Activity Agreement.

Maximum dollar amount of U.S. grant $2,018
Terminal date for issuance of implementing documents (no later than one month after date of agreement) November 1, 1977
Delivery period October 1, 1977 to March 31, 1978
Name and Title of activity supervisor Mr. Iba Gaye

Description of Activity: Mr. Iba Gaye of the Upstate Agriculture Council has presented a self-help project proposal to the Embassy calling for the development of the Thies Valley in the Province of Upstate, where rice can be grown during the rainy season and vegetables during the dry season. The villagers themselves will do all the manual labor necessary to develop the valleys but need financial assistance to purchase fencing, seed, fertilizers, and insecticides and hire a tractor and bulldozer. A part of the revenue from the first year's crop will be set aside to finance the next year's production costs and in this manner perpetuate the project.

U.S. contribution: The Embassy will finance up to $2,018 for the purchase of fencing materials, seed, fertilizers, and insecticides.

Thies Valley contribution: The Upstate Agriculture Council will arrange for delivery of all purchases, and the villagers will supply all labor.

For the Upstate Agriculture Council		For the Government of the United States of America
	Signature	
A.E. Prestonie	Typed Name	John J. Doe
Chairman	Title	Ambasador
	Date	
October 1, 1977		October 1, 1977

Attachment: Standard Provisions for Special Development Assistance

AID Accounting Data:
Appropriation: 72-11*1021.6
Allotment : *26-xx-cty-00-75-*1
Project No. : 685-9917

* Insert appropriate fiscal year applicable to funding source shown in the advice of allotment.

Attachment # _____ to
Individual Activity
Agreement Number: ____

STANDARD PROVISIONS FOR
SPECIAL DEVELOPMENT ASSISTANCE

A. The Embassy shall expend funds and carry on operations pursuant to this agreement only in accordance with the applicable laws and regulations of the United States Government.

B. The parties shall have the right at any time to observe operations carried out under this agreement. Either party during the term of an activity under this agreement and until three years after the completion of the activity, shall further have the right (1) to examine any property procured through financing by that party under this agreement, wherever such property is located, and (2) to inspect and audit any records and accounts with respect to funds provided by, or any properties and contract services procured through financing by, that party under this agreement, wherever such records may be located and maintained. Each party, in arranging for any disposition of any property procured through financing by the other party under this agreement, shall assure that the rights of examination, inspection, and audit described in the preceding sentence are reserved to the party which did the financing.

C. Any property furnished through financing pursuant to this agreement shall, unless otherwise agreed by the United States Government, be devoted to the project until completion of the project, and thereafter shall be used so as to further the objectives sought in carrying out the project. Unless otherwise agreed by the United States Government, _____ shall offer to return to the United States Government, or to reimburse the United States for, any property which it obtains through financing by the United States Government pursuant to this agreement which is not used in accordance with the preceding sentence.

D. The Individual Activity Agreement shall enter into force when signed. All or part of the assistance provided herein may be terminated by either party by giving the other party 30 days written notice of intention to terminate the agreement. Termination of the agreement shall terminate any obligations of the two parties, except for payments which they are committed to make pursuant to noncancellable commitments entered into with third parties prior to termination of the IAA. It is expressly understood that all implementing documents, such as purchase orders, requisitions, procurement actions, etc., must be initiated under this obligating Individual Activity Agreement by the agreed upon terminal date, but not later than one month from the effective date of the agreement, otherwise the cancellation provision stated in the preceding sentence will automatically become effective without the necessity of a written advance notice of intent to cancel.

Form FS-33
FOREIGN SERVICE
Form approved by Comptroller General U.S.

PURCHASE ORDER, RECEIVING REPORT, AND VOUCHER

(FOR USE IN FOREIGN COUNTRIES ONLY)

PURCHASE ORDER No.: 8683030-E

DATE: September 29, 1978

D. O. VOU. No.:

OF-263:

BU. VOU. No.: 559-057

CONTRACT No.:

PAID BY:

DATE:

ACCOUNT:

PURCHASER: THE UNITED STATES GOVERNMENT DR. - THIS DOCUMENT PREPARED AT

American Embassy Niamey, Niger

VENDOR:
Mr. Halilou Sadou
Birni N'Gaoure
Niger

c/o American Embassy, Niamey, Niger

ORDER IS HEREBY PLACED WITH THE ABOVE-NAMED VENDOR FOR THE ARTICLES OR SERVICES DESCRIBED BELOW, TO BE FURNISHED TO:

Self Help/Niamey

ITEM No.	ARTICLES OR SERVICES	QUANTITY	UNIT PRICE COST	UNIT PRICE PER	AMOUNT
	Interior paint	10			107,000 CFA
	Exterior paint	5			55,000
	Cement	5T			185,000

SIGNATURE OF ORDERING OFFICER:

TITLE:

TOTAL AMOUNT: CFA 347,000

I CERTIFY THAT THE ORDERED ITEMS LISTED WERE RECEIVED ON _____ (Date) EXCEPT AS FOLLOWS

AVAILABILITY OF FUNDS: 72-11X1026-754-52-69-00-75-51
Oblig. 8683030-E Proj. 68311998030

PAYMENT
COMPLETE [XX]
PARTIAL [ ]
FINAL [ ]

AMOUNT BILLED, AS PER ATTACHED BILL(S) 347,000

DIFFERENCES

AMOUNT VERIFIED CORRECT FOR 347,000

Douglas A. Hartrick
(Signature of Receiving Officer)

TITLE Self Help Officer

APPROVED FOR CFA 347,000

PURSUANT TO AUTHORITY VESTED IN ME, I CERTIFY THAT THIS VOUCHER IS CORRECT AND PROPER FOR PAYMENT

EXCHANGE RATE CFA 213 TO $ 1.00

10/13/78 (Date) Clifford W. Hecklenburg (Authorized Certifying Officer) BEAFO (Title)

ACCOUNTING CLASSIFICATION

$1,629.11 - CFA 347,000 - 7211-X1026 - 01 - 8683030 - 846-52-683-00-75-93

Project 683 - 11 - 998 - 030

FY 78 Special Self-Help

CHECK No. _____ DATED _____ 19__ FOR $ _____ ON TREASURER OF U.S.
CHECK No. _____ DATED _____ 19__ FOR $ _____ ON _____
CASH $ _____ DATED _____ 19__

PAYEE (SIGNATURE AND TITLE)

No. 9 - VOUCHER AUDIT

ATTACHMENT 10N

SPECIAL SELF-HELP PROJECT

ACTIVITY IMPLEMENTATION RECORD

IAA Number: _____

Activity Title: Thies Regional Vegetable and Rice Development

Date of Obligation: 10/1/77
Date Implementation Documents Must be Completed: 11/1/77

			$ 2,018.00	Obligation
Date	Implementation Document Number	Amount Implemented	Balance To Be Implemented	Remarks
10/1/77	8685010-A	532.00	1,486.00	Seed
10/1/77	8685010-B	256.00	1,230.00	Fertilizer
10/1/77	8685010-C	230.00	1,000.00	Insecticides
10/10/77	8685010-D	1,000.00	-0-	Fertilizer
11/6/77	8685010-D	-(17.00)	17.00	Cost Reduction

REMARKS:

(File in Post folder with copy of IAA, all Purchase Orders, etc.)

ATTACHMENT 10-0

*

Mail To: USAID Accounting Station
Controller's Office (Country)
Agency for International Development
Washington, D.C. 20523

From: Richard R. Roberts, Administrative Officer
(appropriate Embassy post address)

Country:	Appropriation:
Senegal	72-1191026
Month and Year:	Allotment:
October 1979	946-52-685-00-75-91
Project Number:	Total Obligational Authority
685-0017	$25,000.00

SUBJECT: SPECIAL SELF-HELP MEMORANDUM OBLIGATION RECORD

DATE	DESCRIPTION OF TRANSACTION (Abbreviate in 21 letters or less.)	OBLIGATION IAA NUMBER (7 digits)	AMOUNT OBLIGATED	BALANCE AVAILABLE FOR OBLIGATION	IMPLEMENTATION DOCUMENT NUMBER (7 digits)	AMOUNT IMPLEMENTED
10/01/77	Thies Reg Veg & Rice Dev	8685010	2,018.00	22,082.00		
10/01/77	Seed	8685010			8685010-A	532.00
10/01/77	Fertilizer	8685010			8685010-B	256.00
10/01/77	Insecticides	8685010			8685010-C	230.00
10/08/77	Farm Road Const.	8685020	4,000.00	18,082.00		
10/08/77	School Room Equip.	8685030	1,485.00	17,497.00		
10/08/77	Cement	8685020			8685020-A	44.50
10/09/77	Desks and Chairs - USA	8685030			8685030-A	1,485.00
10/10/77	Fertilizer - USA	8685010			8685010-D	1,000.00
	TOTALS		7,503.00	17,497.00		3,547.50

Att 10 0-2, Ch 10, HB 19
(TM 19:49) 10-31-79
*

Mail To: USAID Accounting Station
Controller's Office (Country)
Agency for International Development
Washington, D.C. 20523

From: Richard R. Roberts, Administrative Officer
(appropriate Embassy post address)

Country: Senegal	Appropriation: 72-1191026
Month and Year: October 1979	Allotment: 946-52-685-00-75-91
Project Number:	Total Obligational Authority $25,000.00

SUBJECT: SPECIAL SELF-HELP MEMORANDUM OBLIGATION RECORD

DATE	DESCRIPTION OF TRANSACTION (Abbreviate in 21 letters or less)	OBLIGATION IAA NUMBER (7 digits)	AMOUNT OBLIGATED	BALANCE AVAILABLE FOR OBLIGATION	IMPLEMENTATION DOCUMENT NUMBER (7 digits)	AMOUNT IMPLEMENTED
11/01/77	October Balance Forward		7,503.00	17,497.00		3,547.50
11/05/77	Irrigation - NW Section	8685040	8,000.00	9,497.00		
11/05/77	Drain Pipe & Pumps	8685040			8685040-A	8,000.00
11/06/77	Reduction of Costs (Actual Cost total $983.00)	8685010			8685010-D	(-17.00)
11/12/77	Cement and Gravel	8685020			8685020-B	2,500.00
11/25/77	Hauling of Gravel	8685020			8685020-C	80.50
	TOTALS		15,503.00	9,497.00		14,111.00

*FY 1977 and Prior Years:
Mail To: Assistant Controller
Program Accounting Division FM/PAD
Agency for International Development
Washington, D.C. 20523

ATTACHMENT 10P

AID/W TRIAL BALANCE OF UNLIQUIDATED OBLIGATIONS BY PROJECT (FY 1977 and Prior Funding)

AS OF MAY 31, 1977

PROJECT SYMBOL = 685-0017-00

OBLIG. NO.	OBJ. CL.	COST CODE	OBLIGATION DESCRIPTION		OBLIGATIONS	DISBURSEMENTS	UNLIQUIDATED BALANCE	ALLOTMENT SYMBOL	PI	CONTRACT NUMBER
7685010-2600		0009	VILLAGE LATRINES	D	600.00		600.00	42661691006971	51	
7685020-2600		0009	GRAIN STORAGE BLDG	D	1,200.00		1,200.00	42661691006971	51	
7685030-2600		0009	WELLS AND BASINS	D	6,000.00	38.56	5,961.44	42661691006971	51	
7685040-2600		0009	LATRINES DEBEMER	D	2,300.00		2,300.00	42661691006971	51	
7685050-2600		0009	LATRINES THIARE	D	1,250.00	1,070.58	179.42	42661691006971	51	
7685060-2600		0009	SANGUI VILLAGE	D	4,000.00		4,000.00	42661691006971	51	
7685090-2600		0009	BOTOU MEDICAL CTR	D	3,000.00		3,000.00	42661691006971	51	
7685100-2600		0009	CLSRM NDIANGAL	D	1,850.00		1,850.00	42661691006971	51	
7685110-2600		0009	GARDEN AND ORCHARD	D	3,300.00		3,300.00	42661691006971	51	
7685120-2600		0009	WELLS PROJ	D	1,800.00		1,800.00	42661691006971	51	
7685130-2600		0009	LATRINES KATHIOTH	D	1,600.00		1,600.00	42661691006971	51	
7685170-2600		0009	POULTRY COOPERATIVE	D	4,000.00		4,000.00	42661691006971	51	
7685180-2600		0009	RICE DECORTICATOR	D	2,425.00		2,425.00	42661691006971	51	
7685190-2600		0009	MED EQUIP DE BOPP	D	4,000.00		4,000.00	42661691006971	51	
1685010-2600		0009	WELL MEOUANE	D	3,983.74	3,983.74		42661691006973	51	
1685020-2600		0009	REFORESTATION PROJ	D	1,700.00	1,171.14	528.86	42661691006973	51	
1685030-2600		0009	VACCINATION PARK	D	2,439.02	2,439.02		42661691006973	51	
1685040-2600		0009	SAGATTA LATRINES	D	913.31	913.31		42661691006973	51	
1685050-2600		0009	URBAN ANIMATION	D	2,000.00		2,000.00	42661691006973	51	
1685060-2600		0009	VEGETABLE GARDEN	D	3,600.00	2,742.10	857.90	42661691006973	51	
1685070-2600		0009	VILLAGE PHARMACY	D	650.00		650.00	42661691006973	51	
1685080-2600		0009	WELLS	D	4,500.00	3,884.86	615.14	42661691006973	51	
1685090-2600		0009	WELLS REPAIR NGOTTE	D	3,116.00	3,116.00		42661691006973	51	
1685100-2600		0009	LATRINES	D	700.00		700.00	42661691006973	51	
1685110-2600		0009	COOP WAREHSE	D	4,700.00		4,700.00	42661691006973	51	
1685120-2600		0009	SHOWER-LATRINES	D	275.82	275.82		42661691006973	51	
1685130-2600		0009	BANANA COOP	D	3,100.75	3,100.75		42661691006973	51	
1685140-2600		0009	SCH-HSE CONSTRUCTN	D	2,377.60	2,377.60		42661691006973	51	
1685150-2600		0009	FISH DRYING INSTALN	D	2,801.89	2,801.89		42661691006973	51	
1685160-2600		0009	WELLS OURO ALPHA	D	1,400.00		1,400.00	42661691006973	51	
1685999-2600		0009	SENEGAL S-H	D				42661691006973	51	
6685180-2600		0009	FURNITURE FACTORY	D	3,157.89	3,157.89		42661691006973	51	
6685230-2600		0009	CLASSROOM FANAYE	D				42661691006973	51	
6685010-2600		0009	WATER STORAGE PROJ	D	1,345.53	1,345.53		42661691006973	51	
6685060-2600		0009	DISPENSARY CENTER	D				42661691006973	51	
6685080-2600		0009	MATERNITY HOSPITAL	D	97.39	97.39		42661691006973	51	
6685100-2600		0009	VILLAGE PHARMACY	D	550.00	253.30	296.70	42661691006973	51	
6685140-2600		0009	SPORTS DEV PROGRAM	D				42661691006973	51	
6685150-2600		0009	VEG GARDEN	D	2,194.00	1,301.62	892.38	42661691006973	51	
6685160-2600		0009	CLASSROOM AT PETE	D				42661691006973	51	
6685170-2600		0009	POULTRY PROJ	D	597.81	507.19	90.62	42661691006973	51	
			PROJECT TOTAL	=	83,525.75	34,578.29	48,947.46			

ATTACHMENT 10Q

10Q. Non-Project Assistance Commodity Arrival and Disposition System

1. The Mission commodity arrival and disposition system is to provide the ability to trace A.I.D.-financed shipments from the agreement stage through borrower/grantee authorization, shipment, arrival in and release from Customs, and acceptance by the importer in detail or summary form. In each cooperating country (borrower/grantee) there are one or more common denominators which permit the identification of individual transactions through each step in the system. These denominators may vary by country. However, in most countries it will be the number assigned to the subauthorization, import license, and/or Letter of Credit at an early stage in the system. Documents pertinent to the system may vary in certain respects by borrower/grantee. However, they generally include 1) Non-project Assistance Agreement; 2) Disbursing Authorization (Letter of Commitment, Procurement Authorization/Purchasing Requisition (PA/PR), Direct Reimbursement Approval, etc.); 3) borrower/grantee subauthorization, import license, or Letter of Credit or equivalent document; 4) advance copies of Bills of Lading (optional); 5) A.I.D. Non-project Assistance Transaction Detail of Loan and Grant Activity, W-214 Report, and 6) documents representing arrival and release from Customs to importers of individual shipments. Pertinent information obtained from the documents includes, but is not limited to, 1) commodity code, 2) importer name and address, 3) weight shipped-arrived-released, 4) condition of commodity on arrival and release from Customs, 5) vessel, 6) date lifted, 7) port of loading, 8) Bill of Lading number, 9) dollar value of shipment, 10) clearance date, 11) license or Letter of Credit number, and 12) voucher number of A.I.D. payment document.

2. An Arrival Accounting Ledger similar to that shown as Appendix 1, may be maintained for each Agreement to supplement the information provided monthly in the W-214 Report. The source of postings of the record are the Non-project Assistance Agreement, issued Disbursing Authorizations, summary reports from the borrower/grantee of the license (Letter of Credit authorizations and issuances, etc.) advance copies of Bills of Lading (optional) to develop paid shipments intransit data, and borrower/grantee summary reports of losses. The format may be altered at the descretion of USAID.

The need for developing and maintaining summary level statistics on the value of the commodities in transit, in Customs, and released from Customs is left to the USAID's discretion. Such information is not required in AID/W.

3. Records at the individual shipment level will permit tracing each shipment throughout the system and summarizing pertinent data at the Agreement level to permit, among other matters determined desirable, preparation of pipeline analysis. Manual or automated records may be maintained depending upon the borrower/grantee and USAID alignment of reponsibilities and equipment availability.

When such records are to be maintained manually, a record similar to that shown in Appendix 2, Commodity Control Subsidiary Ledger, is suggested. The format may be altered at the discretion of USAID.

4. USAID's with computer or word processing capabilities are encouraged to develop an automated system to match In-Transit, Payment, Arrival and Customs Release data for each shipment and to produce at each stage listings of non-matches for subsequent monitoring and follow-up.

ARRIVAL ACCOUNTING LEDGER

Pertinent Dates _____ _____
_____ _____

Agreement Number _____
Date Signed _____

Date	Description/Source	Agreement Amount	Value Disbursing Authorizations (DA) Issued	Agreement Balance Available	Letters of Credit Issued	D A Balances Available	Commodity Value			Bank Charge Adjustments Etc.	Value of Losses Reported (Memo)
							In Transit	In Customs	Released From Customs		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)

Manual

Header — Self-explanatory

Columns 1,2,3 — Self-explanatory

Column 4 — Posting document is Disbursing Authorization (L/Commitment, Direct Reimbursement Approval, etc.) copies of which are furnished the Mission and borrower/grantee.

Column 5 — Calculated - Column 3 minus Column 4. Reconcilable to the Unsubobligated Balance shown in the W-214 Report.

Column 6 — Posting document is borrower/grantee reports of Letters of Credit issued by Agreement or by Disbursing Authorization. (When Letter of Credit is not the common denominator throughout the system, B/G reports of that document which is the key are to be used at this point.)

Column 7 — Calculated - Column 4 minus Column 6

Column 8 — Posting document is total disbursement activity shown on W-214 Report less those items such as bank charges, adjustments, etc., which do not represent actual shipments in transit. Subsidiary detail is maintained on the Program Assistance Commodity Control Record. Note: As commodities are reported to be In Customs (Column 9) and their value debited to In Customs, an offsetting credit is posted to In Transit.

Column 9 — Posting document is borrower/grantee reports of commodity arrivals in Customs by Agreement or by Disbursing Authorization. Subsidiary detail is maintained on the Program Assistance Commodity Control Record. Note: As commodities are reported to be Released from Customs (Column 10) and their value debited to Released from Customs, an offsetting credit is posted to In Customs.

Column 10 — Posting document is borrower/grantee reports of commodity releases from Customs by Agreement or Disbursing Authorization. Subsidiary detail is maintained on the Program Assistance Commodity Control Ledger.

Column 11 — Posting document is the W-214 Report activity which does not represent actual shipments in transit. See Column 8.

Column 12 — This is a memorandum column to which data may be posted reflecting the value of losses reported throughout the various stages of implementation, e.g., In Transit, In Customs, or Released From Customs. The data can be developed from the Program Assistance Commodity Control Ledger variation columns or from summary reports furnished by the borrower/grantee.

NOTE: Total of Columns 8,9,10, and 11 should agree with total disbursements on the W-214 Report

COMMODITY CONTROL SUBSIDIARY LEDGER

In Transit Data								Paid Shipments					Customs Arrival				Customs Release				
Manual	Bill	Purchase Order No.	Bill of Lading	Units/ Weight	Commodity Code	Dollar Value		Ref.	Units/ Weight	Dollar Value	Commodity Code	Variation	Date	Units/ Weight	Dollar Value	Variation	Date	Units/ Weight	Dollar Value	Importer	Variation

CHAPTER 11 - OPERATING EXPENSES

CHAPTER 11

OPERATING EXPENSES

11A. Introduction

1. The Operating Expense account was created for the purpose of consolidating AID's cost of doing business into a single appropriation account. The account has been adopted by AID as a discrete item for Agency budget presentation to the Congress, the Office of Management and Budget, and for internal management. It also provides an increased level of accountability for the Agency.

2. The development of the Operating Expense account constitutes a major step in the direction of obtaining better management control over total AID operating costs. Formerly, operating expenses were spread among numerous separate budgetary items; e.g., the Administrative Expense Appropriation, various Program Appropriations containing Technical Support Project Costs, the nonappropriated Revolving Fund accounts for the Housing Guaranty and Excess Property Programs, and host country contributed local currency Trust Funds which previously had not appeared in AID budgets.

3. It is important that the established criteria outlined below be strictly followed in distinguishing between operating expenses and program-funded costs in preparing and implementing AID budgets.

11B. Definition

1. Operating expenses represent salaries, benefits, and support costs of all U.S. and foreign national direct-hire personnel. Support costs include allowances, travel and transportation, housing and office expenses. The operating expense category is comprised of appropriated funds, revolving funds of the Housing Investment Guarantee and Excess Property activities, and local currency trust funds. Funded under operating expenses are consultants, contractors, PASA, and RSSA personnel engaged primarily in Agency management and support functions.

2. The costs of consultants, contractors, PASA, and RSSA personnel engaged in project or program implementation - including feasibility studies, project design, and evaluation - are project costs, and are funded from program appropriations.

3. Guidelines--The following provide the basis for achieving uniformity in the categorization of costs:

11B3

a. Operating Expenses

(1) Salaries and benefits and support costs of all direct-hire personnel are charged to operating expenses, including:

(a) U.S. and Foreign National employees assigned to and budgeted from non-AID appropriated funds; e.g., Housing Investment Guarantee, and Excess Property funds.

(b) Foreign National employees and support costs of all direct-hire personnel paid from local currency trust funds.

(2) Salaries and support costs of consultants, contractors, PASA and RSSA personnel engaged in Agency management operations, and studies and evaluations.

(3) Costs of all general management support services such as office space, utilities, Mission motor pool, and FAAS.

b. Program-Funded Expenses

All costs other than those outlined above are funded from the appropriate project or program allotment. Following are examples of program-funded cost.

(1) Costs associated with consultants, contractors, PASA and RSSA personnel engaged exclusively in project or program design, implementation and evaluation, including feasibility studies. Such costs include direct contractural experses, as well as support costs to the extent that they can be identified and segregated.

(2) All participant training costs, contracts for transportation of program commodities, program commodity inspections, feasibility studies, engineering contracts other than those exclusively for Agency management requirements, special projects or program evaluation, etc.

c. Guidelines for Situations Not Clearly Identifiable

(1) Costs from a single commitment are generally not split between program funds and operating expenses. For example, when contractual services are obtained for specific program/project objectives but provide a residual benefit to operating expense functions, the total costs are funded by program funds.

(2) Travel costs of consultants, contractors, PASA's. RSSA's, and direct-hire personnel are charged to the appropriation which funds their compensation.

11C. Allocation of Personnel to Functional Categories

1. The following major functions have been established for Operating Expenses:

a. Executive Direction

b. Program Planning and Budgeting

c. Technical Direction and Management

d. Central Backstopping of Overseas Operations

e. Administration of Special Programs

f. Legal Services

g. External Relations

h. Audit and Inspection

i. Program Support Services

j. Financial Management

k. Management Support Services

l. Reimbursable Details

m. Project Funded

A definition of each function and identification of the personnel components included therein follows. If an employee is engaged in more than one functional category listed below, he or she will be shown against the category which consumes the largest portion of his or her time.

2. The Executive Direction function includes the top policy formulation and direction of the Agency. The personnel components in this function are:

a. AID/W

Office of the Administrator (including Executive Secretariat Staff).

11C2a

Assistant Administrators for:

Program and Policy Coordination
Advisory Council Staff
Africa
Near East
Latin America and the Caribbean
Asia (including Executive Secretariat)
Development Support
Private and Development Cooperation
Program and Management Services

b. Overseas

Mission Directors (or AID Representatives, AID Affairs Officers, Country Development Officers), their deputies and immediate staff (except for evaluation officers and other staff members associated with specialized functions).

3. The Program Planning and Budgeting function includes overall program planning, the development and analysis of specific programs and projects and the allocation of resources. It involves identifying country and regional development needs, determining the extent to which these needs are met by the countries themselves or by other assistance donors, and setting priorities for the use of available AID resources. The personnel components in this fuction are:

a. AID/W

Bureau for Program and Policy Coordination:
Office of Policy Development and Program Review
Office of Planning and Budgeting
Office of Women in Development
Office of Evaluation

(Continued on Page 11-5.)

11C3a

Bureau for Africa
Office of Development Planning

Bureau for Near East
Office of Development Planning

Bureau for Latin America
Office of Multilateral Coordination and Regional Social Development Program
Multilateral Affairs Division
Office of Development Programs (except Evaluation Staff)

Bureau for Asia
Office of Development Planning

Bureau for Technical Assistance
Office of Program and Methodology (Program Division Only)
Office of Research and Institutional Grants

Bureau for Population and Humanitarian Assistance
Office of Program Review

b. Overseas

Mission Program Offices (excluding Participant Training, Food for Peace, etc., personnel identified with other listed functions).

4. The Technical Direction and Management function includes personnel (Technical Generalists) with a broad knowledge of the technical fields (Food and Nutrition, Population Planning and Health, etc.) engaged in technical planning and review of programs and projects, project management and program evaluation, assisting in project design, preparing technical analyses used in AID program decisions, and monitoring project implementation. The personnel components in this function are:

a. Food and Nutrition

(1) AID/W

Bureau for Latin America
Office of Development Resources
Rural Development Division (Only)

Bureau for Asia
Office of Technical Resources
Agriculture and Rural Development Division (Only)

Bureau for Technical Assistance
Office of Agriculture
Office of Nutrition

11C4a

(2) Overseas

Agriculture, Nature Resources, Nutrition and Rural Development Staffs

b. Population Planning and Health

(1) AID/W

Bureau for Asia
Office of Technical Resources
Health and Nutrition Division (Only)

Bureau for Technical Assistance
Office of Health

Bureau for Population and Humanitarian Assistance
Office of Population

(2) Overseas

Includes Health and Population Staffs.

Excludes Nutrition.

c. Education and Human Resources Development

(1) AID/W

Bureau for Latin America
Office of Multilateral Coordination and Regional Social Development Programs
Labor Programs Division (Only)

Bureau for Technical Assistance
Office of Development Administration
Office of Education and Human Resources

(2) Overseas

Education, Labor and Public Administration Staffs

d. Selected Development Problems

(1) AID/W

Bureau for Technical Assistance
Office of Science and Technology
Office of Urban Development

11C4d

(2) Overseas

Staffs engaged in economic and social development problems in fields such as transportation, power, industry, urban development, and export development.

e. Selected Countries and Organizations

Staffs engaged in programs in support of the general economy of recipient countries or for development porgrams conducted by private or international organizations; e.g., PHA, Office of Private and Voluntary Cooperation.

f. Other

(1) AID/W

Office of Housing
Office of Reimbursable Development Programs

Bureau for Technical Assistance
  Office of Program and Methodology
    Methodology Division (Only)

Bureau for Africa
  Office of Development Resources

Bureau for Near East
  Office of Capital Development
  Office of Technical Support

Bureau for Latin America
  Office of Multilateral Coord. and Reg. Soc. Dev. Prog.
    Social/Civic Development Division (Only)
  Office of Development Programs
    Evaluation Staff (Only)
  Office of Development Resources (excluding Rural Development Division)

Bureau for Asia
  Office of *Project Development*
    Social Development Division
    Institutional Development Division
  Office of Capital and Commercial Development

11C4f

(2) Overseas

This category should be used for all other staff members providing technical direction, coordination, and evaluation that have not been included in a to e above; i.e., Evaluation Staffs, and for situations where the Development Assistance functional categories may not be applicable; e.g., Excess Property, etc. Wherever possible, these activities are to be grouped into not more than four categories.

5. The *Central Backstopping of Overseas* Operations function (which is applicable to AID/W only) includes:

Bureau for Africa
  Country Desks

Bureau for Near East
  Country Desks

Bureau for Latin America
  Program Operations Staff
  Country Affairs Staffs

Bureau for Asia
  Country Affairs Offices

Bureau for Program and Management Services
  Office of Management Operations
    Overseas Management Division

6. The Administration of Special Programs function includes management of:

a. American Schools and Hospitals Abroad (AID/W only)

b. Office of U.S. Foreign Disaster Assistance (AID/W only)

c. Office of Food for Peace (Mission Food for Peace Staff)

7. The Legal Services function is the provision of legal advice and services to all elements of AID. The personnel component in this function are the Mission and Regional Legal Staffs.

8. The External Relations function (which is applicable to AID/W only) includes:

Office of Legislative Affairs

Office of Public Affairs

11C

9. The Audit and Inspection function includes the Agency comprehensive internal audit program and the investigation of alleged irregularities and deficiencies relating to compliance and integrity of operations. The personnel components in this function are:

a. AID/W

Office of the Auditor General (excludes Office of Security)

b. Overseas

Area Auditor General and Inspections and Investigations Staffs

10. Program Support Services includes the following functions directly supporting AID-financed programs and projects:

a. Commodity Management

(1) AID/W

Bureau for Program and Management Services
Office of Commodity Management

(2) Overseas

Mission Supply Advisor or Commodity Staffs involved in project/program commodity activities, as distinct from procurement activities related to operating expenses. *Includes community staffs engaged in P.L. 480, Title I programs.*

b. Excess Property Management

(1) AID/W

Bureau for Program and Management Services
Office of Contract Management (Excess Property Division only)

(2) Overseas

Excess Property Staffs (*excluding Contract Officers*)

c. Contract Management

(1) AID/W

Bureau for Program and Management Services
Office of Contract Management (excluding Excess Property Division)

11C10c

(2) Overseas

Mission contract staffs (excluding Excess Property Staffs)

d. Participant Training

(1) AID/W

Bureau for Program and Management Services
Office of International Training

(2) Overseas

Mission Participant Training staffs

e. Engineering

(1) AID/W

Bureau for Program and Management Services
Office of Engineering

(2) Overseas

Mission engineering staffs

f. Loan Operations

(1) AID/W

None

(2) Overseas

Mission Loan Officers and Capital Development Officers

11. The Financial Management function includes all Controller Services:

a. AID/W

Bureau for Program and Management Services
Office of Financial Management

b. Overseas

Mission Controller Staffs

11C

12. The Management Support Services function encompasses the full range of administrative management services. The personnel components in this function are:

a. Planning and General

(1) AID/W

Bureau for Program & Policy Coordination
Executive Management Staff

Bureau for Africa
Executive Management Staff

Bureau for Near East
Executive Management Staff

Bureau for Latin America
Executive Management Staff

Bureau for Asia
Executive Management Staff

Bureau for Technical Assistance
Office of Management

Bureau for Program and Management Services
Office of Management Planning

Auditor General
Executive Office

(2) Overseas

Mission Executive Officer and immediate staff

b. Personnel Management

(1) AID/W

Bureau for Program and Management Services
Office of Personnel and Manpower (including Professional Studies and Career Development Division's Management and Organizational Development Branch and Operations Training Branch)
Foreign Service Complement
Civil Service Complement
Youth Opportunity Campaign Complement
Summer Employment Complement

11C12b(1)

Labor Relations Staff
Auditor General
Office of Security (Personnel Integrity Division only)
Office of Equal Opportunity Programs

(2) Overseas

Mission Personnel Officers and staff (including Training staff that is utilized to train direct-hire employees).

c. Data Management

(1) AID/W

Bureau for Program and Management Services
Office of Data Management (except Information Management Division, Data Base Management Branch)

(2) Overseas

Mission automated data processing staffs

d. General Services

(1) Communications, Records, & Publications

(a) AID/W

Bureau for Program and Management Services
Office of Data Management
Information Management Division
Data Base Management Branch
Office of Management Operations
Publications & Audio Visual Arts Division
Communications and Records Management Division

(b) Overseas

Communications and Records Staffs and Audio Visual or Media Staffs

11C12d

(2) Vehicle Operations and Maintenance

(a) AID/W

None

(b) Overseas

Mission motor vehicle operation and maintenance staffs

(3) Building Operations and Maintenance

(a) AID/W

None

(b) Overseas

Mission leasing and real property maintenance staff

(4) Procurement and Supply Services

(a) AID/W

Bureau for Program and Management Services
Office of Management Operations
General Services Division
Overseas Property Management Staff

(b) Overseas

Mission Procurement, Supply and Property Management Staff (Operating Expenses procurement only)

(5) Security Services

(a) AID/W

Office of the Auditor General
Office of Security
Office of the Director

(b) Overseas

Mission Security Guards

11C12d

(6) Travel and Shipping

(a) AID/W

Bureau for Program and Management Services
Office of Management Operations
Travel and Transportation Division

(b) Overseas

Mission travel and shipping staffs

(7) Other

(a) AID/W

Bureau for Program and Management Services
Office of Management Operations
Office of the Director
Policy and Procedures Staff
Administration & Logistics *Operations*

(b) Overseas

Mission staff unidentifiable to other functions within General Services, including General Services Officers engaged in more than one subfunction.

13. Reimbursable Details. The AID staff assigned to joint State/AID administrative services operations on a reimbursable basis are to be included in this category. Any other staff assigned to another agency on a reimbursable detail are to be included in this sub-function.

14. Technical Specialists (Project-Funded) category covers employees assigned to one specific project and whose primary function is project implementation.

11D. Mission Operating Expenses Budget (MOB)

1. The "*Mission* Operating Expenses Budget" (MOB) is the annual budget call for *workforce* and operating expenses data covering the prior or actual year operations, a projection of current or operational year plans and an estimate of proposed requirements for the subsequent or budget year.

11D

2. The MOB provides necessary data for (a) the annual budget presentation to the Office of Management and Budget (OMB), (b) the President's budget, (c) the AID Operational Year Budget (OYB), (d) the Congressional Presentation, *and* for the annual AID/W review of *workforce* requirements.

3. Since MOB data requirements fluctuate from year to year depending on congressional and other interest or emphasis on particular costs, item, etc., detailed instructions covering preparation, format and timing of the submission are forwarded to overseas Missions and AID/W offices each year. The instructions are forwarded with sufficient leadtime provided to permit the action office to review them, raise questions, and schedule work for timely completion and submission of the budget to AID/W on or before the prescribed deadline.

11E. Administrative Support

1. General

a. The Administrative Support concept is based on the premise that it would be uneconomical and impractical for each U.S. Government agency to provide its own administrative and logistic support services in every situation. For example, overseas, the Department of State, as the principal foreign affairs agency, is the logical agency to furnish those services which other agencies are not prepared to provide for themselves. In unusual situations, however, another agency may be better equipped than the Department of State to provide certain services and thus may become the servicing agency for such services.

b. In AID Administrative Support encompasses a group of systems and/or procedures utilized by AID to provide to, or obtain from, other U.S. Government agencies various administrative type services on a reimbursable basis. The specific services required are the basis of an agreement between AID and the providing or requesting agency. Charges are based on the kinds and amounts of services provide or received by AID.

** 2. Foreign Affairs Administrative Support (FAAS)

a. Background

Effective October 1, 1976 a new system of financing administrative support costs overseas and in Washington was initiated. This system is called the Foreign Affairs Administrative Support (FAAS) system and it replaces the Shared Administrative Support (SAS) system. The Inter-Agency Council on Administrative Support, with representatives **

** New Material

11E2a

** from the six major agencies (State, AID, Defense, USIA, Action, and USDA), was established to handle major matters of the FAAS system such as suggested improvements or perceived inequities in the system, alteration of the Core/Distributed Administrative Support (CORE/DAS) base, and as a forum for appeal of local decision. The Council can take no action which binds an agency to the expenditure of funds appropriated to that agency.

b. Governing Principles of FAAS

The Council adopted the following principles to govern the FAAS system:

(1) The Department of State should provide administrative support to other government agencies where (a) there is a potential for saving to the Federal Government through more efficient management of Federal Government resources, and (b) there is real advantage to both State and the other agency in having State assume the additional responsibilities and the cost to any agency is not increased.

(2) Simplicity in the management and monitoring of the FAAS system and responsiveness to the program needs of all serviced organizations.

(3) The responsibility for management of the CORE positions will be in the Department of State. However, State agrees not to increase or decrease the number of CORE positions where this will have an adverse impact on DAS positions without first consulting the Council.

(4) Overall management of the DAS positions will be in the Inter-Agency Council. Proposals to increase or decrease the number of DAS positions shall be subject to the Council's review. The Council will have available to it procedures and other means to control increases in DAS positions and in other DAS costs.

(5) Upon implementation of the FAAS system, the serviced agencies transferred to State funds to support CORE positions and related costs. These transferred funds represented a major part of the cost of providing administrative support to the serviced agencies under the previous reimbursement procedures (SAS). Accordingly, it is expected that substantially the same level of support shall be rendered to the serviced agencies from CORE positions under the new funding arrangement as were rendered prior to the revised funding methods. Serviced organizations should not, however, make increased demands on CORE positions beyond that which can be efficiently provided. Conversely, all State administrative employees should attempt to fulfill all reasonable requests for support by the serviced agencies. **

** New Material

11E2b

** (6) State will provide support to serviced agencies and will only charge them the added cost incurred by State in providing said service. If State can provide the services at no extra cost, the other agency or agencies will not be billed. If a service is being requested by one agency or more and said request causes State to incur added costs, these costs will be funded by the requesting agency during the first year of service. After that time, the costs will be distributed between all agencies receiving the common service.

(7) It is recognized that each agency maintains complete authority over its appropriation and that no decision of the council can bind it without its approval.

(8) The Council recognizes that stability in the funding of FAAS is important to the smooth operation of the system. Each agency will give State sufficient time to reduce costs when participation in FAAS is curtailed. State agrees to give each agency early notice of upcoming changes in agency costs under DAS and to allow the agency sufficient time to budget for these changes. State and each participating agency of the Council agree that DAS staffing must be responsive to the budget realities of the serviced agencies. Procedures will be established that will (a) guide the prompt reduction of DAS staffs when support requirements of serviced agencies are reduced and (b) provide for the timely and equitable redistribution of DAS costs.

c. Explanation of the FAAS System

(1) FAAS is an incremental cost system wherein State funds the fixed administrative support costs, and the other agencies fund the variable or added costs incurred by virtue of their presence overseas. The system applies to Washington domestic costs as well as overseas post costs. The fixed and added costs of this system are called CORE and DAS (Distributed Administrative Support), respectively. CORE includes these positions and funds that are unaffected, or only minimally so, by changes in the volume of administrative support provided by State to other agencies. DAS includes those positions and funds that vary depending on the nature and extent of the administrative support provided to other agencies.

(2) Under this system, agencies other than State can expand or contract, either overseas or in Washington, without having an effect on the positions and funds State needs to continue to provide administrative support. The CORE remains intact. The impact of having one or more agencies sharply curtail, or even completely eliminate, their programs in a country should be limited to the added or DAS costs, in either positions or funds, that State incurred to provide administrative support

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** to these agencies. (Note A: It is recognized that if all agencies completely eliminated their programs in a country, and State was there alone, that there would be some impact on CORE as well as on DAS; however such a possibility is too remote to be a valid factor in determining State's fixed personnel and other costs.)

(3) State budgets and funds for all costs of CORE positions, including any support costs required. This concept applies equally to Washington domestic and overseas costs. And, this budgeting and funding principle ignores, beyond the initial determination, what agencies are supported by the CORE position and to what extent. If, for example, an American budget and fiscal officer at Post "X" is considered a fixed State cost, State funds for the full salary, allowances, and other costs of supporting that B&F officer, even if in actual practice 40% of his/her time were devoted to supporting agencies other than State. As long as State workload permits, these agencies receive the benefits from that CORE position, free of any charge or reimbursement.

(4) Positions and costs beyond the State CORE are distributed among the participating agencies in proportion to their use of services as reflected by workload statistics as presently maintained. No part of the added costs (DAS) will be borne or shared by State, even if State derived some administrative support from a particular DAS position.

(5) Under FAAS, no change is contemplated in the manner of preparing Form SAS-6, Other Object Distribution, or in the method of distributing these costs to State and the serviced agencies. This means that the majority of the SAS-6 costs continue to be apportioned on the basis of the SAS-5 percentages. However, use of the SAS-5 percentages developed under the FAAS system permit State to fund the other object costs required to support CORE positions. This is a temporary procedure for FAAS costs and will be amended when the new procedure is developed.

d. Regulations Applicable

The principles outlined in 4 FAM Appendix B 120 of the SAS Uniform State/AID/USIA Regulations (see Appendix A of this Chapter) have been modified for application to FAAS, as stated in 11E2b. Wherever possible, the methods and procedures set forth in APP. 11A are used to prepare fiscal year FAAS estimates. (Details on modification to these procedures are covered in instructions for the FY 1977 estimates.) The FAAS estimates consist of three separate parts: (1) CORE/DAS Schedules, (2) Going Rate Estimate, and (3) Initial Increase-Decrease Estimate. Guidelines for preparing the FY 1976 SAS estimates convey the basic rationale and procedures to be applied in the initial determinations for classifying American and Local positions between CORE and DAS. **

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e. Overseas FAAS Budgets

(1) Budgets for the overseas portion of FAAS costs are prepared by Embassies and reviewed and approved by Mission's or AID Regional Offices in countries where the Regional Office is the only AID Representative. *Where AAG and/or AG/IIS offices are present, they will be consulted as to their requirements.* The first step in this process is an annual review for the purpose of establishing the current needs of the Mission for FAAS services and the ability of the Embassy to provide these services. This is followed by a Mission review and approval of the FAAS budget schedules including workload and cost factor distributions, the annual budget request (Going Rate), and proposed adjustments to the annual budget request (Increase-Decrease Request). Issues raised by the Mission in its budget review, which cannot be satisfactorily resolved with the Embassy, are noted in the post FAAS budget for consideration at the Washington level reviews, *and they may be subject to decisions by the Interagency Council on Administrative Support.*

(2) In the Washington review and approval of the overseas FAAS budgets an amount is added by the Department of State to cover the American "personnel benefits" cost factor that is not included in the budgets submitted from the field. Aside from this, nothing is added in the Washington review that had not been initiated by the post and approved by all agencies at the post. Any other adjustments in the post budgets made in Washington generally will be reductions based on questions raised by the participating agencies in the Washington review or for the purpose of compressing the total FAAS budget within overall funding availabilities of the participating agencies.

f. Domestic FAAS Budget

A fairly substantial portion of AID's share of the total FAAS costs covers expenses not included in the overseas FAAS budgets. These items consist of costs in support of overseas operations which are funded centrally (in Washington) by the Department of State for such things as post assignment and home leave travel for overseas FAAS staff and worldwide medical and communications costs; and overseas costs at State Department posts where there is no Mission. *Under the FAAS system, reimbursements to State for domestic administrative support is substantially less than under SAS because (1) reimbursement under FAAS covers only a few items such as certain medical services and pouch costs and (2) vehicle replacement costs are fully funded by State.*

g. Review and Approval of FAAS

AID/W's central review of FAAS budgets is guided by the general principle that we must abide by the existing system. This is not to be construed as raising a barrier to changes in the system. Changes in the system come under the purview of the *Inter-Agency Council on Administrative*

11E2g

Support principally concerned with administrative support arrangements. Proposals for change may be referred to the AID representative on that *council and are* to be taken up with the *council*. Responsibilities within AID for the various elements of the *FAAS* review and approval process are as follows:

(1) *Mission*

(*a*) Review the *Mission's budget needs* at least anually, and all other *FAAS* budget schedules at the various time intervals that they are submitted to State.

(*b*) Validate the workload statistics applied to AID.

(*c*) Approve for AID the *FAAS* post budgets, including adjustments, and the level of the AID share of these budgets; noting for AID/W attention, any disagreement with the budget that has not been resolved to the Mission's satisfaction at the post.

(*d*) Provide at least 6 months advance notice to the Embassy whenever significant changes in Mission *workforce* levels or other factors affecting *FAAS* workload are known in advance to obtain appropriate credit in *FAAS* charges. A copy of the notification is also to be sent to State/W and to AID/W for the attention of the Support Planning Division (SER/FM/SPD).

(*e*) Identify, as appropriate, any other options available to the Mission for obtaining needed services.

(2) AID/W

(*a*) Office of Management Operations (SER/MO)

1. Examines Mission services being obtained to determine if they are in conformance with AID policies and approved Mission plans for support services.

2. Examines optional ways of Missions obtaining services.

3. Assists Missions and the Department of State in improving the quality of the services.

4. Reviews overseas *FAAS* budgets, validates AID workload statistics and approves the share of costs for services at State Department posts where there is no AID staff to conduct these reviews.

5. Coordinates with SER/FM the results of SER/MO reviews having an effect on *FAAS* costs.

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(b) Support Planning Division

1. Represents AID on the *Inter-Agency Council on Administrative Support.*

2. Reviews overseas and domestic FAAS budgets; validates AID's share of the costs; coordinates with Department of State and other serviced agencies on policy and procedural matters, questions dealing with matters of interagency concern, and points of issue raised by AID Missions.

3. Reviews overseas centrally funded FAAS budgets from posts where there is no AID representation and validates AID's share of the costs.

4. Reviews Special Agreements for administrative services and validates AID's share of the costs.

5. Analyzes and compares functional FAAS costs.

6. Negotiates with the Department of State the total worldwide FAAS costs to be reimbursed. (Individual Mission amounts are kept within the levels approved by each Mission, as adjusted to include the centrally funded "Personnel Benefits" costs.)

7. Advises Missions of their individual total annual cost and account(s) to be charged (dollar account and/or Trust Fund account).

(c) AID/W Geographic Bureaus *and Auditor General*

The Geographic Bureaus *and the Auditor General* in AID/W serve as expeditors on FAAS problems Missions have referred to AID/W. Though they have no direct review responsibilities for types and levels of services, workload, or cost, they may be consulted on any of these matters by either SER/MO or SER/FM.

3. Special Administrative Support Agreements

Special Administrative Support Agreements are agreements between AID and other U.S. Government agencies, including the Department of State in cases not covered by the General FAAS Agreement, for providing or receiving administrative type services both in Washington and overseas. The individual agreement is tailored to meet the requirements of the respective parties thereto. Special agreements are in force; for example, between AID and OPIC in Washington for services provided by AID and vice versa; between AID and the Department of State for support in Hong Kong; etc. Charges are based on the kinds and amounts of services

provided or received by AID. *Special agreements entered into are to be adequately justified and require approval of SER/MO/OM which has responsibility for monitoring agreements and determining the propriety of State and agency billings for the support services covered.*

** 11F. Mission Accounting and Reporting for Operating Expenses

1. Purpose

The primary purpose of the Accounting and Reporting requirements is to furnish Mission and AID/W managers with reliable data, derived from formal accounting records, which will be supportive of their responsibility to economically manage and control the obligation of operating expense resources available to them. The budgetary constraints under which AID must obligate its operating funds in each fiscal year make it imperative that there be continuous monitoring and effective control of actual operating expense obligations. A secondary but equally necessary purpose of these requirements is to support, by means of formal and uniform accounting records, the integrity of operating expenses actual obligations reported to the Congress and used in the annual budget process.

2. Accounting

a. General

The Accounting system provides for accumulation of operating expenses obligations, both dollars and trust funds, by object and subobject class codes that have been prescribed for AID use. (Accounting and reporting for operating expenses by management function were discontinued effective July 1, 1976.) Mission funded obligations are recorded in object class distribution ledgers by the three digit object class codes so that such information can be readily extracted for required reporting purposes. The distribution ledgers are subsidiary to allotment ledgers, derived pursuant to obligation documentation outlined in Handbook 19, Chapter 1, and are totaled and reconciled periodically with obligations recorded in the allotment accounts covering the Mission's dollar funds and dollar and local currency trust funds. AID/W funded obligations (U.S. direct hire salaries and benefits and FAAS costs) are recorded in memorandum records and totaled periodically for inclusion in required reports to AID/W and Mission management. Amounts budgeted for each object class (MOB submission amounts adjusted for subsequent AID/W approved financial plans and approved changes during the fiscal year) are recorded in the distribution ledger headers for monitoring activity in the operating expense accounts during the year.

** New Material

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** b. Object Class Identification

Definitions of object and subobject classifications which apply to operating expenses and the numerical codes assigned are provided in AID Handbook 18 - Information Services, Appendix D, Attachment E-1. Obligation documents are annotated with the applicable three digit object and subobject class code.

c. Records and Procedures

(1) Mission and Trust Funded Obligations

Subsidiary distribution ledgers are maintained for each Mission operating expenses dollar and trust fund allotment ledger. Every obligation entered in the operating expenses allotment ledger is also posted to the object and subobject class distribution ledgers. At the end of each month subsidiary distribution ledgers are totaled and balanced (reconciled) to the allotment ledger obligation totals. Distribution ledgers are maintained for each of the following two-digit object class codes and the related subobject class codes:

Code	Coverage
11	Personnel Compensation
12	Personnel Benefits
13	Benefits for Former Personnel
21	Travel and Transportation of Persons
22	Transportation of Things
23	Rent, Communication and Utilities
24	Printing and Reproduction
25	Other Services
26	Supplies and Materials
31	Equipment
32	Lands and Structures
40	Grants and Fixed Charges

(2) AID/W Funded Obligations

Since AID/W-funded Mission operating expenses are not recorded in the official Mission allotment accounts, memorandum records are kept to accumulate these expenses. While not mandatory, the distribution ledger form is the recommended memorandum record because it provides more consistency and permanence than worksheets or other memoranda.

** New Material

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** 3. Reporting

a. Mission Reports

(1) As indicated in 11A, Mission management exercises economic and effective control over total Mission operating expenses, whether funded from Mission dollar allotments, local currency trust funds, or by AID/W. Mission Controllers are responsible for keeping Mission management informed throughout the year on the status of operating expense activity. Significant variations between actual and planned levels of activity are analyzed and brought to Mission management attention on a timely basis so that remedial action can be taken internally or, if the circumstances dictate, needed changes in the planned level of operating expenses can be justified to AID/W.

(2) Formal reports to Mission management are not prescribed. From the accounting records and procedures prescribed herein, internal reports and analyses are derived to the extent required by each Mission's management to achieve effective and continuing control on a more frequent and/or detailed basis than is required in reporting to AID/W.

b. AID/W Reports

(1) Monthly reporting of cumulative dollar obligations against the Mission's dollar allotment and trust funds, as applicable, was required beginning October 31, 1976. Reports are sent via priority cable to SER/FM/SPD, AID/W, and are due not later than the second workday following the end of each month. Trust funds are to be expressed in dollar equivalents and are to be reported in a column separate from the Mission's dollar allotment. The two-digit object classes to be reported are 11, 12, 13, 21, 22, 23, 24, 25, 26, 31, 32, 40 and total. The three-digit object classes to be reported are 310, 311, 312, 319 and total.

(2) The Annual Report of Obligations by Object Class provides AID/W with data essential to the preparation of the object classification schedules that will be printed in the Appendix of the Budget of the U.S. Government. Mission and AID/W operating expenses are included in this report. Instructions on the form, content and other details for the preparation and submission of this report by Missions are issued by AID/W annually.

(3) The Report of OMB Circular A-93 calls for submission of data on worker years and payroll and related benefits costs. Mission and AID/W operating expenses are included in this report. Instructions on the form, content and other details for preparation and submission of this report by Missions are issued by AID/W annually.

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** New Material

FOREIGN AFFAIRS ADMINISTRATIVE SUPPORT
Principles and Procedures

FOREIGN AFFAIRS ADMINISTRATIVE SUPPORT (FAAS) Principles and Procedures

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100 THE FAAS SYSTEM

110 Introduction

The Foreign Affairs Administrative Support (FAAS) program is the medium for providing the administrative backstopping services which are a common requirement of all U.S. Government programs overseas. To maintain U.S. employees overseas means providing them with a place to work and live, the physical facilities necessary to do the job, communications with parent agency in Washington, and assistance and protection for themselves and family in a different and sometimes strange environment.

The FAAS system is the method of determining administrative support costs and distributing these costs among all the supported agencies. The apparent complexity of the system is caused by the different funding objectives which the system encompasses, as follows:

1. The Department can maintain the basic staff and facilities which it needs to support its permanent programs overseas.

2. The additional increments of staff and facilities necessary to the support of other USG programs as a whole can be readily identified.

3. The added costs of support to the other agencies can be distributed among the agencies in a manner which recognizes the different degrees of support required among programs which range from very small to very large.

Since World War II, the Department has provided administrative support services to USG agencies with programs overseas. This arrangement has been based on the premise that the interests of efficiency and overall economy are best served by the expansion of the Department's basic administrative capacity to include the common administrative requirements of other agencies, thus preventing duplicative staffing and resources, with the supported agencies sharing in the costs of these augmented facilities.

Originally, the cost sharing concept was similar to the present method in that the agencies paid only for the added costs of resources, but the rapid growth of numerous programs, including the Department's, made the segregation of added costs too difficult. In an attempt to simplify the effort, this method was followed by a "per capita" system, which merely divided the country costs by the number of persons serviced. The shortcoming in this method was the assumption that each person in each program received an equal degree of support services, which experience has proven untrue.

These previous mechanisms gave way in turn to a system of cost distribution in which individual services were identified and shared in accordance with workload counts, or factors, which were applied to each of the services.

The present system came about as a result of concurrent Departmental and GAO studies which concluded that the Department should budget and fund all of the costs of the basic administrative structure required to support the Department's permanent programs without regard to the less permanent and ever-changing programs of other agencies. GAO's concern was that the Department's appropriation, prior to FAAS, did not reflect the full cost of its overseas operations; the Department's concern was in stabilizing its basic share against the significant swings which resulted from the rise and fall of other agencies' participation.

Thus, the FAAS system provides that the State Department will fund the CORE costs, and the supported agencies fund the DAS costs. CORE is not an acronym but refers to the basic administrative organization which is necessary even if no other agencies are present. DAS stands for Distributed Administrative Support, and is that additional portion of the structure which is added to the CORE to meet other agency requirements. DAS costs are shared by the application of workload factors which measure the varying degrees of service among the participating agencies.

The distinction between CORE and DAS costs is based on the designation of administrative positions in each category. A percentage relationship is developed from the costs of these positions and applied to certain non-salary costs to provide a derived CORE and DAS distinction in those areas which are not readily susceptible to a more precise separation.

For the principal officer of the supported agency, the key elements in the FAAS funding system are the percentages which are developed from the current year's support activities, and the application of these percentages to the total cost estimates for the next year (the financial plan year).

The process of developing the percentages is set forth in Chapter 300. The post administrative support agreement lists the various services which are available. The workload factor distribution schedule measures the workload of all agencies in terms of the proportionate use of each service. The staffing distribution schedule identifies the CORE and DAS positions and the percentage relationship of each. The personal services distribution schedule spreads the costs of the services which are performed by the DAS positions, and the other objects distribution schedule does the same for the non-salary costs.

It will be noted that the workload and costs in the current year are used to develop the percentages which determine the actual reimbursements in the projected financial plan year. This permits the accumulation of workload data over a full year, and the use of dollar amounts which are related in time to the workload. It assumes that the service requirement remains relatively stable from year to year.

The costs to which the percentages are applied, to determine the reimbursements which will be paid, are developed as shown in Chapter 400. The FAAS Field Budget Estimates and the Mid-Year Financial Plan represent what the post feels it will need to continue to provide administrative support in the new fiscal year to all agencies.

The FAAS estimate that the supported agency is called upon to review and initial is for FAAS purposes only. It is not the full cost of running the Department's programs in a country. The Department's basic programs, or substantive activities, are funded by a separate allotment for that purpose, just as each supported agency has an allotment at the post to take care of the costs which are directly identified with the agency's program. FAAS does pay for some common costs for all agencies. Basically, the rule is that costs for the direct benefit of the agency, which can be readily identified and vouchered, will be charged to the agency's funds. This will normally include such charges as allowances of program personnel, salaries of locally hired people, office and residential rents and utilities, office furnishings and equipment. It may also include such things as telephone tolls and telex charges, and other items peculiar to the agency's program requirements.

The State Department is the manager of FAAS. An inter-agency council of the major participants is the policy board. Procedures and regulations are established by the council. Funding requirements are jointly reviewed at the country level and in Washington. An agency with a servicing problem is encouraged to work this out at the post, but the agency representative has the option of sending its views to its agency in Washington, which in turn can bring it to the council's attention, where it will be given full attention.

To meet the wide variety of servicing requirements on a world-wide basis, and to handle the resulting masses of data which are generated, the system is built on numerous compromises. In many specific instances, therefore, it may not meet the standard of perfection that may be present in one agency's operations, or more particularly, the standard that may be in the mind of an individual client agency representative. It does, however, continue to provide the common administrative support services which are necessary to U.S. programs overseas.

120 The Inter-Agency Council on Administrative Support (the FAAS Council)

Like its predecessor, SAS, the FAAS system is a cooperative endeavor of all the beneficiary agencies. Policies, rules, regulations, are all developed in concert for the common good of the participants and with consideration of their varying viewpoints. The interests of all agencies, and the overriding interests of the U.S. Government as a whole, are represented in the governing body of the Inter-Agency Council on Administrative Support, commonly referred to as the FAAS Council.

Participating in FAAS are as many as 150 funding components. These are departments, agencies, bureaus, offices, and programs, present in various degrees in embassies and consulates around the world. Administration of the system with equal representation for all would present an unmanagable problem. Therefore, the FAAS Council is limited to a reasonable number of those agencies with the largest stake in the successful operation of the system with provision, of course, for the representation of the remaining participants through the designated Council members. The membership of the Council, and the relationship to all other participants, is described in the Charter in Section 125 below. A FAAS Working Group, as shown in Section 140 below, assists the Council in the minutiae of its administration of the system.

121 Typical Matters of Council Consideration

First and foremost, of course, an informal "Council" laid out the ground rules and the basic philosophy for the changeover from the old method of total sharing of administrative costs to the FAAS system with its CORE/DAS distinction. This early council developed the rules for the original CORE and DAS position designation and then wrote its own Charter. Since that time, with the official implementation of the FAAS system in FY 1977, the Council has met frequently and played an active role in the many different issues which arise. Typical of such issues are the following:

a. The review and approval or disapproval of DAS position increases and decreases.

b. The establishment of ad hoc task forces and/or working groups for special projects, such as the changeover of the West African Consolidated Administrative Services Center (WACASC) from S&E funding to Working Capital Fund funding, and eventual termination.

c. The President's directive to explore opportunities for further consolidation of overseas administrative support.

d. The implementation of Joint Administrative Offices.

e. General reductions in FAAS positions resulting from reduced employment ceilings.

f. GAO report and Congressional inquiry on FAAS.

g. The assumption by the State Department of funding responsibility for government-owned and long term leased properties and the resulting appropriation transfers.

h. Procedural changes in FAAS and the establishment of FADPC, Bangkok.

i. Special reports on unique countries where significant funding problems have arisen, such as Egypt, Iran, and WACASC.

125 Charter for the Inter-Agency Council on Administrative Support

Article I - The major agencies principally concerned with the Foreign Affairs Administrative System (State, Defense, AID, USIA, Peace Corps, USDA and Commerce) hereby establish a council in Washington for the purpose of mutually considering and eliminating problems and improving services provided. The committee will deal with major matters concerning the Foreign Affairs Administrative System, such as suggested improvements in the system, alteration of the CORE/DAS base, perceived inequities in the system and finally serve as a forum for appeal of local decision. It is recognized that the Council can take no action which binds an agency to the expenditure of funds appropriated to that agency.

Article II - The council shall be named the Inter-Agency Council on Administrative Support.

Article III - The council shall be made up of seven voting members. Each of the major agencies participating in the Foreign Affairs Administrative System shall designate one representative at the Deputy Assistant Secretary level. The eighth member and non-voting member of the Council, its Executive Officer, shall be designated by the Department of State.

Article IV - The council shall normally meet once every quarter. Any of the seven representatives can call a special meeting by informing the Executive Officer.

Article V - Any of the member agencies can bring a matter before the council by contacting the Executive Officer and requesting that it be placed on the agenda.

Article VI - Any agency participating in the Foreign Affairs Administrative System which is not represented on the council can bring a matter before the council if at least one of the seven major agencies agrees that the matter needs to be discussed. For that matter and that matter only, the other agency shall become a full member of the council.

Article VII - It will be the responsibility of the Administrative Officer and representatives of the participating agencies at a post to establish procedures for the administration of DAS at the local level. Local procedures will be within the guidelines set by the Inter-Agency Council. To the extent possible any questions involving the administration of DAS will be resolved at the post. In the event that this is not possible, the local decision may be appealed to the Inter-Agency Council in Washington.

Article VIII - If after considering the matter presented all members agree, the State Department representative shall insure that the recommendation is implemented. If there is disagreement, the written recommendation shall state which members concur in its recommendation and which dissent. The recommendation shall then be submitted to the Assistant Secretary of State for Administration for final written determination. The Assistant Secretary's response shall include a concise statement of the reasoning for each determination. The Council Executive Officer shall maintain a complete record of all determinations requested and final disposition thereof. The Department of State agrees to seriously consider these recommendations but continues to reservse final decisional power on policy matters concerning the Foreign Affairs Administrative System.

130 Governing Principles of the FAAS System

The statements of Policy and Principle enumerated below are the guidelines for the administration of the Foreign Affairs Administrative Support system:

1. The Department of State should provide administrative support to other government agencies where:

(a) There is a potential for saving to the federal government through more efficient management of federal government resources.

(b) And, there is real advantage to both the Department and the other agency in the Department assuming additional responsibilities and the cost to any agency is not increased.

2. Simplicity in the management and monitoring of the new arrangement and responsiveness to the program needs of all

serviced organizations should be characteristics of the Foreign Affairs Administrative Support system.

3. The responsibility for management of the CORE positions will be in the Department of State. However, the Department agrees not to increase or decrease the number of CORE positions where this will have an adverse impact on DAS percentages without first consulting the Council.

4. Overall management of the DAS positions will be in the Inter-Agency Council on Administrative Support. Proposals to increase or decrease the number of DAS positions shall be subject to the Council's review. The Council will have available to it procedures and other means to control increases in DAS positions and in other DAS costs.

5. Upon implementation of the Foreign Affairs Administrative System, the serviced agencies transferred to the Department funds to support CORE positions and related costs. These transferred funds represented a major part of the cost of providing administrative support to the serviced agencies under the previous reimbursement procedures. Accordingly, it is expected that substantially the same level of support shall be rendered to the serviced agencies from CORE positions under the new funding arrangement as were rendered prior to the revised funding methods. Serviced organizations should not, however make increased demands on CORE positions beyond that which can be efficiently provided. Conversely, all Department Administrative employees should attempt to fulfill all reasonable requests for support by the serviced agencies.

6. The Department will provide support to serviced agencies and only charge them the added cost incurred by the Department in providing said service. If the Department can provide the service at no extra cost, the other agency or agencies will not be billed. If a service is being requested by one agency and said request causes the Department to incur added costs, these costs will be funded by the requesting agency during the first partial year of service plus the succeeding full year of service. After that time, the costs will be distributed among all agencies receiving the common service.

7. It is recognized that each agency maintains complete authority over its appropriation and that no decision of the Council can bind it without its approval.

8. Each Council member recognizes that stability in the funding of administrative support is important to the smooth operation of the Foreign Affairs Administrative System. Each agency will give the Department sufficient time to reduce costs when participation in FAAS is curtailed. The Department agrees

to give each agency early notice of upcoming changes in agency costs under DAS and to allow the agency sufficient time in which to budget for these changes. The Department and each participating agency of the Council agree that DAS staffing must be responsive to the budget realities of the serviced agencies. Procedures will be established that will (1) guide the prompt reduction of DAS staffs when support requirements of serviced agencies are reduced and (2) provide for the timely and equitable redistribution of DAS costs.

9. The cost of overseas administrative support services provided by State Department posts to U.S. Government agencies shall be reimbursed in proportion to services requested by and performed on behalf of each participating program or agency.

10. The chief representative of each serviced agency should recognize a mutual interest in the efficient and economic management of the administrative operation to the extent that facilities are made available to the agency. To this end, the representative should enter into an agreement with the administrative officer to make certain that the range of available services the agency requires are in fact provided or made available for the use, and that the proportionate share of the total cost attributed to the agency is equitable.

11. State, through its post administrative officers, will be fully responsible for providing the agreed administrative services to all participating agencies in an equitable manner and as comtemplated in principle 10 above. Post administrative officers will instill in the shared administrative staff this same recognition of responsibility for servicing all participating programs.

12. The quantity, extent, and standards of service provided to different serviced agencies shall not necessarily be identical but shall be tailored to the requirements of each agency to accomplish its assigned program responsibilities to the extent that the agency provides funds to meet such servicing requirements. Variations in the range and level of service shall take into account differences in the nature of programs and/or local conditions.

13. To facilitate the management of the services, each participating agency and State will develop a range of services for that agency's individual missions as may be required in the light of local conditions.

14. Because major portions of the shared administrative costs are relatively inflexible within short time periods, participating agencies will undertake to stabilize the range of services requested within a given country from year to year.

15. Each participating agency will meet not only the cost of providing support to its own program operations but also its share of costs attributable to supporting the staff and activities necessary to provide the shared administrative services.

16. All agencies being serviced by State must understand that the services to be rendered must be within the provision of legislative and other regulatory authority of State. Agencies must also understand that FAAS or other reimbursement procedures cannot be used as a vehicle for obtaining services for which an agency does not have the authority to render its own people.

17. The serviced agency will be charged on a subfunction basis for only those services it agrees to accept.

18. Personnel performing shared administrative services shall preferably be employed on the payroll of the Department of State. Where appropriate in countries with foreign assistance programs, the Department of State through its Office of Personnel and the Agency for International Development though its Office of Personnel, and in close consultation with appropriate geographic bureaus in both agencies, will assign personnel from both the Department and AID to the positions performing shared administrative services. Where appropriate, mutual effort will be made to arrange details of personnel and appropriate reimbursements, so that the responsibility for management of the shared services will remain with State. If another agency is in the best position to provide certain administrative support services, such agency, with Washington approval, may be delegated responsibility for providing these services.

19. In view of stringent employment limitations, agencies requiring increased levels of support which necessitate additional DAS positions will provide the increased personnel or work with State to arrange increases in State ceilings through the Office of Management and Budget.

20. To clarify the basic concepts of when to place charges under FAAS or do direct charging, the following principles will be observed. All agencies endorse the principle of direct charging whenever possible since it (a) gives each agency a better understanding and management of its major administrative expenses, (b) precludes disagreements over possible inequitable distribution, and (c) reduces administrative support reimbursements and the scope of the negotiating process.

21. Direct charging is to be used when it supports the principles mentioned immediately above and when the charges can readily be separated and vouchered.

22. If agencies at any post prefer funding for special items through FAAS or on a joint administrative organization basis, such approval should be obtained from Washington.

23. The planned and efficient provision of common support services requires early funding and firm agreements for each full year. As required by the serviced agencies, State will anticipate and estimate as carefully as possible, after discussion with serviced agency representatives, the full costs of providing the shared administrative services for the year. These costs will be distributed by agency and will be based on post workload data obtained through FAAS procedures. The funds for administrative support reimbursements must be scheduled within total agency appropriations, which finance many other purposes. The intelligent programing of total appropriations for financing many purposes requires that as many costs as possible be determined firmly as early as possible in each fiscal year. Therefore, after annual reimbursement ceiling amounts are determined as provided in the preceding paragraph, no changes will be made until the Mid-Year review except in the case of major changes in the reimbursing agency's program activities and support services desired or other significant and unavoidable increases or decreases which may result from the following:

a. The appropriation of funds substantially less than anticipated and which would substantially reduce the reimbursing agency's program activities.

b. The opening or closing of an overseas mission for which support services are desired or have been furnished.

c. A coordinated request from the mission for specific additional services and facilities or the elimination of services and facilities being performed for a specific agency or the mission, which would result in an increase or decrease in resources.

d. The passage of new Public Laws which impose a heavier financial burden.

e. Natural calamities, or precipitious actions of host goverments.

Such increases as defined in paragraphs (b), (c), (e), and (f) will be promptly reported to agency representatives at the post and to Washington by joint message before the increased costs are incurred, unless physical circumstances make this literally impossible. The increased costs will be jointly considered in Washington, shared equitably among participating agencies pursuant to the principles herein, and approved to the extent funds are available among the agencies affected. Except for possible increases in total administrative expenses arising

from such uncontrollable events, it is incumbent upon State to manage the shared arrangement in such fashion that distributions of costs, as approved in Washington by the FAAS Working Group and notified to the post, are not exceeded.

24. No charges will be assessed any agency through FAAS for rent or for common service-type structural changes on U.S. Government-owned and long-term leased real estate or real property provided by a foreign government as support in kind to a specific agency. Charges will not be made for depreciation of real or personal property. Agencies may be charged for replacement cost of personal property in the year in which replacements are made.

25. When an agency is responsible for an increase in their level of administrative services resulting in cost increases which would distort the distribution of the going rate percentages, then such cost increase should be handled as a "Special Item" in the FAAS mid-year financial plan submission.

26. State will account for the cost of FAAS services separately from State's own program and direct administrative expenses and shall make the FAAS accounts available for review by participating agencies.

27. Services to contractors may be provided as a FAAS cost only when the appropriate agency representative requests the post, in writing, to render such services as part of their mission and agrees to reimburse for services rendered. In no instance should a contractor, or contractor employee, pay State direct for services received.

28. The criteria for providing participating agencies with services for program services and administrative functions are as follows:

a. The program services which are normal functions of each agency at a given post should be made available, as practicable, to other agencies at that post without charge.

b. Significant administrative services or costs provided on a common basis by a serviced agency will, if the agency providing such services or materials so desires, be subject to reimbursement, or otherwise offset under agreed procedures

29. In an effort to promote better understanding of FAAS operations, serviced agencies agree that officers being assigned overseas, who will be involved in FAAS negotiations at posts, should consult with appropriate regional bureau personnel in State before proceeding to their posts. Likewise, FAAS personnel proceeding overseas should consult with major serviced agencies and FAAS personnel overseas should provide ample briefings on the FAAS system.

30. Agencies withdrawing partially or wholly from the joint servicing arrangement or having diminishing programs will provide reasonable (6 months) advance notice in writing to State, Washington, and the embassy so that termination of service may be effected in an orderly manner and coordinated with any need for changes in costs to other agencies, and so that reductions may be accomplished most effectively and economically for all concerned. In the event an agency withdraws partially or wholly from the joint servicing arrangement, or fails to notify State, Washington, and the embassy that its program is diminishing without giving reasonable notice, then that agency shall bear the cost of terminating staff and a reasonable portion of the other costs allied to its withdrawal or reduced servicing.

31. When it appears that State can no longer perform a service it will immediately notify the requesting agency. If the problem cannot be resolved, State will give a formal 6 months' notice that the service is to be discontinued.

32. Instructions to the field concerning FAAS support and/or reimbursement procedures will be cooordinated among the major participating agencies.

33. These principles will continue in effect until amended by common agreement.

140 The FAAS Working Group (FWG)

The FAAS Working group is an adjunct of the FAAS Council. Each member serves as an alter ego to the Council principal for the purpose of initial review consideration of common concerns. Agency membership of the FWG is the same as the Council as described in Section 125, but where the Council is composed of representatives at the Deputy Assistant Secretary level, the FWG is staffed by budget and management personnel at the journeyman level. The FWG is chaired by the State Executive Secretary to the Council, and is often expanded to include other State personnel (e.g., from the Regional Bureaus) to draw on the field experience of those with intimate knowledge of the FAAS operation.

The FWG meets frequently, but not on a regularly scheduled basis. A principal function is to expedite Council action on post requests for increases or decreases in DAS positions, and in this process will review post justifications, reach a group decision, and obtain the concurrence of their respective Council principals.

Another major function of the FWG is the annual inter-agency review of post Financial Plans, as described in more detail in Section 550. These intensive review sessions establish the FAAS funding levels for each country, on which the annual reimbursement amounts for each agency are calculated.

In addition, the FWG participates in the development of procedural changes and provides the staff for Task Forces established by the FAAS Council for ad hoc projects.

150 Standard Functions and Subfunctions

Administrative support at overseas Posts is defined in terms of the following major functions:

1. Personnel Services.
2. Budget and Fiscal Services.
3. General Services.
4. Communications Services.
5. Security Services.
6. Management Services.
7. Direct Services.

Within these major functions, the following standard subfunctions are used by each overseas post in reporting, pricing, and distributing costs of services rendered. A description of the more significant services provided within each subfunction, and the prescribed workload factor for each subfunction is also shown. Certain exceptions to the FAAS cost distribution system, or to the application of workload factors, which have evolved over the history of administrative support servicing are indicated here for ready reference.

1. PERSONNEL SERVICES

1.1 American Personnel Management. Includes recruitment, position classification, evaluation, personnel actions, career guidance, counseling, allowances review, leave records, staffing patterns and position schedules, and related reports and files. (Factor A - Americans Serviced).

Exception: It is not uncommon for an agency to provide personnel services for its American employees from the parent agency's on-site executive office or its home base in Washington. Therefore, if an agency uses only one of the sub-services shown above (for example, the benefits of allowances review studies) the quantity shown for Workload Factor A may be adjusted downward to avoid an inequitable share of DAS costs being charged to that agency. In this connection, by agreement between the Departments of State and Defense, American military personnel will not normally receive services other than allowances review and staffing patterns, in which case only civilian personnel will be included in Factor A for Defense Department components.

Funding Exception: All costs related to the Family Liaison Office will be charged to the State Program allotment and excluded from FAAS.

1.2 FSN Personnel Management: includes recruitment, position classification, evaluation, personnel actions, wage administration, staffing patterns and position schedules, leave records, career guidance and counseling, and related reports and files. (Factor B - FSN's Serviced).

Exception: An agency which uses only one of the sub-services listed above (for example, wage administration, may be excluded from the workload count).

1.3 Welfare and Health Services: Includes diplomatic list matters, post reports and orientation, identity cards and licenses, assistance in traffic violations and accidents, commissary certification, Foreign Office accreditation, staffing and operation of health room, first aid, immunizations, dispensary, evacuations, and medical reports and analysis. (Factor C - American Permanent Positions and Contract Americans).

1.4 Travel Services: Includes preparation of travel orders, issuance of GTRs, assistance in arrival and departure, reservations, ticket purchases, hotel accommodations, itineraries, and obtaining foreign visas. (Factor E - Number of Travelers Serviced).

2. BUDGET AND FISCAL SERVICES

2.1 Accounts and Records: Includes allotment accounts, ledgers and obligation reports. (Factor F - Number of Obligations Established).

2.2 Payrolling: Includes maintenance of pay cards, computation of salaries and allowances, and pay check issuance. (Factor D - Americans and Locals Payrolled).

Exception: This function is handled at the Regional Administrative Management Centers at Paris, Bangkok, and Mexico City/Washington and it is not included as a Post subfunction. The Post's duties in the payroll process are handled as collateral functions in the Personnel or B&F sections.

2.3 Vouchering: Includes voucher preparation, certification, assistance in travel vouchering, and audit. (Factor G - Number of Vouchers Processed).

2.4 Cashier and Disbursing Operations: Includes check issuances in voucher payment, accommodation exchange, petty cash disbursing and related reports. (Factor H - Number of Payments and Accommodation Exchanges).

2.5 Budgeting and Financial Planning: Includes preparation of budgets, financial plans, and other related budgetary processes. (Factor F - Number of Obligations Established).

3. GENERAL SERVICES

3.1 Vehicle Operations (Pooled): Includes dispatching, driving for both personal transportation and for housekeeping functions, garaging, maintenance, and related records and reports. (Factor J - Miles Driven (Pooled Cars) or Factor C - American Permanent Positions and Contract Americans).

Exception: There are two kinds of Motor Pool usage available under FAAS: (1) direct use in the form of transporting people from one location to another; and (2) indirect use related to the performance of administrative support, such as mail and pouch runs, picking up supplies and equipment, property maintenance, and the trips about town on administrative business which benefit everyone without being identified with any single agency. There are also two kinds of cost elements involved: (1) the salaries and related costs of motor pool personnel; and (2) the non-salary costs of automotive fuels and supplies. For personnel costs, the designation of positions as either CORE or DAS takes care of the first cost distribution question - State pays for the CORE positions and the supported agencies share the costs of the DAS. The DAS positions can be distributed on the basis of Factor J or Factor C, with the choice depending on the preponderence of use of the position for direct or indirect benefit to the agencies. In the case of the non-salary costs of automotive fuels and supplies, where the total costs are to be distributed by a workload factor, and where the State Basic Program will always be a major user of direct services, the choice of a distribution factor for the DAS agencies becomes important. Again, the preponderence of use may determine which factor is the more appropriate. Where the use of one of the alternative workload factors for non-salary costs (Other Objects) would produce an inequitable distribution, it is suggested that costs be prorated between direct and indirect usage and both factors be used. The selection of factors should be agreed upon by the participating agencies.

Where both direct and indirect usage is involved, a suggested technique for the allocation of the workload is as follows: Record the direct usage (milage) for each using agency, including State and FAAS. Distribute the FAAS mileage by Factor C, and add each agency's share to their direct usage. Use the total of the two elements to compute the percentage distribution of the workload.

3.2 Vehicle Maintenance (Non-pooled vehicles): Includes maintenance, repair, servicing, and related records and reports. (Factor K - Hours Maintained).

3.3 Administrative Supply: Includes requisitioning, stock control, supply and equipment issuances, accountability records and inventories of expendable and nonexpendable administrative

supplies and equipment, and warehousing. (Factor L - Dollar Value of Supplies Issued).

3.4 Procurement: Includes purchase order preparation, market survey, and contracting. (Factor M - Purchase Orders Issued, Bids Received, and Contracts Awarded).

3.5 Reproduction: Includes operation of central reproduction facilities. (Factor N - Number of Copies Reproduced).

Exception: This subfunction is no longer included.

3.6 Shipment and Customs: Includes packing and crating, forwarding, customs clearance (including negotiations with host government officials) for incoming and outgoing official supplies, equipment, personal effects, and privately owned vehicles. (Factor O - Shipments Sent-Received).

3.7 Building Operations - Office: Includes space planning and utilization, utilities, and custodial and maintenance costs normally charged to the FAAS allotment. (Factor P - Office Square Feet Occupied-Short Term Leased Buildings).

Exception: In FY-1980 the State Department assumed responsibility for the funding of all Government-Owned and Long-Term Leased (GOLTL) properties which had formerly been shared by the participating agencies. Appropriation adjustments were made to transfer amounts, formerly reimbursed, to the State appropriation for this purpose, and DAS positions devoted to building operations were transferred to CORE. GOLTL costs and related positions will no longer be included in FAAS funding in FY 1984. The only costs distributed to supported agencies are those related to the operation of Short-Term Leased (STL) properties. Therefore, the workload factor is limited to the square footage of STL properties.

3.8 Building Operations - Residential: Includes space planning and utilization, utilities, and custodial and maintenance costs normally charged to the FAAS allotment for FAAS employees. (Residential Square Feet Occupied - Short-Term Leased Buildings).

Exception: The same exception as shown for Subfunction 3.7.

3.9 Leasing: Includes leasing of residential, office, and other functional properties. (Factor I - Time Spent Leasing).

4. COMMUNICATIONS SERVICES

4.1 Telegraphic Traffic: Includes encrypting and decrypting, processing of incoming and outgoing telegrams, maintenance of

chronological files of traffic, and maintenance and operation of communications lines. (Factor R - Telegraphic Word-Group Count).

Exception: Services of American Communications personnel are provided without charge to DAS agencies. American Communications personnel salaries and related costs are not included in FAAS funding, and this subfunction is no longer shown as a FAAS service.

4.2 Pouching: Includes receipt and distribution of incoming pouches, and preparation and forwarding of outgoing pouches, both classified and unclassified. (Factor S - Weight of Pouches).

4.3 Files and Records: Includes all records filed with the exception of chron files of incoming and outgoing telegrams. (Factor Z - Linear Feet of Files).

Exception: This subfunction is no longer shown as a FAAS service.

4.4 Mail and Messenger Service: Includes pouch transport, mail sorting, routing, and delivery. Also includes unclassified telegraphic traffic processed by FSN employees. (Factor T - Pieces of Mail Handled).

4.5 Reception and Switchboard Services: Includes central receptionists, telephone switchboard operators, servicing of telephone instruments connected to central switchboards, and secretarial systems. (Factor U - Number of Telephones).

5. SECURITY AND GUARD SERVICES

5.1 Personnel Investigations: Includes security orientation, interviews, name-checks, investigations (including police liaison on special cases), and evaluations. (Factor V - Number of Investigations).

5.2 Physical Security: Includes safe combination control, penetration control, and technical surveys. (Factor P - Office Square Feet Occupied).

Exception: Services of American Security personnel are provided without charge to DAS agencies. American security personnel salaries and related costs are not included in FAAS funding, and this subfunction is no longer shown as a FAAS service.

5.3 Marine Guard Service: Includes supervision, assignment, and activities of Marine Guards. (Factor W - Hours of Marine Guard Service).

Exception: Services of Marine Guards are provided without charge to DAS agencies. Marine Guard costs are not included in FAAS funding, and this subfunction is no longer shown as a FAAS service.

5.4 Watchman Service: Includes supervision, assignment, and activities of direct hire FSN employee guards. (Factor X - Hours of Watchman service).

6. MANAGEMENT SERVICES

This function is generally concerned with the overall direction of the activities of the FAAS staff and thus is normally limited to the administrative officer or deputy administrative officer and immediate staff. (Factor C - American Permanent Positions and Contract Americans).

7. DIRECT SERVICES

This function will be used in reporting DAS personnel who, by special funding arrangements with a specific agency, will be reimbursed 100% for the indefinite duration of that agency's support requirements. The costs of such positions, therefore, cannot be distributed by the standard workload factors since this would result in duplicate reimbursement by agencies which had not agreed to the arrangement.

In some cases it will be proper to include DAS SPECIAL positions in the Direct Services function, but only for the period of the FAAS estimate which covers the special funding arrangement. DAS SPECIAL positions (See Section 240) are funded 100% by a specific agency during the first year in which authorized and the second or succeeding year, in order to permit the accumulation of a full year of workload statistics to determine the proper allocation of costs to all DAS agencies. Thus, if a DAS position is authorized between the beginning of the fiscal year (October 1) and the preparation of the next FAAS estimate (March 30) for the upcoming fiscal year, then the special funding arrangement will extend through the new fiscal year, and the costs of the positions allocated to the funding agency on FAAS-5 under the Direct Services function.

160 Standard Workload Factors and Work Count Methods

161 Introduction

The purpose of standard workload factors is to ensure that all posts count the same things and apply them in the same manner to distributed costs. In developing standard workload factors, it has been the objective to find countable workload readily available at the post which is required for management

purposes, which provides a fair and equitable distribution of costs, and which is reasonably representative of the services grouped under each subfunction. It is FAAS policy that, unless specifically excepted, costs are calculated on a subfunction basis rather than on the subsidiary service basis.

The factors have been structured for use by each overseas post in counting, maintaining, and reporting workload statistics for all serviced agencies. Many of them can be counted as of the reporting date. Some require a full year's experience. For some, only four month's experience is required. As shown in the following sections, the same workload factors will, in several instances, serve to distribute costs of several subfunctions. The count periods are considered adequate for purposes of the system. The post may, however, maintain workload statistics covering a wider timespan if such is necessary for post management needs.

This section defines the workload count factors, the count period, and the subfunction or cost to which each factor is applied. As in the case of the standard subfunctions (Section 150), workload factors which have been dropped from use in the historical development of the administrative support funding system are indicated here in order to explain the alphabetical sequence of the factors. Workload data is maintained by the post on a country basis. Consulates will report such statistics to the embassy for consolidation on the Form FAAS-2, as required by the B&F officer.

The cost sharing techniques of FAAS have been approved by the Inter-Agency Council on Administrative Support. The detailed instructions, below, were developed and written to cover a world-wide situation. Some posts may find that application of standard workload factors would result in significant distortion in cost sharing. When this situation arises the post should develop an alternative cost sharing technique. All agencies at post should concur in any changes to the cost sharing techniques and, most important, any changes should be fully explained in the FAAS submission.

162 Standard Workload Factors

Factor	Factor Letter	Count Period	Sub-Function
1. American Permanent Positions Authorized	-	March 30	-
2. FSN Permanent Positions Authorized	-	March 30	-

3. Contract Americans Currently at Post	-	March 30	-
4. Contract FSN's Currently at Post	-	March 30	-
5. Peace Corps Volunteers Currently in Country	-	March 30	-

The first five items of data indicated above, which are called for on the form FAAS-2, are not really workload factors. They are in some cases the basis for calculating factors listed below, but they are required as informational data showing the authorized personnel levels for State and other agencies which participate in FAAS, whether or not participation is at the full maximum level possible.

Peace Corps Volunteers should be included at authorized levels even though the number of PCV's is not to be included unless extraordinary circumstances indicate that they will be present and serviced during the full fiscal year. Marine Guard personnel will not be included. Strength figures should be obtained at least annually from the participating agencies, showing both authorized levels and actual on board as of the indicated Count Period, March 30.

6. Americans Serviced Based on the application of items one and three above, include American personnel authorized on the count period date for whom services included in subfunction 1.1 "American Personnel Management" are available. See exception for this subfunction in Section 150.	A	March 30	1.1
7. FSN's Serviced Based on application of items two and four, include FSN personnel authorized on the count period date for whom	B	March 30	1.2

services included in subfunction 1.2 "FSN Personnel Management" are available. See exception for this subfunction in Section 150.

8. American Permament Positions and Contract Americans — C — March 30 — 1.3, 3.1

Authorized American permanent positions plus Contract Americans for whom services included in subfunction 1.3 "Welfare and Health Services", and for related other objects costs such as Medical Supplies and Contractual Medical Services. Contract hire employees should be included in Factor C only when they receive a "normal" range of post administrative support services. Normal service in this instance is defined as substantially the same range and degree of services provided to the direct-hire employees of the serviced agency.

Exception: Factor C may also be applied to subfunction 3.1 "Vehicle Operations - Pooled" and to related other objects of expense such as Automotive Supplies and Automotive Fuels and Lubricants in accordance with the Exception shown in Section 150 for subfunction 3.1

9. Americans and FSN's Payrolled

This workload factor and related subfunction are no longer used.

10. Number of Travelers Serviced	E	6 mos (1st & 3rd Q)	1.4

Each request for service is considered one workload unit, regardless of time spent. Travelers from any agency other than those represented at post are to be charged to the State Basic Program.

11. Number of Obligations Established	F	6 mos. (4th & 1st Q)	2.1 2.5

The number of obligations and adjustments established for each serviced agency's accounts, related to services rendered under subfunction 2.1 "Accounts and Records". The factor is also applied to subfunction 2.5, "Budgeting and Financial Planning". Regional B&F Offices will record workload for all serviced agencies, regardless of location.

Exception 1: when Factor F is applied to subfunction 2.5, the count of obligations should be adjusted to exclude agencies which do not use 2.5.

Exception 2: obligations against all State accounts (appropriation prefix 19) should be charged to State Basic, to include S&E Program, FBO, Representation

Allowances, etc. FAAS obligations are charged to FAAS. State programs which are serviced as DAS agencies are to be charged with obligations against their own accounts.

12.	Vouchers Processed	G	6 mos. (1st & 2nd Q)	2.3

Total vouchers processed for each agency under subfunction 2.3, "Vouchering". On petty cash transactions, replenishment vouchers are counted as one unit. Regional B&F Offices will record workload for all serviced agencies regardless of location. Split payments are charged as one to each paying account.

13.	Number of Payments and Accommodation Exchanges	H	6 mos. (1st & 2nd Q)	2.4

All payments made whether by check or cash for any purpose and all accommodation exchanges made at post for each agency. On petty cash transactions, count only replenishment vouchers. Factor used for services under subfunction 2.4 "Cashier and Disbursing Operations". Accommodation Exchanges made for Americans who are not connected with serviced agencies at the post are to be charged to State Basic.

14.	Hours Spent Leasing	I	12 mos.	3.9

Record hours spent for each agency under subfunction 3.9, "Leasing".

15. Miles Driven (Pooled Cars)

J/C	4 mos. (July, Oct., Jan., March)	3.1

Number of miles driven in Embassy motor pool vehicles in direct usage, as described in the exception to subfunction 3.1, Section 160. Factor J is used when appropriate to distribute personal services costs of subfunction 3.1 "Vehicle Operations (Pooled)", and other objects costs such as automotive fuels and lubricants and automotive parts and supplies.

16. Hours Maintained (Cars Not Pooled)

K	6 mos. (July, Aug., Sept., Nov., Jan., March)	3.2

Number of hours spent in performing duties under subfunction 3.2 "Vehicle Maintenance (non-pooled vehicles)". Factor is applied only when FAAS personnel are used. Contractual costs are charged directly to funds of the using agency.

17. Dollar Value of Supplies Issued

L	12 mos. (4/1-3/30)	3.3

Value of expendable office supplies issued applied to subfunction 3.3 "Administrative Supply". Factor is also applied to other objects costs for Office Supplies.

18. Purchase Orders Issued, Bids Received, and Contracts Awarded — M — 12 mos. (4/1-3/30) — 3.4

Total number of purchase orders issued, bids received, and contracts awarded in performance of subfunction 3.4 "Procurement".

Exception: Exclude from the work count those purchase orders prepared by the participating agency, and contracts where the only function performed by FAAS is the assignment of a number.

Further Note: If the State Contracting Officer has contracting responsibility, that officer should performall contracting services required by the participating agencies.

19. Number of Copies Reproduced

This workload factor and related subfunction are no longer used.

20. Shipments Sent and Received — O — 6 mos. (1st & 3rd Q) — 3.6

All shipments outgoing and incoming in performing duties under subfunction 3.6 "Shipment and Customs".

21. Office Square Feet Occupied — P-1, P-2 — March 30 — 3.7

Total number of square feet of space occupied, as of the reporting date, in non-residential short-term leased (STL) properties for distribution of services performed under subfunction 3.7 "Building Operations - Office".

Exception 1: The State Basic Program is responsible for

funding all costs of operation and maintenance of State Department Government-Owned and Long-Term Leased properties (GOLTL) and all such costs are to be charged to the State Program Allotment. However, since the agency distribution of GOLTL office space occupied is necessary for the Department's management purposes, this information will continue to be reported on the FAAS-2.

Exception 2: Factor P-1 will be used to distribute the cost of DAS positions on Form FAAS-5. Square feet occupied will include all STL space operated and maintained by such positions, regardless of which agency funds the cost of the property. Factor P-2 will be used to distribute the Other Objects costs of STL properties which are charged to the FAAS allotment, on Form FAAS-6, such as rents, utilities, M&R, supplies, etc. Factor P-2 therefore will exclude space of STL properties when the costs are charged directly to the State Program Allotment or to the allotment of the funding agency.

Exception 3: In the event that Factor P-2 would create inequities when applied to any of the various sub-object classes of BOE costs, posts may use an alternative method for distribution (see Section 161).

22. Residential Square Feet Occupied — Q-1, Q-2 — March 30 — 3.8

Total number of square feet of space occupied, as of the reporting date, in residential

STL properties for distribution of services performed under subfunction 3.8 "Building Operations - Residential".

Exception: The exceptions in paragraph 21 noted above for the counting of Office Square Feet and the application of the workload factors apply also to Factors Q-1 and Q-2. However, since the agency distribution of GOLTL residential space occupied is necessary for the Department's management purposes, this information will continue to be reported on the FAAS-2.

23. Telegraphic Word-Group Count

This factor is no longer used.

24. Weight of Pouches S 4 Weeks (one week in Aug., Nov., Jan., March) 4.2

Weight of outgoing material pouched for distribution of DAS position costs related to subfunction 4.2 "Pouching", and for other objects costs on Form FAAS-6 for the cost of transporting Unaccompanied Pouches.

25. Pieces of Mail Handled T 4 Weeks (one week in Aug., Nov, Jan., March) 4.4

A count of all incoming mail and unclassified telegraphic traffic processed by FSN employees for the specified periods, for use in distributing DAS position costs of subfunction 4.4 "Mail and Messenger Service".

26. Number of Telephones U March 30 4.5

Total number of telephone instruments operating from switchboards serviced by FAAS Operators, for use in distributing costs related to subfunction 4.5 "Reception and Switchboard Services", and for other objects costs on FAAS-6 for telephone charges.

Exception: Long distance toll charges and other charges which can be identified with the user should be excluded from the FAAS allotment and charged directly to the allotment of the responsible agency, including the State Program allotment.

27. Number of Security Investigations V 12 mos. 5.1

Count of personnel security investigations made for each agency at post, for distribution of costs related to subfunction 5.1 "Personnel Investigations".

Exception: Simple name-checks requiring minimal time are counted as one-fourth of one workload unit. Washington-originated investigations for agencies which are not represented at post should be charged to the State Basic Program.

28. Hours of Marine Guard Service

This factor is no longer used.

29. Hours of Watchman Service X 1 month (March) 5.4

Count of hours, by building, of service provided each agency during the stated period, for the distribution of personal services costs

related to subfunction 5.4 "Watchman Services", and for other objects costs of contractual watchman services.

Exception 1: When a property is occupied by more than one agency, the hours of service should be pro-rated by the square feet occupied by each agency.

Exception 2: Guard or watchman services for GOLTL properties should be charged 100% to the State Program Allotment.

Exception 3: Guard or watchman costs authorized by the Department under the Anti-terrorism program should be charged to the State Program Allotment and excluded from FAAS.

163 Collection and Clearance of the Workload Statistics

It is vital to the FAAS process that the workload statistics be maintained accurately, and that they be reported promptly to a central point in the administrative section, either the administrative office or the budget and fiscal office. Responsibility for the maintenance and collection of the data should be specifically assigned within the units where the data is most readily available, with firm reporting deadlines. It is good practice to remind the reporting units of upcoming deadlines, particularly in the case of subsidiary posts where mailing or other transmission time is a factor.

Clearance of the workload statistics with the supported agencies has two purposes: (1) it assures the agencies that the ultimate percentages are developed from factual and supportable data; (2) it promotes the resolution of real or imagined inequities; and (3) it flushes out the inevitable errors which arise in statistics. The workload statistics should be cleared with the agencies in advance of the preparation of the other FAAS schedules, to avoid the need for redoing them. One suggested technique, when feasible, is to circulate quarterly reports on the workload statistics, so that clearance time of the final report is minimized.

170 Due Dates for Post FAAS Estimate Submissions

Unless otherwise stated in special messages, the following standard submission dates are established:

1.	The FAAS Mid-Year Financial Plan	- due in the Department by May 10.
2.	The CORE/DAS Schedules	- coincident with submission of Department FBE schedules.
3.	FBE FAAS Schedules 1 and 13, Narrative Schedules 1-A and 13-A, and FBE schedules 14 through 16.	- in accordance with Department instructions.

200 CORE AND DAS POSITIONS

210 Guidelines for the Designation of CORE and DAS Positions

CORE positions are those that are unaffected, or only minimally so, by changes in the volume of administrative support provided to other agencies. DAS positions are those that will vary depending on the nature and extent of the administrative support provided to other agencies. Under this system, agencies other than State, can expand or contract without having an effect on the positions State needs to continue to provide administrative support for itself. The CORE will remain intact. The impact of having one or more agencies sharply curtail, or even completely eliminate their programs in a country should be limited to the added or DAS positions which State has employed to provide administrative support to these agencies.

It is recognized that if all agencies completely eliminated their programs in a country, and State was there alone, that there would be some impact on CORE as well as DAS, because of the interchangeable use of the incumbents of positions in the daily course of providing FAAS services to all agencies. The CORE and DAS designations relate to positions, for the purpose of distributing costs to all supported agencies, and not to the employees, in the performance of their duties, which occupy the positions.

State will budget and fund for all costs of CORE positions, including any support costs required, and, this budgeting and funding principle ignores, beyond the initial determination, what agencies are supported by the CORE position and to what extent. If, for example, an American budget and fiscal officer at Post "X" is considered a fixed State cost, State will fund for the full salary, allowances, and other costs of supporting that B&F officer, even if in actual practice 40% of that officer's time were devoted to supporting agencies other than State. As long as State workload permits, these agencies will receive the benefits from that CORE position, free of any charge or reimbursement.

Positions and costs beyond the State CORE will be distributed among the participating agencies in proportion to their use of services as reflected by workload statistics as presently maintained. No part of the added costs (DAS) will be borne or shared by State. This will be true even if State derives some administrative support from a particular DAS position.

211 Definition of CORE and DAS Costs

A. CORE Costs. Those positions and funds that are unaffected, or minimally so, by changes in the volume or type administrative support provided to other agencies.

B. DAS Costs. Those funds and positions that move up or down in relationship to changes in the volume or type administrative support provided to other agencies; they are the added costs.

220 Application of CORE/DAS Guidelines to American Positions

1. General Administrative and Professional. The Administrative Officer, GSO, B&F and Personnel officers are CORE provided the post has only one officer of each type. The rationale for this determination is that these are State fixed positions and their existence does not depend primarily on the presence of other agencies at post.

The same criteria would be applied to a post which has a doctor or a post which has a nurse, the position would be CORE. If a post has both a doctor and a nurse, the doctor would be CORE and, depending on the situation, the nurse would be either CORE or DAS.

Where a post has more than one American of a type, e.g., a GSO and Assistant GSO, the determination of whether the second one is CORE or DAS depends primarily on the answer of this question, "Is the position required primarily because of the presence of a number of other agencies at post?" Or, to put it another way, "Could the Assistant GSO position be abolished if the majority of serviced agencies sharply curtailed, or completely eliminated, their programs and activity at post?" If the requirement for the position results primarily from the presence of other agencies at post; it is DAS. If not, the position is CORE. The same elements would control the CORE or DAS determination for each position of a type beyond the second.

Unfortunately, there is no precise data or exact method for determining the answer to the basic question. Existing or readily obtainable work measurement data for Americans frequently lacks a sufficiently solid foundation; but, this is not to preclude its use where its validity is demonstrable. There are, however, a number of good indicators that field studies show will be helpful and provide a reasoned and uniform determination. Specifically, the profile of the total administrative support requirement should be considered as follows: the number of other agencies and the size and scope of their activity; whether one or more of these agencies provide any of their own administrative support and, if so, to what extent do local conditions dictate unusual support requirements. These and related indicators should prove sufficiently reliable for CORE/DAS determinations on these American positions.

In all cases we are dealing in terms of whole positions. If it is concluded that more than one, but somewhat less

than two positions constitute State's fixed requirement, the second as well as the first position should be classified as CORE. (Note: If a post has a B&M officer as well as a B&F officer, the B&M officer normally will be considered CORE and the B&F officer will be considered as the second of a type and, depending on other factors described above, will be classified either CORE or DAS.)

2. Security, Communications, and Marine Guards Positions

When the FAAS system was implemented in FY 1977, the Department made a conscious and deliberate decision that all security and communications American positions, and Marine Guards, would henceforth be wholly provided and funded by the Department of State. Fundamentally, the levels of such positions required at any given post are not affected by the presence of other agencies, and therefore these positions were removed from the FAAS system and are administered as State Program positions. This, however, does not preclude the possibility that special arrangements in peculiar circumstances might be made to provide such support for a particular agency on a reimbursable basis, in accordance with an agreement made in Washington.

230 Application of CORE/DAS Guidelines to Foreign Service National Positions

The working titles of FSN positions are the first factor in determining which are CORE and which are DAS. Special emphasis must be placed on using and reporting accurate and descriptive working titles, and if those in use at the post are not considered sufficiently accurate for this purpose, corrective action should be taken. The importance of this process in the review and understanding by personnel not intimately involved in post operations warrants the additional effort required to obtain a qualitative and useful product.

The first FSN position of a type is CORE. The rationale for this determination is precisely the same as for American positions, i.e., the requirement does not depend on the presence of other agencies at the post. To illustrate, if a post has an accountant, cashier, electrician, mechanic, chauffeur, mail clerk and switchboard operator, they are State fixed personnel requirements and are CORE. There may be exceptions to this rule and, when they arise, they should be documented at the post for the benefit of administrators and agency personnel who may follow the present incumbents.

In many instances, especially at the smaller size posts, it may not be possible to use a narrow descriptive title (such as personnel clerk, procurement officer or accountant) because of the variety of duties performed. Frequently the broader, but

less descriptive title of administrative assistant is used. It then becomes necessary to examine the specific duties performed as reflected in terms of percentages of time devoted to subfunctions on the FAAS-4. To illustrate a situation of this type, a FSN with the working title of Administrative Assistant is the post's chief leasing officer and, because this duty is not full-time, also performs procurement and supply work. This FSN is CORE by virtue of the leasing function alone, and this would remain true even if there were other FSN's at post engaged in leasing, but in a lesser capacity.

Where there is more than one FSN of a type, any special requirements affecting State staffing should be isolated and considered. To illustrate, in some posts the telephone switchboard is located in or adjacent to the main lobby permitting the duties of the switchboard operator and receptionist to be performed by one FSN. In other posts, the physical location of the switchboard and the main lobby precludes such a staffing situation, regardless of the fact that it is feasible from the standpoint of workload. In the first illustration, the FSN is obviously CORE. In the second illustration, both FSNs are CORE because State has a requirement for one FSN to perform the receptionist function and one to perform the switchboard function.

Another special requirement, which was discussed briefly under Americans, is the minimum staffing requirement to provide coverage for an abnormal or irregular work week. The unclassified wire room may be open 16 hours on weekdays, and 8 hours on Saturday. The minimum manning level of FSNs required to cover eleven 8-hour shifts is CORE. The same situation would prevail where, e.g., chauffeurs are required for both a day and evening shift. Normally, the number required for the evening shift would be CORE, and the number required for the day shift would be divided between CORE and DAS based on attributable workload.

The final factor to be used in determining which FSN's are CORE and which are DAS is work measurement data. A majority of the functions performed by FSN's are susceptible to such measurement and, unlike Americans, the use of available data can result in reasoned and uniform determinations. Where work measurement data is used as the final determinant, the number of FSN's that are CORE is equal to the man-years attributable to State, raised to the next whole number. It is realized that the use of workload attributable only to State implies a contradiction between the criteria established for Americans and for FSN's. However, there are a far greater number of FSN's than Americans. This, coupled with the fact that the number of FSN's that are CORE is determined by rounding upwards to the next whole number in all cases means that an essentially similar result is achieved.

To illustrate the use of work measurement data, a B&F section has 12 FSNs as follows: 1 Assistant to the B&F officer, 7 accountants, 2 cashiers and 2 typists. For CORE/DAS analysis purposes, all FSNs performing essentially similar duties are to be grouped together. In this case, the accountants, the cashiers, and the typists should be placed into three separate groups as their principal duties are different. A decision on the Assistant to the B&F officer requires an analysis of the employee's effort. In this illustration, the principal duty performed is accounting; therefore, the Assistant B&F officer should be added to group one bringing it up to 8 accountants. To continue the CORE/DAS analysis of group one, work measurement data show 2.3 man-years attributable to State and 5.7 man-years to other agencies. State is rounded up to 3.0 man-years which means that 3 accountants are CORE and 5 are DAS. Normally, the three most senior accountants should be identified as CORE.

Using work measurement data, the cashiers (group two) and the typists (group three) should be analyzed in a similar way to determine if the second cashier and second typist is CORE or DAS. A final illustration on the cashiers is as follows. Work measurement data show 1.4 man-years attributable to State and 0.6 man-years to other agencies. Again, State is rounded up to 2.0 man-years; both cashiers are CORE.

The key to making sound CORE/DAS decisions, especially for FSNs is to consider like personnel (those whose skills are interchangeable) as a group. When a post has two or more FSNs performing the same subfunctions or a combination of identical subfunctions, and in the absence of other controlling factors described elsewhere, work measurement data will have to be analyzed to make CORE/DAS determinations. The basic documents to be used in this analysis are the Workload Factor Distribution (FAAS-2) and the Staffing Distribution (FAAS-4).

240 Direct, Special, and JAO Positions

There are several categories, or types, of positions which require particular attention and treatment:

A. DAS Direct positions are FAAS positions which are assigned full-time to the service requirements of one specific agency. Under normal conditions, such positions would be charged directly to the funds and employment ceiling of the serviced agency. When specifically authorized by the Department, and the Council, however, DAS Direct positions may be used to meet an unusual situation. In such a case, the cost of the position is not distributed by the workload count and percentage. The position is allocated to Function 7.0 Direct Services on the FAAS-4, and the

full cost of the position is shown in the specific agency column on the FAAS-5. Examples of such positions are a driver assigned full-time to an agency, an accountant working exclusively for one agency, or a maintenance employee whose physical location precludes him from sharing in the duties of other FAAS personnel.

B. DAS Special positions are positions which have been authorized before an adequate workload record can be established to provide an equitable distribution among the DAS agencies. DAS Special positions are fully funded by the agency which generates the requirement for the current year (the fiscal year in which the position was established) and the succeeding fiscal year. When preparing the CORE/DAS schedules in the succeeding year, therefore, DAS Special positions should be allocated under Function 7.0 Direct Services to the funding agency, and their costs distributed 100% to the funding agency on Form FAAS-5.

C. JAO positions are positions in the FAAS organization which are encumbered by personnel detailed from another agency (i.e., the basic salaries of which are not paid from the post FAAS allotment or the Department's central American Salary allotment). They should be identified on the FBE Schedule 2 and/or 3, and the FAAS-4 as (JAO). Since detailed positions are reported for employment purposes by the funding agency, such employment will not be reported by FAAS. In addition, identification of such positions will assist the Department in the ultimate reimbursement of the funding agency in Washington (see Section 280).

250 Administration of CORE and DAS Positions

CORE positions are within the exclusive jurisdiction of the State Department. The Department may increase or decrease positions at a post, or transfer them from one post to another.

DAS positions are within the exclusive jurisdiction of the FAAS Council. Approval of the Council is required for the increase or decrease of positions at a post, or the transfer of positions from one post to another.

The term "exclusive jurisdiction" means that the Department and the Council are the final arbiters on the levels and use of FAAS staffing in their respective areas of responsibility. It should be noted, however, that the ultimate objective of FAAS is to meet the common support requirements of all agency programs by the most efficient and economic use of one combined support organization, and the reciprocal relationship of the cost sharing

system requires continuing coordination and cooperation to prevent inequities from arising from the exercise of these respective responsibilities.

The CORE/DAS position designations for most posts have not been changed since the original allocation was made prior to the implementation of FAAS in FY 1977. Since that time, numerous changes have necessarily taken place in the composition and use of FAAS staffing resources to meet changing needs at the post level, and it is necessary for posts to have a degree of latitude in the application of resources to provide services where they are needed, and within authorized levels. Such authority should be exercised within the following considerations:

1. The shift of CORE positions from one subfunction to another will not affect the basic CORE/DAS percentage relationship since this calculation is based on the dollar value of the total positions in each category.

2. DAS positions, however, have been authorized to provide specific services to the supported agencies, and these agencies fund the whole costs of the DAS positions among themselves. A shift of a DAS position from one subfunction to another can have the effect of shifting the costs from one DAS agency to another.

3. The transfer of a DAS position from one subfunction of service to another, within the post's currently authorized ceiling, to meet an urgent requirement is not precluded, and is furthermore encouraged as an efficient and economic use of resources. This must, however, be carefully coordinated with the agency or agencies whose costs will increase as a result of the shift, and the agencies whose services may decrease. In effect, this situation indicates two things: (1) an increased servicing requirement in one subfunction, and (2) a decreased requirement in another which may or may not require post action in accordance with Section 260 below. Agency representatives in the field are encouraged to review the cost and service impact of DAS position shifts among subfunctions and to bring any significant inequities resulting from such shifts to the attention of their agency represeentative to the FAAS Council for Washington action.

4. A requirement to move a position from CORE to DAS, or vice versa, is clearly two separate actions and may not be accomplished without the approval of the Department and the Council since these categories are separately authorized, and justified in accordance with Section 260.

260 Procedure for Requesting New Positions

New position requirements generally arise from two circumstances: (1) new agencies with country programs which will require administrative support; and (2) workload increases by existing agencies.

The most important elements in the justification of new positions are the identification of the subfunctions of service to be provided, and the related workload increases which are expected or which have occurred. Posts must keep in mind that the ultimate approval of additional positions, either by the Department for CORE positions or by the FAAS Council for DAS positions, will most likely be made by persons who are not familiar with the post's individual circumstances and who will therefore be looking for factual information on which to base their decision.

Requests for new positions should be in the following format:

1. Telegraph requests should contain the following caption: FOR (regional bureau) ALSO FOR M/COMP AND (agency - see below).

2. For each position or number of like positions, indicate quantity required, American or FSN, and a descriptive title. For Americans, titles currently in use such as B&F, GSO, Assistant GSO, Administrative Officer are acceptible. For FSN's titles such as laborer, janitor, carpenter, generator mechanic, engine mechanic, plumber, travel clerk and supply clerk are needed.

3. Recommend a CORE or DAS designation for each position, consistent with the guidelines in Section 220 and 230 above.

4. For each position or group of like positions, show an estimated allocation of time by subfunction.

5. Using the most recent FAAS-2 as a base, show the current workload for each subfunction related to the requested position(s), and the actual or projected workload, on which the request is based for each agency which has generated the request. For CORE positions, use the current workload for the State Basic Program as the base. For DAS positions, use the total current workload for all DAS agencies as the base.

6. Show the annual cost for each position or group of like positions. For Americans, show the grade and base salary, hardship post differential, and allowances. For FSNs, show the base salary.

7. Indicate the agency or agencies which have generated the requirement, and the distribution of total costs by agency.

8. Indicate if DAS positions should be designated as DAS Direct or DAS Special positions, as described in Section 240.

9. Explain by a narrative justification any factors which support the requirement beyond the factual information shown in 4 and 5 above.

For new programs, whether they have arrived in country or not, an estimate of new position requirements should begin with the FAAS-1 to consider the probable services which will be required, based on the anticipated strength of the agency and a review of workload data for an existing agency of similar size.

When recommending position decreases, it is sufficient to advise the Section, Position Number, and Position Title.

270 Authorization of Positions

FAAS positions are authorized to the regional bureau at the Department level by the DS-860 "Authorization for Permanent Positions and Employment" which identifies CORE and DAS American and FSN positions. In addition, DAS American and FSN positions are authorized by country as approved by the FAAS Council.

Complement notices issued by the regional bureau to the post will identify CORE and DAS American and FSN positions, and will also identify any DAS Direct or Special positions. In addition, positions to be filled by detail from another agency will be identified.

280 Joint Administrative Offices (JAOs)

There is a need to distinguish between a joint administrative office (spelled with small letters), and a Joint Administrative Office (spelled with capital letters). The former is a descriptive term which can be, and often is, applied to any State overseas administrative organization which supports a number of U.S. Government agencies and which is jointly funded by the supported agencies under the FAAS

system. The latter refers to the administrative organization in specific countries which has been formally designated a JAO, is jointly staffed by State and AID personnel, and operates under the terms of the State/AID Agreement of June 28, 1979.

Formally designated JAO's have been in existence for many years. JAO's have been established in situations where the sudden and dramatic buildup in the foreign assistance program has created administrative support requirements which have greatly exceeded the capacity of the existing FAAS organization. In the interests of overall economies and efficiency, and to avoid setting up duplicative facilities, the FAAS staff has been augmented by AID personnel to handle the additional support requirement.

281 Interagency Agreement Between the Department of State and the Agency for International Development Governing the Establishment and Operation of Joint Administrative Services

1. Purpose

"Basic Principles for Overseas Combined Administrative Support Services," 2 FAM 125, calls upon the foreign affairs agencies and other U.S. agencies to participate, where practical, in joint arrangements to provide required levels of administrative support servics to their personnel assigned overseas. The FAM encourages combined servicing when criteria as to effectiveness and economy can be met and includes the further guideline that when full consolidation is not practical, cross-servicing among agencies which results in economy or improved services is encouraged. The purpose of this agreement is to set forth agreed procedures governing the establishment and operation of Joint Administrative Offices (JAO's) in circumstances in which full consolidation is deemed practical, effective and economical.

2. Post Proposals for Establishing a JAO

To enable the Department and AID to evaluate the merits of proposals by Chiefs of Missions and AID Principal Officers for the establishment of JAOs, field posts will prepare a JAO draft agreement using the guidelines furnished below:

A. The provisions of 2 FAM 125 and Department Airgram A-768* of February 15, 1977, should be

followed. If a deviation is considered necessary, it should be explained and justified. A JAO shall cover only common administrative support services. AID program functions including procurement of program commodities and services and the AID Mission Controller function are excluded unless authorized by State and AID on an exception basis.

B. Each function and subfunction set forth in Section 160 should be identified in the draft agreement as to whether or not the JAO will provide these specific services to AID contract and PASA personnel, as well as AID direct-hire personnel. As necessary, special or limited support arrangements should be briefly explained, e.g., specific arrangements to provide support to AID employees in locations where State has no representation. A definitive statement should be included as to whether the JAO will provide the following services to AID: (1) maintenance of household furniture and equipment issued to AID occupied houses; (2) maintenance of quarters; (3) customs clearance; (4) acquisition and utilization of motor vehicles including AID special purpose vehicles; (5) accountability for and reporting of AID expendable and non-expendable property; (6) accountability for and managing of real property as indicated in Paragraph 4D.; and (7) requisitioning/accounting for expendable supplies.

C. If the JAO is to provide administrative support services to AID-financed personnel (whether AID direct-hire, AID contract, or PASA employees) outside the capital city, the type and extent of the services should be covered in sufficient detail to assure mutual understanding. If the JAO is unable to provide support to such employees, this fact should be spelled out. The post's proposal should then include the recommendation that an AID Management Officer position be established as part of the AID staff. The duties to be performed separately and exclusively for AID by this officer as well as the interface with JAO operations should be clearly defined so as to preclude duplication of functions performed in the JAO.

D. A recommended staffing pattern for American and local positions should be submitted. Each position should be designated either as CORE or DAS. Any special staffing arrangement desired should be specified.

E. The Inter-Agency Council for Administrative Support will consider and decide upon field proposals to establish new JAOs and would be the mechanism to resolve any major policy issues emanating from this agreement.

3. Assistance and Implementation

Joint State/AID Washington Administrative Management Assistant Teams (AMAT) will be formed through working group initiatives to assist JAOs through TDY in the following areas:

A. Inventory training and the maintenance of inventories of non-expendable furniture and equipment of all agencies to facilitate acquisition, inventory recordkeeping, sale and utilization of proceeds from such material.

B. Post operating procedures and regulations.

C. Implementing a Merit Promotion System for local national employees of all U.S. Government agencies at the post where such a system does not now exist.

D. Determining in the field the feasibility of establishing a JAO and, where necessary, assisting the post in the initial implementation of a Washington approved JAO.

E. Providing prompt assistance with the implementation of Section 401 of the Foreign Relations Act, FY-1979 (employment of dependents) particularly at those Posts where the availability of trained host country personnel is limited.

F. Providing TDY assignments to fill crucial vacancies on a timely basis.

G. Any other special problems peculiar to providing administrative services.

4. Operating Principles

A. Resources made available to the Department and AID (and other agencies as the case may be) will be used to support Joint Administrative Offices, and neither State nor AID will be required to supplement each other's share of positions, funds and material required to support the joint operation.

B. The governing principles of the FAAS system as set forth in Section 126 are part of this agreement. It is further agreed that where an increase in AID activities is the primary or sole cause for the need for additional U.S. and/or Foreign National personnel in a JAO, AID may detail

to the JAO direct-hire Americans, Third Country Nationals, and Host Country Nationals as appropriate. State positions will be established for these personnel under FAAS procedures as DAS Special Staff. In these cases, State will initially fund the post assignment costs. The costs will include travel, housing, furnishings, and other costs related to support at Post, but exclude salary and benefit costs paid directly by AID. AID will subsequently fully reimburse State for the costs incurred during the remaining part of the current fiscal year, plus one additional full year. Thereafter, all DAS costs will be shared by all agencies at Post, except State, according to the established DAS funding procedures.

Finally, when AID's activities are reduced in scope or the program is phased out, AID may reduce its personnel contribution to the JAO in proportion to its remaining activities, upon approval of the Council.

C. Bureau level management will handle the day-to-day operational requirements which need not be referred to the Inter-Agency Council on Administrative Support. Responsibilities of these bureaus shall include, but not be limited to the following:

1. Providing coordinated long range support planing.

2. Arranging timely personnel assignments to postions delineated in Paragraph 4H.

3. Determining appropriate levels and funding of vehicles and equipment for JAOs.

4. Responding to field queries and complaints on support levels, FAAS budgeting, etc.

5. Insuring compliance with pertinent regulations, GAO guidelines, etc.

6. Developing, or reviewing proposed new JAO agreements, and approving amendments to existing agreements within the principles of this general inter-agency accord. Questions and problems that the Bureau level management cannot resolve will be submitted to a senior level officer in each agency for resolution as outlined in 2 FAM 125.8(1) who may refer the issue to the Inter-Agency Council on Administrative Support.

D. The JAO will assume AID's real property responsibilities wherever practicable per the recent State/AID agreement in principle to have a single real property manager at each Mission. The acquisition and management of residential property will be in accordance with the policies and standards set forth in Airgram 1093, dated April 5, 1979. The accounting for AID's real property will be in accordance with Handbook 19 of the AID Directives system.

E. The Department of State will continue to be responsible for the regular inspection of JAOs and the provision of reports thereon to AID. The responsibility for the audit of JAOs utilizing substantial AID resources will be shared jointly by the Inspector General of the Department of State and the Auditor General of AID within the guidelines set forth in this paragraph. On an annual or other periodic basis, as determined by the Inspector General in coordination with the Auditor General, a schedule of audits of JAOs will be prepared by the IG and AG. Final approval of the schedule so prepared will rest with the Inspector General. The audit reviews so scheduled will be carried out by joint AG/IG audit teams, normally with equal representation and sized to the scope of the audit task. The audit schedule will assign specific responsibility for the conduct of each audit review from preparation of plan, through execution of the audit itself to and including preparation and issuance of the report to either the IG or AG or both as mutually agreed to. The reports issued will be joint reports of the IG and AG; be reproduced by the Department of State; and distributed within the Department of State and AID in accordance with the respective requirements and regulations of each agency. The Inspector General will oversee the compliance process for the recommendations in the audit reports in accordance with standard Department of State practices.

F. Prior to assignment to JAOs, State and AID personnel will be given appropriate consultation and/or training to familiarize them with all applicable State and AID policies, regulations and procedures.

G. To provide an appropriate level of administrative servicing for AID all factors such as the level and complexity of the AID program and the size of the AID Mission will be given full recognition by the Department in the job classification of all JAO American positions.

H. The Department of State through its Office of Personnel and the Agency for International Development through its Office of Personnel, and in close consultation with appropriate geographic bureaus in both agencies, will assign personnel from both the Department and AID to the Administrative Positions listed in Paragraph 7 below in accordance with the following arrangements and procedures:

1. Candidates from both the Department of State and AID will be considered for the positions listed at the appropriate time when the positions become available for reassignment. Ordinarily, this would be six to nine months in advance of the rotation date of the incumbent.

2. In anticipation of a position becoming available for reassignment, the appropriate regional bureaus of the Department and AID will consult for the purpose of arriving at a joint recommendation to their respective Offices of Personnel concerning whether a State or AID person is to be assigned to the position. Such recommendations to the two Offices of Personnel will be supported by discussion of relevant factors bearing on the choice.

3. The Office of Personnel in the Department of State, upon receipt of the recommendations of the respective regional bureaus and, where appropriate, of the Office of Personnel of AID, will make the final assignment in accordance with existing procedures followed by the Office of Foreign Service Career Development and Assignments.

4. AID personnel selected for the positions listed or for any others which may be added in the future will be assigned under normal AID Assignment Board processes on a reimbursable detail to the Department of State.

5. Personnel presently serving in the positions listed in 4.H.7. below will complete the tours of duty which were previously scheduled for them unless a need for curtailment is determined by

either agency in accordance with its existing procedures. Tours of duty for personnel assigned in the future to these positions will be made in accordance with the tour of duty policy in effect for the position by the Department or AID for its respective employees.

6. To facilitate orderly manpower planning on requirements and staffing for these listed positions, and also to regularize the documentation procedures by which assignments of personnel from the respective agencies are made, a joint State/AID mechanism will be developed immediately upon the signature of this agreement to permit the orderly approval of assignments.

7. The administrative positions available to qualified U.S. Direct Hire candidates of State and AID at posts where there is a JAO shall be the following:

(a) Administrative Officer
(b) Deputy Administrative Officer
(c) Supervisory General Services Officer
(d) General Services Officer
(e) Assistant General Services Officer
(f) Personnel Officer
(g) Assistant Personnel Officer
(h) Budget and Fiscal Officer

*The significant portions of A-768 are as follows:

3. Governing Regulations: The regulations contained in 2 FAM 125 govern the establishment, administration, staffing and financing of overseas combined administrative services. These regulations continue to be applicable under FAAS. The only difference under the new FAAS system is that all American and FSN positions in the JAO have been authorized by State either as CORE or DAS. However, this fact does not change the staffing provisions of 2 FAM 125.6 which permits the assignment of qualified individuals to these positions without regard to parent agency. This staffing provision applies equally to existing or newly established combined servicing operations. Also, as provided in the regulations, the assignments of key individuals to these organizations will be cleared by the Washington regional management, executive or administrative office of appropriate agencies.

4. Definition of Terms: 2 FAM 125 refers specifically to Joint Administrative Offices (JAO's). In the past, similar combined administrative organizations have been established under the title "Consolidated Administrative Management Organization (CAMO). The term "CAMO" is abolished herewith, and all combined administrative organizations will henceforth be identified as JAO's.

282 Funding for AID Personnel Detailed to State Positions

AID personnel detailed to JAO's can occupy either a CORE or DAS position. Such arrangements are considered to be reimbursable details. Posts will distribute DAS position costs in accordance with these FAAS procedures without regard to whether the incumbent is State or AID. Specific funding arrangements are as follows:

1. State will issue the travel orders assigning an AID employee to a State/JAO administrative position and will fund directly all assignment travel costs. State will isssue the travel orders and will fund the travel costs when an AID employee is transferred from a State position at one post to a State position at another post.

2. When an AID employee is reassigned from State to AID, AID will issue the orders and fund directly all travel costs.

3. Post allowances and other operating expenses for detailed employees will be funded from the post FAAS allotment and accounted for in the same manner as for State employees. In accordance with 3 FAM 315, State officers are hereby authorized to issue the necessary allowance authorizations. To effect payment of the allowances, posts will prepare a form SF-1166, Schedule of Payments, and submit it to the appropriate Finance Center for payment.

4. State will reimburse AID at the Washington level for base pay, hardship post differential, and benefits paid directly by AID.

300 STANDARD REPORTING PROCEDURES AND APPLICATION OF WORKLOAD FACTORS

310 Introduction to the CORE/DAS Schedules

Section 300 is the heart of the FAAS system, the development of the percentages which will subsequently determine the sharing of post costs for the upcoming fiscal year between CORE and DAS, and among the supported DAS agencies. The percentages are determined by proceeding through the steps represented by each of the FAAS forms. The percentages will be based on the current year's situation on the broad premise that support requirements of all agencies remain relatively stable from the current year through the new, or financial plan year.

The forms required in this process are called the "CORE/ DAS Schedules." The basic information comes from the Department's Field Budget Estimate, Schedules 1 and 13, which are the financial plans for the Bureau and FBO FAAS allotments, and Schedules 2 and 3, which contain staff data. These schedules should be prepared first by the post before proceeding to the CORE/DAS Schedules.

Great care must be exercised by the posts in transferring data from one schedule to another, to ensure that amounts get on the right line and in the right column, so that the final percentage calculations are accurate.

The CORE/DAS percentages are developed by the review and preparation of the FAAS CORE/DAS Schedules as shown below, and as described in the following subsections of Section 300 of this manual. The various schedules are as follows:

FAAS Schedule Number	Title/Description	Appendix B Section Number
FBE 1 & 13	The Field Budget Estimate (FBE) financial plan shows the estimated funding requirements for the current fiscal year and the upcoming year. FBE-1 includes funds allotted by the Bureau and FBE-13 includes funds allotted by FBO. These schedules provide the basic information for the FAAS-6 (prior year costs) and the going rate estimate.	---

FAAS Schedule Number	Title/Description	Appendix B Section Number
FBE 2 & 3	Currently authorized American and FSN positions. These schedules list the CORE and DAS American positions, and the CORE and DAS FSN positions, which are the basic data for FAAS-4.	---
FAAS-1	Post Administrative Support Agreement The agreement with each agency which shows the services required by the agency and for which costs will be assessed.	311
FAAS-2	Workload Factor Distribution Work count recorded during the prior year for the services listed on the post agreement. Workload percentages are applied to FAAS costs to determine each agency's percentages of total FAAS costs.	312
FAAS-3	Allocation of Positions by Subfunctions Distribution of the time of each position to the subfunctions in which the position serves. FAAS-3 represents a "process" rather than an actual form.	313
FAAS-4	Staffing Distribution For each position listed on FBE-2 and 3, the percentage of time spent by subfunction as determined in the FAAS-3 process. FAAS-4C should be completed for all CORE positions while the FAAS-4D is to be completed for all DAS positions.	314
FAAS-4A	CORE/DAS Ratio Computations Calculation of the basic CORE and DAS percentages in accordance with the position costs from FAAS-4 and American personnel related costs from FAAS-6.	315

FAAS Schedule Number	Title/Description	Appendix B Section Number
FAAS-5	DAS Personal Services Distribution Distribution of subfunction salary costs from FAAS-4 by the workload percentages from FAAS-2 to determine the proportionate use of DAS services by each of the supported agencies.	316
FAAS-6	Other Objects Distribution Distribution of prior year non-salary costs from FBE-1 and 13 by the workload data on FAAS-2, and other prescribed methods, to all agencies.	317

In reviewing the CORE/DAS Schedules prepared by the administrative section, supported agencies at the post should bear in mind that the participation percentages which result will determine the amounts to be reimbursed by the parent agency in the forthcoming fiscal year. The significant percentages are as follows:

1. The CORE/DAS Ratio for American salary costs computed on FAAS-4A. In Section 540, this is shown as the "FAAS-5 American" percentage and is used to determine the amount of basic American salary costs and American Allowances costs which will be paid by State (CORE), and the amounts which will be shared among the DAS agencies.

2. The CORE/DAS Ratio for FSN salary costs computed on FAAS-4A. In Section 540, this is shown as the "FAAS-5 FSN" percentage and determines the amount of FSN salary costs which will be paid by State (CORE), and the amount which will be shared among the DAS agencies.

3. The CORE/DAS Ratio for the combined amounts of American and FSN salaries computed on FAAS-4A are used on FAAS-6 to distribute the total in the FAAS Column to State and the DAS agencies.

4. The final CORE percentage for Other Objects costs computed on FAAS-6. In Section 540, this is shown as the "FAAS-6 Percentage" and determines the CORE share, with the balance to be distributed among the DAS agencies.

5. The percentages for each supported agency computed on FAAS-5 and FAAS-6, which determine how the total DAS costs are shared among the agencies.

Thus, the dollar amounts which are attributed to each agency in the development of the CORE/DAS Schedules are not to be considered as amounts to be reimbursed; their importance is in their use as a basis for computation of the percentages. Equally important to the reviewing agencies is the accuracy of the workload statistics which are accumulated on the FAAS-2.

It is incumbent on the agency representatives to assure themselves that the CORE/DAS percentages have been accurately computed, since reviewing agencies in Washington consider the representative's initials as concurrence in the submission. It is equally incumbent on the post administrative section to give the agencies sufficient time for the review, and to provide necessary backup and explanation in order to answer questions and resolve issues before submission to Washington. Likewise, the reviewing agencies are expected to respond with concurrence or questions within a mutually acceptable timeframe.

311 Form FAAS-1 - Post Administrative Support Agreement

The first form in the system provides a method for review and agreement, and lists each function and subfunction. (See Exhibit 311.1) With the list of functions and subfunctions in hand, the administrative officer meets with the chief of the serviced agency and reviews FAAS facilities and agency requirements. Together they fill in Form FAAS-1 which becomes the basis for participation. A post agreement number is assigned, and the administrative officer and the serviced agency chief sign the agreement as provided. Any special notes on the agreement are made a part of the agreement by an attachment.

The primary purpose of FAAS-1 is to afford the opportunity by which two participants can determine and review periodically the needs and availabilities of services. The agreement stands "as is" until modified, and the administrative officer and the concerned official of each participating agency should review their agreement on an annual basis.

The secondary purpose is to record at the post-level a standing agreement for the benefit of rotating personnel. This form should serve as the "calling card" for each administrative officer in briefing an incoming chief of a serviced agency.

Form FAAS-1 is not normally needed in Washington, and should not be submitted to Washington unless specifically requested.

The functions and subfunctions listed on Form FAAS-1 and in Section 150 are those which are normally performed by the Embassy administrative organization. The subfunction numbering is a historical carryover from previous administrative support systems. Attention is called to the subfunctions marked by an asterisk (*), as follows:

2.2 Payrolling: The main functions of the payroll process are performed at the Regional Administrative Management Centers (RAMC's), i.e., payroll preparation and issuance of checks. The post functions which are collateral to the process, such as the maintenance of time and attendance records, leave records, and payroll liaison, are performed as secondary functions of the Personnel and/or Budget and Fiscal Offices.

3.5 Reproduction: The advent of readily available copying equipment has eliminated this as an official subfunction. See sections 160 and 317 for reference to contractual reproduction costs.

3.7 Building Operations - Office; and 3.8 Building Operations - Residential: The State Department is responsible for the management, operations, maintenance, and funding, of all Government-owned and Long-term leased (GOLTL) properties which were managed, operated maintained, and funded by the Department at the beginning of FY 1980. No costs are included in FAAS funding or distributed to serviced agencies in connection with such GOLTL properties. Costs may be assessed to the serviced agencies in connection with short-term leased properties as are proper under these procedures.

4.1 Telegraphic Traffic: Services provided by American personnel in the transmission of telegraphic traffic are a State Department Basic Program function, and the costs of such personnel are entirely excluded from the FAAS funding system. Participating agencies are charged only for such FSN personnel and operating expenses as may be properly authorized under these procedures.

4.3 Files and Records: The maintenance of central files and records for participating agencies has been eliminated as an official subfunction.

5.2 Physical Security: Services provided by American personnel in this subfunction are a State Department Basic Program function, and the costs of such personnel are entirely excluded from the FAAS funding system.

5.3 Marine Guard Services: Services provided under the Marine Security Guard program are a State Department Basic Program function and the costs are entirely excluded from the FAAS funding system.

7.0 Direct Services: A direct service, as defined in Section 130, provided to a specific agency should be identified on Form FAAS-1.

Each one of the services listed on the Form FAAS-1 which is required by the serviced agency should be indicated by an "X" in the Participation Column. This will include services for which costs are distributed to the participants in accordance with these procedures, and services for which no costs are assessed.

312 Form FAAS-2 - Workload Factor Distribution

This form provides for capturing and reporting workload statistics for each of the standard workload factors described in Section 160 as they pertain to each serviced agency, including FAAS itself. (See Exhibit 312.0)

As provided on the form, the work count for the period specified should be entered in the "Quantity" column for each agency for each workload item. Each line should be added and the total entered in column E. The form contains two percentage columns for every agency on each workload line. The first percentage column will be used to record the individual workload percentages for each agency including State and FAAS. The second percentage column will be used to record the workload percentages for each participant excluding the workload applicable to State and FAAS. The percentages in the first column are used to distribute costs on the FAAS-6 while the percentages in the second column are used to distribute costs on the FAAS-5 among the DAS agencies. For example:

Workload Factor -- Pieces of Mail Handled

Agency	Pieces of Mail	FAAS-2 Percentages	As Applied to FAAS-5
State	11,454	34.0%	-
FAAS	16,372	48.7%	-
USIA	92	.2%	1.6%
AID	5,312	15.8%	91.2%
FAS	397	1.2%	6.8%
DEA	24	.1%	.4%
Total	33,651	100.0%	100.0%

For distribution of costs on FAAS-6, the percentages from FAAS-2 will be applied without adjustment.

Percentages will be carried out to one place to the right of the decimal point (e.g., 12.3%). The percentage calculations should be carefully checked to see that each set of percentages adds to 100.0%.

Workload statistics will be reported for all serviced agencies. On occasion, services are provided for an agency in a country where the agency is not represented. The agency may be in Washington, or it may be in another country or it may be that the agency is serviced by a regional activity such as a DAS doctor or nurse, or a regional budget and fiscal service. All agencies should be listed on the FAAS-2 and the workload entered for each appropriate subfunction.

It is extremely important that each agency work count and distribution percentage be accurately determined and reported. The primary use of the FAAS-2 is to develop percentages for application to the personal services costs on the form FAAS-5, and to other objects costs on the form FAAS-6.

Each unit head will be responsible for maintaining the required workload statistics and the timely submission of such data to the budget and fiscal office. The consulates and other constituent posts will likewise be responsible for maintaining and reporting such data for their posts to the embassy budget and fiscal office. The budget and fiscal office of the embassy will consolidate these workload statistics for the embassy and constituent posts into one Form FAAS-2 for the country for submission to Washington.

The completed FAAS-2 will be submitted to each serviced agency representative (for those agencies present at post) with sufficient time for their review of data. The agency representative's initials at the bottom of the FAAS-2 indicate acceptance of the workload generated by the agency and its proportion to the total workload.

313 Allocation of Positions to Subfunctions

Form FAAS-3, List of Duties Performed, is no longer required. Instead, the Budget and Fiscal Officer in conjunction with Unit and Section Supervisors will distribute the time of each position, both CORE and DAS, to the appropriate subfunctions on the Form FAAS-4.

The distribution of time for each of the CORE positions is required to assist the Department and the Council in the periodic review of the CORE/DAS relationship, and in the review and determination of post requirements for increases and decreases of FAAS positions.

In many instances, the duties of an individual position will fall within a single subfunction. In those cases, however, where the duties of the position cover several subfunctions, the allocation of each position to the pertinent subfunctions should reflect the best judgement as to how the time of the

incumbent is normally spent on the various duties of the position, and extraordinary diversions to other duties caused by a temporary situation should be discounted.

In the case of DAS positions, it is particularly important to review the current year allocation of time against the previous year's. DAS positions are authorized by the FAAS Council for specific purposes and the anticipation that the costs will be shared among the DAS agencies in accordance with the workload that relates to the subfunction for which it was authorized. DAS positions may not be shifted to a new subfunction where the cost distribution will be changed significantly without prior approval by the Council.

Where the time of a position is allocated to more than one subfunction, the total of the percentages must equal 100%.

There are three types of DAS positions, as follows:

a. DAS Regular positions are fully shared by all DAS agencies at the post in accordance with the workload factors.

b. DAS Direct positions are those which a specific agency has agreed to fund indefinitely, and the incumbent work full-time for that agency.

c. DAS Special positions are those which have been added to the post's complement for, or in anticipation of, an agency buildup of significant size before an adequate indication of the workload can be developed. The agency responsible for the buildup has agreed to fund the full cost of the DAS Special position for the year in which the position is authorized and the next full year. DAS Special positions which are not withdrawn at the end of the succeeding full year, become DAS Regular positions and the costs are shared by all DAS agencies in accordance with the workload statistics.

Most posts have one or more DAS driver position which provide either direct or indirect servicing to the DAS agencies. Direct service means the transportation of agency personnel or materials where the quantity of usage can be clearly identified with an agency by the Workload Factor J, "Miles Driven". Indirect service consists of the use of motor pool drivers and vehicles for the benefit of all agencies merely because they are present at the post, such as the pickup and delivery of mail and pouches and supplies, trips to customs clearance points and banking facilities, security investigations, property maintenance, etc. Where DAS drivers are used for direct service, the position's time should be shown on the FAAS-4 under subfunction 3.1 and the costs distributed on Form FAAS-5 by Workload Factor J, "Miles

Driven". Where the use is for indirect servicing, the time should be shown on FAAS-4 under subfunction 3.1 and the costs distributed on FAAS-5 by Workload Factor C, "Americans Serviced."

Positions engaged in the operation and maintenance of government-owned and long-term leased buildings (referred to herein as BOE/GOLTL positions), are no longer included in the calculations of FAAS costs. Such positions, the related position costs, and other operating costs, are funded from the Department's program allotments, and, as stated above, are not considered in the distribution of FAAS costs to State and other agencies. The mechanics of identifying the BOE/GOLTL positions has been based on the intent that BOE/GOLTL positions will henceforth (beginning in FY 1984) be excluded from FAAS staffing complements, and, conversely, FAAS staffing will include only operation and maintenance positions related to short-term leased (STL) properties.

In posts that have only GOLTL properties, or only STL properties, the task of complying with the basic intent is relatively simple. In most posts, however, where there is a mixture of both GOLTL and STL properties the process of separating the operation and maintenance positions has required the application of an element of judgment to consider two real situations:

1. Positions were identified in terms of whole positions in order to meet the requirements for the administration of staffing complements, i.e., not less than a whole position could be transferred from one complement to another.

2. In the actual day-to-day operating situation, employees (who occupy the positions) must be assigned to the tasks which need doing, rather than being restricted by the administrative limitations which place them in one slot or another.

In view of these situations, therefore, it is assumed that any CORE or DAS positions remaining in the FAAS complement are those in which the major portion of their time is required for the operation and maintenance of STL properties, and the allocation of the time of such positions to FAAS subfunctions will ignore the time spent on GOLTL. Should changing circumstances indicate that the major portion of the time of a FAAS position is being devoted to GOLTL on a continuing basis, as opposed to a short-term need, the post should request the transfer of the position from FAAS to Program.

314 Form FAAS-4 - Staffing Distribution

The FAAS-4 calculation is done in three parts: (1) the basic information is taken from the Field Budget Estimate (FBE)

Schedule 2 (Currently Authorized American Positions -- Exhibit 314.1), and Schedule 3 (Currently Authorized FSN Positions -- Exhibit 314.2); (2) Form FAAS-4 which distributes the basic cost of the positions to the subfunctions in which they serve; and (3) the Form FAAS-4A CORE/DAS percentage computations.

The FAAS-4 is concerned only with FAAS positions, therefore the basic data should be taken from the FBE Schedules 2 and 3 which report only FAAS positions. Copies of Schedules 2 and 3 should be submitted with the CORE/DAS Schedule submission to facilitate reproduction and distribution to the participating agencies.

The FAAS-4 Percentage Distribution of Employees Time by Subfunction is to be completed for all FAAS positions, CORE American and FSN and DAS American and FSN, in accordance with the guidelines in Section 313.

CORE and DAS positions shown on the FAAS-4 must agree with the authorization issued by the Regional Bureau. Vacant positions will be shown at Step One of the assigned grade.

Form FAAS-4 is composed of two parts: the FAAS-4C Exhibit 314.3 relates to all CORE employees and the FAAS-4D Exhibit 314.4 to all DAS employees.

Form FAAS-4 should be completed as follows:

a. For each FAAS position, enter in Column A the Organization Unit (PER, B&F, GSO, COMM, SY, MGT), the Position Number in Column B, and the Position Title in Column C.

b. Positions are to be listed in the following order:

   1. CORE Americans

   2. CORE FSN's

   3. DAS Americans

   4. DAS FSN's

c. For American positions, enter in Column D the total amount of Columns G through P of FBE Schedule 2.

d. For FSN positions, enter in Column E the total amount of Columns F through L of FBE Schedule 3.

e. For each position, both CORE and DAS, show the percentage of time spent on the various subfunctions in the columns on FAAS-4 headed Percentage of Employees

Time by Subfunction. Percentages are to be spread in accordance with the guidelines shown in Section 313. The percentage on each line will add to 100%.

f. DAS Direct positions will be distributed to the agencies which fund them under Subfunctions 7.1 through 7.5, using a separate subfunction for each agency. No CORE or DAS positions will be shown under the Direct Services Subfunctions for the State Basic Program. DAS Special positions will be treated as DAS Direct positions only if such 'special' positions were authorized during the first six months of the current fiscal year, i.e., before preparation of the FAAS estimate for the new fiscal year.

g. Subtotal the CORE costs in Columns D and E. Subtotal the DAS costs. Total the CORE and DAS in each column to determine the total FAAS-4 costs.

315 Form FAAS-4A - CORE/DAS Ratio Computations

The purpose of the FAAS-4A is to determine the percentages by which the estimated costs in the new fiscal year will be shared between State (CORE) and the participating agencies (DAS). The percentages developed in this process will be applied subsequently as follows:

a. The percentage from Line 3 of the FAAS-4A will be applied to the American Salary costs attributed to the post, and to the American Allowances included in the post going rate and increase-decrease requests.

b. The percentage from Line 4 will be applied to FSN Salary costs.

c. The percentage from Line 5 will be applied to the undistributed costs in the FAAS Column (Column G) of the Form FAAS-6 to distribute the Post Other Objects costs between CORE and DAS (See Section 317).

d. Note: The percentages for distribution of the DAS costs among the participating agencies will be developed by the Form FAAS-5 (Section 316) and the Form FAAS-6 (Section 317).

An important feature in the development of the CORE/DAS ratio is the addition of selected Other Objects to the Salary costs in the calculation of percentages. These costs, identified on the Form FAAS-6 (Column F) as "Transfer to FAAS-4A", are costs which can be related specifically to the FAAS American staff personnel as much as the salaries can be. Essentially,

these costs cover official personal travel and housing of the American staff, both of which can be relatively significant in terms of magnitude and which, therefore, should impact on the distribution of percentages between CORE and DAS.

Form FAAS-4A will be completed as follows:

a. Line 1: Enter American Position Costs for CORE and DAS from Column D of the Form FAAS-4.

b. Line 2: Enter the total for Other American Personnel Related Costs from the Form FAAS-6, Column F, Line 71. Distribute the total to CORE and DAS in accordance with the number of FAAS Americans in each category. For example: if there are 8 CORE and 2 DAS Americans at post, the costs would be distributed 80% to CORE and 20% to DAS.

c. Line 3: The total of Lines 1 and 2.

d. Line 4: Enter FSN Position Costs from Column E of FAAS-4.

e. Line 5: Total of Lines 3 and 4.

f. Determine the percentages for Lines 3, 4, and 5. Percentages should be carried out to one place to the right of the decimal (e.g., 12.3%).

316 Form FAAS-5 - DAS Personal Services Distribution

The purpose of the Form FAAS-5 is to determine the percentages by which the DAS costs will be distributed among the participating DAS agencies. The Form FAAS-5 combines information from Form FAAS-2 and Form FAAS-4 to show the cost of each subfunction performed by DAS employees and the distribution of these costs among the participating DAS agencies.

Separate Forms FAAS-5 are required for DAS American position costs and for DAS FSN position costs, except that as indicated on the attached Exhibit 316.1 American and FSN costs can be shown separately on one form if space permits.

Form FAAS-5 will be prepared as follows:

a. Before filling in Columns D and E of FAAS-5, it will be necessary to spread the American Salary and FSN Salary costs for each DAS position listed on FAAS-4 for each subfunction under Column E of FAAS-4. A separate worksheet is required for this purpose. On

form FAAS-5 list the subfunction number in Column A, the subfunction title in Column B, the workload distribution factor in Column C, and the subfunction cost in Column D, or Column E.

b. Note that the FAAS-5 is prepared only for DAS positions and for subfunctions in which DAS positions are providing service to the participating agencies. The FAAS-5 is not prepared for CORE positions and it is not necessary to calculate the costs for CORE subfunctions.

c. From the prescribed list of workload factors (paragraph g below) enter the appropriate letter for each of the subfunctions in Column C.

d. By reference to workload percentages reported on FAAS-2, for DAS agencies only (second percentage column), distribute the costs shown on the FAAS-5 for each subfunction to each participating agency and enter these amounts in the appropriate agency column.

e. Total the amounts in each column and determine the percentage distribution of total American position costs for all participating DAS agencies. Likewise, total the columns and determine the percentage distribution for total FSN positions. Add the total amounts together for American and FSN position costs, and determine the percentage distribution for the combined total for all DAS agencies. Check the percentages to make sure they all add up to 100%.

f. Agency initials on the bottom of the form signify acceptance of the percentage distribution.

g. The workload factors on the Form FAAS-2 will be applied as shown below in distributing DAS Personal Services costs on Form FAAS-5:

	Subfunction	Workload Factor	Factor Letter
1.1	American Personnel Management	American Services	A
1.2	FSN Personnel Management	FSN's Serviced	B
1.3	Welfare and Health Services	American Permanent and Contract Americans	C
1.4	Travel Services	Number of Travelers	E

	Subfunction	Workload Factor	Factor Letter
2.1	Accounts and Records	Number of Obligations Established	F
2.3	Vouchering	Vouchers Processed	G
2.4	Cashier and D.O. Operations	Payments and Accommodation Exchanges	H
2.5	Budgeting and Financial Planning	Obligations Established	F
3.1	Motor Pool Operations	Miles Driven or American Permanent Positions and Contract Americans	J or C
3.2	Vehicle Maintenance (non-pooled)	Hours Maintained	K
3.3	Administrative Supply	Dollar Value of Supplies Issued	L
3.4	Procurement	Purchase Orders Issued, Bids Received, Contracts Awarded	M
3.6	Shipments and Customs	Shipments Sent and Received	O
3.7	Building Operations - Office (STL)	Office Sq. Ft. Occupied	P-1
3.8	Building Operations - Residential (STL)	Residential Sq. Ft. Occupied	Q-1
4.2	Pouching	Weight of Pouches	S
4.4	Mail and Messenger Services	Pieces of Mail	T
4.5	Reception and Switchboard	Number of Telephones	U
5.1	Personnel Investigations	Number of Investigations	V
5.4	Watchmen Services	Hours of Watchmen Service	X
6.0	Management Services	American Permanent Positions and Contract Americans	C
7.0	Direct Services	No factor - appropriate costs entered in agency columns on FAAS-5	ACT

The post should not deviate from the prescribed application of workload factors as set forth above. The one exception to this concerns the application of Factors A and B to Subfunctions 1.1 and 1.2. When an agency receives only one service included under each of these subfunctions and the application of the workload factor would produce gross inequities, the administrative officer may make necessary adjustments in the quantities shown for Factor A and/or B on the FAAS-2 to achieve a more equitable distribution of the workload. Such adjustments should be explained by footnote on the FAAS-5.

317 Form FAAS-6 - Other Objects Distribution

The purpose of the Form FAAS-6 (Exhibit 317.1) is to arrive at a percentage for each agency's participation in the non-personal services costs of FAAS. The percentage will be applied to the going rate and increase-decrease requests by which the actual reimbursements for each agency will be determined. As with the Form FAAS-5, DAS personal services distribution, the final dollar totals on the Form FAAS-6 will not represent amounts to be reimbursed by each agency, but will be used only to calculate the percentages.

The sub-object numbers and titles follow the general scheme of accounts patterns shown in 4 FAM Appendix A, Account Structure and Classification Codes. This pattern is used by all posts in maintaining ledgers and reporting obligations and liquidations.

In preparing the FAAS-6, follow these steps:

a. The amounts to be entered in Column E of the FAAS-6 are taken from the estimated prior year obligations reported in Column B, Schedules 1 and 13 for the FAAS allotment of the Field Budget Estimates (FBE). (Note: Schedules 1 and 13 of the FBE will be submitted as the FAAS going rate and initial increase/decrease estimates. See Section 400.)

b. The sub-object class listing in Column C of the FAAS-6 should correspond to the listing in Column A of the FBE. Any line items which the post may have added to the FBE should in turn be added to the FAAS-6 on the available blank lines so that the listing on the schedules is identical. In addition, some sub-objects require a breakdown on the FAAS-6 of residential and non-residential costs because of the different distribution factors involved.

c. The FAAS-6 combines the sub-object classes for the Bureau allotment and the FBO allotment. This is done in order to calculate a single percentage for distribution of the other objects costs. The single percentage preserves the relative shares of all agencies which existed before the separation of funding between the Bureaus and FBO.

d. Listed below are the factors by which the costs will be distributed to the various columns on the FAAS-6. The following guidelines are pertinent:

(1) Where the factor identification is shown as "FAAS-4A", the amount from Column E is to be entered only in Column F.

(2) Where the factor is shown as "FAAS", the amount is to be entered only in Column G.

(3) Where the factor is one of the alphabet factors from the FAAS-2, the amount is to be distributed to FAAS, State, and each of the DAS agencies by the total percentage from the first percentage column of the FAAS-2.

(4) The prescribed distribution factors, as shown here and as pre-printed on the FAAS-6 form are to be used to the maximum extent possible. It is recognized, however, that the application of a rigid requirement on a world-wide basis may result in an inequitable distribution of costs in some situations, and that the post must have some latitude to change the factor if local conditions require it. Any changes in the factors should be concurred in by all the agencies at the post. The change will be clearly marked and an explanation for the change will be included on or attached to the FAAS-6.

(5) In instances where a sub-object class includes a variety of items for different purposes (e.g., 2372 - STL rents, or 2589 - other contractual services NOC), it may be appropriate for the post to apply more than one workload factor to distribute the costs. For example, if "rents" includes both housing for FAAS personnel and transient quarters for all agency personnel, the FAAS rents should be charged to the FAAS-4A Column, and the transient quarters to all agencies on the basis of actual use in the prior year. The distribution of this sub-object class may be explained to the agencies at post by a supporting worksheet, and the FAAS-6 factor shown as "ACT" (actual). Individual contracts exceeding $10,000 in value should be shown as separate line items and distributed by an appropriate workload factor.

(6) The prescribed FAAS-6 Distribution Factors are as follows:

Sub-object Class	Sub-object Title	Distribution Factor
2153	Conference Travel	FAAS
2155	Post-to-Post Detail Travel	FAAS
2156	Field Travel NOC	FAAS
2157	Medical Travel	FAAS-4A
2158	Special Personnel Travel	FAAS-4A
2159	Security Travel	State
2161	Rest and Recuperation Travel	FAAS-4A
2162	Education Travel	FAAS-4A
2163	Other Travel NOC	FAAS
2164	Family Visitation Travel	FAAS-4A
2165	Emergency Visitation Travel	FAAS-4A
2169	Travel Children Sep.	FAAS-4A
2201	Trans Govt. Property	FAAS
2202	Trans Other Property	FAAS
2221	Trans Govt. Vehicles	FAAS
2222	Unaccompanied Pouch	S
	Bulk material shipped by any agency in quantities which constitute full pouches which can be separately priced, should be charged directly to the funds of the shipping agency.	
2223	Freight and local haul of furnishings and equipment	FAAS
2224	Freight on household furniture and equipment	FAAS-4A
2261	Freight Bldg. O&M Sup (Res)	FAAS-4A
2261	Freight Bldg. O&M Sup (Non-Res)	P
23XX	Other rental costs	FAAS
2321	Telephone Equip. inst. & serv.	U
2322	Telephone Tolls	FAAS
2323	Leased telephone lines	FAAS
2329	Other Tele. Commun. NOC	FAAS
2332	Leased facilities	FAAS
2335	Field Rly Comtoll Msg.	FAAS
2336	Field Rly Telex Msg.	FAAS
2341	Postage	FAAS
2360	Utilities STL Bldgs residential	FAAS-4A
2360	Utilities STL Bldgs non-residential	P-2
2371	Office Equipment Rental	FAAS
2372	Real Property rental residential	FAAS-4A
2372	Real Property Rental non-residential	P-2
2373	ADP Equipment Rental	State
2374	Mini-Computer Rental	State
2375	Word Processor Rental	State
2379	Misc. Rental NOC	FAAS
2413	Printed ADP Supplies	FAAS

Sub-object Class	Sub-object Title	Distribution Factor
2450	Misc. Prnt NOC	FAAS
2511	M&R STL Bldgs residential	FAAS-4A
2511	M&R STL Bldgs non-residential	P
2520	M&R Motor Vehicles - R/M	K
2552	Facility operations STL Bldgs residential	FAAS-4A
2552	Facility operations STL Bldgs non-residential	P-2
2553	ADP Oper/Keypunch	FAAS
2561	Medical Services	C
2562	Medical contr immuniz/M.D. exam	C
2565	Contr trans/inter services	FAAS
2569	Other contr pers NOC	FAAS
2585	Office Machine Maintenance	FAAS
2586	Repr/Maint Equip	FAAS
2589	Other contractual services NOC	FAAS
2593	ADP Site Prep Oth	State
2596	Contr Security Services	X
	The designation of workload factor X assumes that contractual security services provides watchmen services for all agencies represented in the workload factor. Contracts for other purposes should be distributed by a more appropriate factor. Contracts funded under the Department's anti-terrorism program should not be charged to FAAS at all but to the Post Program allotment.	
2598	ADPE Maint.	State
25XX	RAMC Services	FAAS
	Billings for service to the State Basic Program, other State elements, or DAS agencies should be charged directly to the appropriate allotment.	
2611	Automotive fuels and lubricants	J
2611	Automotive fuels and lubricants	C
	See Section 212 for guidelines on the proper application of Factor J (Miles Driven) and/or Factor C (Americans Serviced).	
2612	Automotive parts and supplies	J
2612	Automotive parts and supplies	C
2621	Reference material	FAAS
2622	Office supplies	L

Sub-object Class	Sub-object Title	Distribution Factor
2623	ADP Suppl	L
2630	Print/Reprod Suppl	FAAS
2640	Medical supplies	C
2650	Building supplies STL residential	FAAS-4A
2650	Building supplies STL non-residential	P-2
2660	Special clothing	FAAS
2670	Commun Suppl	State
2693	Security supplies	State
2699	Miscellaneous supplies NOC	FAAS
3121	Office machines	FAAS
3122	Office furnishings	FAAS
3123	Household furnishings	FAAS-4A
3131	Reproduction Equip	FAAS
3136	Security Equip	State
3137	Books & Maps	FAAS
3138	Telephone Equip	U
3139	Medical Equip	C
3140	Misc. equipment NOC	FAAS
3151	ADP equipmnet purchase	State
3152	Other Data Proc Equip	State
3153	ADP Software Pack	State
3154	Equip/ADP Site	State
3156	Mini-Computer Purchase	State
3157	Word Proc Purchase	State
3160	Commun Equip	State
4100	Grants, subsidies, and Contributions	FAAS
4200	Insurance claims & Indemnities	FAAS

e. Calculation of the final FAAS-6 participating percentages is done in accordance with the following instructions for each line number:

<u>Line 149</u> Total all other object amounts for each column.

<u>Line 151</u> Subtract the total for "Transfer to FAAS-4A" from Columns E and F. This results in a zero balance for Column F.

<u>Line 152</u> Apply the CORE percentage from the form FAAS-4A, Line 5, to the FAAS Total in Column G, Line 149, and enter a minus amount in Column G and a plus amount in Column H, State Basic Program.

<u>Line 153</u> Enter the DAS percentages for each DAS Agency from FAAS-5. These percentages will total to 100%.

Line 154 In Column G, FAAS, subtract the State share on Line 152 from the total on Line 149, and enter the remainder of Column G (total less CORE share) as a minus amount in Column G, and distribute as a plus amount to each DAS agency in accordance with the DAS percentages on Line 153.

Line 155 Total all columns. This will result in zero balances for Columns F and G.

Line 156 Calculate the percentage of Column H, Line 155, State Basic Program, of the total in Column E, Line 155. This is the CORE Other Objects percentage.

Line 160 Calculate the percentage for each DAS Agency of the difference between the total in Column E and the CORE share in Column H. These are the DAS Agency percentages and will total to 100%. Both CORE and DAS percentages should be calculated to one place to the right of the decimal (e.g., 00.0%).

Country: Shangri-La
Date : April 1, 1901

FAAS-1

POST ADMINISTRATIVE SUPPORT AGREEMENT

In keeping with the intent of the basic system of Foreign Affairs Administrative Support at overseas posts, the serviced agency ICA requests, and the servicing agency, the Administrative staff of the Department of State, agrees to provide the following administrative services:

Function and Subfunction	Participation
1. Personnel Services	
1.1 American Personnel Management	X
1.2 FSN Personnel Management	X
1.3 Welfare and Health Services	X
1.4 Travel Services	X
2. Budget and Fiscal Services	
2.1 Accounts and Records	X
2.2 Payrolling*	-
2.3 Vouchering	X
2.4 Cashier and Disbursing	X
2.5 Budget and Financial Planning	X
3. General Services	
3.1 Pooled Vehicle Operations	X
3.2 Maintenance of Non-Pooled Vehicles	X
3.3 Administrative Supply	X
3.4 Procurement	X
3.5 Reproduction*	-
3.6 Shipment and Customs	X
3.7 Building Operations - Office*	X
3.8 Building Operations - Residential*	X
3.9 Leasing	X

Function and Subfunction	Participation
4. Communication Services	
4.1 Telegraphic Traffic*	X
4.2 Pouching	X
4.3 Files and Records*	-
4.4 Mail and Messenger Services	X
4.5 Reception and Switchboard Services	X
5. Security Services	
5.1 Personnel Investigations	X
5.2 Physical Security*	X
5.3 Marine Guard Services*	X
5.4 Watchmen Services	-
6. Management Services	X
7. Direct Services*	

* See instructions for the preparation of Form FAAS-1

Each subfunction required by the serviced agency is indicated by an "X" in the Participation Column. It is understood that those costs which are proper to be charged to all serviced agencies under these procedures will be shared among the serviced agencies in relation to each agency's workload impact on the separate subfunction. Further, that the provision of services indicated will be accomplished by the servicing agency, within available resources, to meet the standards required by the program of the serviced agency. This agreement may be modified at any time by mutual negotiation and execution of a new or amended form FAAS-1, but with due regard for the lead time required for staffing changes.

Effective Date:	For the Servicing Agency:	For the Serviced Agency:
4/1/01	John E. Smith	Peter O. Jones

DS-1756 (FAAS-2)
(3-77)

FORM FAAS-2
DEPARTMENT OF STATE
FAAS WORKLOAD FACTOR DISTRIBUTION
FY 1902

COUNTRY Shangri-La
POST Nirvana
DATE April 15, 1901
PAGE 1 of 2

LINE	A ITEM	B FACTOR	C SUB FUNC-TION	D COUNT PERIOD	E TOTAL COUNT	F FAAS QUANTITY	F FAAS %	F FAAS %	G STATE BASIC QUANTITY	G STATE BASIC %	G STATE BASIC %	H USAID QUANTITY	H USAID %	H USAID %
1	AMERICAN PERMANENT POSITIONS			March 1	51	4	7.8		26	51.0		14	27.5	66.7
2	LOCAL PERMANENT POSITIONS			March 1	101	39	38.6		13	12.9		40	39.6	81.6
3	CONTRACT AMERICANS			March 1	5	---	---		---	---		5	100	100
4	CONTRACT LOCALS			March 1	1	---	---		---	---		1	100	100
5	PEACE CORPS VOLUNTEERS			---	---	---	---		---	---		---	---	---
6	AMERICANS SERVICED	A	1.1	March 1	51	4	7.8		26	51.0		14	27.5	66.7
7	LOCALS SERVICED	B	1.2	March 1	101	39	38.6		13	12.9		40	39.6	81.6
8	AMER PERM POS & CONT AMER	C	1.3	March 1	56	4	7.2		26	46.4		19	33.9	73.1
9	NUMBER OF TRAVELERS SERVICED	E	1.4	6 Months	629	75	11.9		254	40.4		250	39.7	83.4
10	NUMBER OF OBLIGATIONS ESTABLISHED	F	2.1	6 Months	1,433	617	43.1		628	43.8		---	---	---
11	VOUCHERS PROCESSED	G	2.3	6 Months	1,580	600	38.0		833	52.7		---	---	---
12	PAYMENTS & ACCOMODATION EXCHANGES	H	2.4	6 Months	1,190	343	28.6		496	41.4		242	20.2	67.4
13	TIME SPENT LEASING	I-2	3.9	6 Months	8	1	12.5		5	62.5		1	12.5	50.0
14	MILES DRIVEN (POOLED CARS)	J	3.1	4 Months	124,515	40,863	32.8		55,216	44.3		20,859	16.8	73.3
15	HOURS MAINTAINED (NON-POOLED)	K	3.2	6 Months	105	6	5.7		38	36.2		29	27.6	47.5
16	DOLLAR VALUE OF SUPPLIES ISSUED	L	3.3	12 Months	58,169	33,757	58.0		12,028	20.7		10,779	18.5	87.0
17	PURCHASE ORDERS, BIDS & CONTRACTS	M	3.4	12 Months	522	202	38.7		261	50.0		38	7.3	64.4
18	SHIPMENTS SENT/RECEIVED	O	3.6	6 Months	270	104	38.5		46	17.0		57	21.1	47.5
19														
20	OFFICE SQUARE FEET OCCUPIED (STL-PERS SVCD)	P-1	3.7	March 1	---	---	---		---	---		---	---	---
21	OFFICE SQUARE FEET OCCUPIED (STL-OTH OBJS)	P-2	3.7	March 1	3,304	---	---		2,808	85.0		---	---	---
22														
23	RESIDENTIAL SQUARE FEET OCCUPIED (STL-PERS SVCD)	Q-1	3.8	March 1	---	---	---		---	---		---	---	---
24	RESIDENTIAL SQUARE FEET OCCUPIED (STL-OTH OBJS)	Q-2	3.8	March 1	4,100	4,100	100		---	---		---	---	---
25	WEIGHT OF POUCHES	S	4.2	4 Weeks	720	192	26.7		288	40.1		212	29.4	88.3
26	PIECES OF MAIL HANDLED	T	4.4	4 Weeks	3,312	464	14.0		1,168	35.3		1,056	31.9	62.9
27	NUMBER OF TELEPHONES	U	4.5	March 1	181	52	28.7		51	28.2		62	34.3	79.5
28	NUMBER OF INVESTIGATIONS	V	5.1	12 Months	136	30	22.0		---	---		36	26.5	34.0
29	HOURS OF WATCHMAN SERVICES	X	5.4											
30	OFFICE SQUARE FEET OCCUPIED (FBO)			March 1	41,277	---	---		41,277	100		---	---	---
31	RESIDENTIAL SQUARE FEET OCCUPIED (FBO)			March 1	32,187	---	---		32,187	100		---	---	---
32	MILES DRIVEN (POOLED)	C	3.1-	4 Months	2,398	173	7.2		1,113	46.4		813	33.9	73.1
	AGENCY REVIEW					JSB			BCD			PSD		

DS-1756 (FAAS-2)
(3-77)

FORM FAAS-2
DEPARTMENT OF STATE
FAAS WORKLOAD FACTOR DISTRIBUTION
FY 1902

COUNTRY Shangri-La
POST Nirvana
DATE April 15, 1901
PAGE 2 of 2

LINE	A ITEM	B FACTOR	C SUB FUNC-TION	D COUNT PERIOD	E TOTAL COUNT	I USIA QUANTITY	I USIA %	I USIA %	J USMLO QUANTITY	J USMLO %	J USMLO %	K IAGS QUANTITY	K IAGS %	K IAGS %
1	AMERICAN PERMANENT POSITIONS			March 1	51	2	3.9	9.5	4	7.8	19.0	1	2.0	4.8
2	LOCAL PERMANENT POSITIONS			March 1	101	7	6.9	14.3	2	2.0	4.1	---	---	---
3	CONTRACT AMERICANS			March 1	5	---	---	---	---	---	---	---	---	---
4	CONTRACT LOCALS			March 1	1	---	---	---	---	---	---	---	---	---
5	PEACE CORPS VOLUNTEERS			---	---	---	---	---	---	---	---	---	---	---
6	AMERICANS SERVICED	A	1.1	March 1	51	2	3.9	9.5	4	7.8	19.0	1	2.0	4.8
7	LOCALS SERVICED	B	1.2	March 1	101	7	6.9	14.3	2	2.0	4.1	---	---	---
8	AMER PERM POS & CONT AMER	C	1.3	March 1	56	2	3.6	7.7	4	7.1	15.4	1	1.8	3.8
9	NUMBER OF TRAVELERS SERVICED	E	1.4	6 Months	629	30	4.8	10.0	13	2.1	4.3	7	1.1	2.3
10	NUMBER OF OBLIGATIONS ESTABLISHED	F	2.1	6 Months	1,433	144	10.0	76.6	44	3.1	23.4	---	---	---
11	VOUCHERS PROCESSED	G	2.3	6 Months	1,580	104	6.6	70.8	30	1.9	20.4	13	0.8	8.8
12	PAYMENTS & ACCOMODATION EXCHANGES	H	2.4	6 Months	1,190	78	6.5	21.7	30	2.5	8.4	9	0.8	2.5
13	TIME SPENT LEASING	I-2	3.9	6 Months	8	1	12.5	50.0	---	---	---	---	---	---
14	MILES DRIVEN (POOLED CARS)	J	3.1	4 Months	124,515	7,434	6.0	26.2	143	0.1	0.5	---	---	---
15	HOURS MAINTAINED (NON-POOLED)	K	3.2	6 Months	105	18	17.1	29.5	11	10.5	18.1	3	2.9	4.9
16	DOLLAR VALUE OF SUPPLIES ISSUED	L	3.3	12 Months	58,169	1,171	2.0	9.5	434	0.8	3.5	---	---	---
17	PURCHASE ORDERS, BIDS & CONTRACTS	M	3.4	12 Months	522	13	2.5	22.0	8	1.5	13.6	---	---	---
18	SHIPMENTS SENT/RECEIVED	O	3.6	6 Months	270	11	4.1	9.1	32	11.9	26.7	20	7.4	16.7
19														
20	OFFICE SQUARE FEET OCCUPIED (STL-PERS SVCD)	P-1	3.7	March 1	---	---	---	---	---	---	---	---	---	---
21	OFFICE SQUARE FEET OCCUPIED (STL-OTH OBJS)	P-2	3.7	March 1	3,304	496	15.0	100	---	---	---	---	---	---
22														
23	RESIDENTIAL SQUARE FEET OCCUPIED (STL-PERS SVCD)	Q-1	3.8	March 1	---	---	---	---	---	---	---	---	---	---
24	RESIDENTIAL SQUARE FEET OCCUPIED (STL-OTH OBJS)	Q-2	3.8	March 1	4,100	---	---	---	---	---	---	---	---	---
25	WEIGHT OF POUCHES	S	4.2	4 Weeks	720	28	3.9	11.7	---	---	---	---	---	---
26	PIECES OF MAIL HANDLED	T	4.4	4 Weeks	3,312	440	13.3	26.2	120	3.6	7.1	64	1.9	3.9
27	NUMBER OF TELEPHONES	U	4.5	March 1	181	10	5.5	12.8	6	3.3	7.7	---	---	---
28	NUMBER OF INVESTIGATIONS	V	5.1	12 Months	136	70	51.5	66.0	---	---	---	---	---	---
29	HOURS OF WATCHMAN SERVICES	X	5.4	---	---	---	---	---	---	---	---	---	---	---
30	OFFICE SQUARE FEET OCCUPIED (FBO)			March 1	41,277	---	---	---	---	---	---	---	---	---
31	RESIDENTIAL SQUARE FEET OCCUPIED (FBO)			March 1	32,187	---	---	---	---	---	---	---	---	---
32	MILES DRIVEN (POOLED)	C	3.1	4 Months	2,398	86	3.6	7.7	170	7.1	15.1	43	1.8	3.8
	AGENCY REVIEW					SB			BCS			CB		

PROGRAM or FAAS: _____
COUNTRY: _____
ALLOTMENT CODE: _____

SCHEDULE 2
FIELD BUDGET ESTIMATES
CURRENT AUTHORIZED AMERICAN POSITIONS
FISCAL YEAR 1983

Page ____ of ____

	A	B	C	D	E	F		G	H	I	J	K	L	M	N	O	P
									FY-83 GOING RATE								
	FTP* POSITION DATA			NAME		DEP.		SALARY		ANNUAL ALLOWANCE PAYMENTS					PREM PAY	SPEC.	LANG.
LINE	NO.	SECTION/TITLE	TYPE	LAST, INITIAL	GRADE	A	C	RATE FY-83#	POST (1201)	MAINT. (1204)	SUPPL. (1205)	EDUC. (1206)	QTRS. (1211)	T.L.A. (1212)	(1131/ 2/5/6)	INCENT. (1152)	INCENT. (1153)
1																	
2																	
3																	
4																	
5																	
6																	
7																	
8																	
9																	
10																	
11																	
12																	
13																	
14																	
15																	
16																	
17																	
18																	
19																	
20																	
21																	
22																	
23																	
24																	
25																	
26																	
27																	
28	FTP TOTALS																

ADDITIONAL FTP INFORMATION:

29 TOTAL FTP POSITIONS FY-83 _____
30 TOTAL WORK YEARS FY-82 _____
31 TOTAL WORK YEARS FY-83 _____
32 DANGER PAY (1151) $_____ _____%
33 POST DIFFERENTIAL PAY (1133) $_____ _____%
34 # CHILDREN (KINDERGARDEN) FY-83 _____ $_____ (AMOUNT INCLUDED IN 1206 FOR KINDERGARDEN)

PIT INFORMATION:**

TOTAL PIT POSITIONS FY-83 _____
TOTAL HOURS PAID FY-82 _____
TOTAL HOURS PAID FY-83 _____

FAAS ONLY:

NUMBER AUTHORIZED CORE FY-83 _____
NUMBER AUTHORIZED DAS FY-83 _____

* FULL-TIME, PERMANENT
** PART-TIME, INTERMITTENT, TEMPORARY
\# AS OF OCT 1, 1982 (INCLUDE 5% INCREASE)

PROGRAM or FAAS: _____
COUNTRY: _____
ALLOTMENT CODE: _____

SCHEDULE 3
FIELD BUDGET ESTIMATES
CURRENT AUTHORIZED FSN POSITIONS
FISCAL YEAR 1983

Page ____ of ___

	A	B	C	D	E	F	G	H	I	J	K	L
LINE	FTP* POSITION DATA			NAME		FY-83 GOING RATE						
	NO.	SECTION/TITLE	TYPE	LAST, INITIAL	GRADE	SALARY PYMTS. FY-83	ADD'L. BONUSES& ALLOWS.	BASE PAY F + G (1113)	ANNUAL CSR (1227)	ANNUAL MISC.BENF. (1228)	PREMIUM PAY (1134)	MISC. NOC (1219)
1												
2												
3												
4												
5												
6												
7												
8												
9												
10												
11												
12												
13												
14												
15												
16												
17												
18												
19												
20												
21												
22												
23												
24												
25	FTP TOTALS											

ADDITIONAL FTP INFORMATION:

26 TOTAL FTP POSITIONS FY-83 _____
27 TOTAL WORK YEARS FY-82 _____
28 TOTAL WORK YEARS FY-83 _____

PIT INFORMATION:**

TOTAL PIT POSITIONS FY-83 _____
TOTAL HOURS PAID FY-82 _____
TOTAL HOURS PAID FY-83 _____

FAAS ONLY:

NUMBER AUTHORIZED CORE FY-83 _____
NUMBER AUTHORIZED DAS FY-83 _____

* FULL-TIME, PERMANENT
** PART-TIME, INTERMITTENT, TEMPORARY

COUNTRY: Shangri-La
DATE : April 15, 1901

FORM FAAS-4C
PERCENTAGE DISTRIBUTION OF CORE EMPLOYEES' TIME
BY ADMINISTRATIVE SUBFUNCTION

PAGE 1 OF 6

FY 1902

A	B	C	D	E	PERSONNEL SERVICES				BUDGET & FISCAL SERVICES					GENERAL SERVICES								
			TOTAL AMERICAN SALARIES FBE	TOTAL FSN SALARIES FBE	1.1	1.2	1.3	1.4	2.1	2.2	2.3	2.4	2.5	3.1	3.2	3.3	3.4	3.5	3.6	3.7	3.8	3.9
ORG. UNIT	POS. NO.	POS. TITLE	SCHED. 2	SCHED. 3	A	B	C	E	F		G	H		J/C	K	L	M		O	P	Q	I
AMERICANS																						
ADM	51-092	Adm. Off	67,140										10									
GSO	51-072	GSO	60,986											5	5	5	20		10	20	20	15
PER	51-095	Pers. Off.	35,544		50	40	5	5														
SUB-TOTAL			163,670																			
FSNs																						
COM	195-1	Asst. I Protocol		9,979	50			50														
PER	195-14	Asst. II (Pers.)		10,754	30	50	10	10														
PER	195-31	Asst. II (Trvl)		7,704				100														
B&F	195-17	Accountant		16,536					50	30	10	10										
B&F	195-19	Cashier		9,759								100										
B&F	195-52	Accountant		6,404					30	10	20	40										
B&F	195-22	Accountant		9,444						25	25	50										
GS	195-27	Procurement		7,729												50	50					
GS	195-26	Gen Svcs		15,790																30	30	40

COUNTRY: Shangri-La
DATE : April 15, 1901

FORM FAAS-4C
PERCENTAGE DISTRIBUTION OF CORE EMPLOYEES' TIME
BY ADMINISTRATIVE SUBFUNCTION

PAGE 2 OF 6

FY 1902

A	B	C	D	E	PERSONNEL SERVICES				BUDGET & FISCAL SERVICES					GENERAL SERVICES								
			TOTAL AMERICAN SALARIES FBE	TOTAL FSN SALARIES FBE	1.1	1.2	1.3	1.4	2.1	2.2	2.3	2.4	2.5	3.1	3.2	3.3	3.4	3.5	3.6	3.7	3.8	3.9
ORG. UNIT	POS. NO.	POS. TITLE	SCHED. 2	SCHED. 3	A	B	C	E	F		G	H		J/C	K	L	M		O	P	Q	I
FSNs																						
GS	195-28	Secretary		6,504												20	20	20	15	10	10	5
GS	195-29	Gen Svcs		10,733																30	30	40
GS	195-30	Customs /Trans.		6,845										30	30				40			
GS	195-34	Gen Svcs		16,113												100						
GS	195-35	Prop/ Supply		5,359												100						
GS	195-36	Bldg. & Maint.		6,402																50	50	
GS	195-37	Bldg. & Maint.		4,674																50	50	
GS	195-38	Bldg. & Maint.		5,758																30	30	40
GS	195-39	Bldg. & Maint.		4,477																20	20	60
GS	195-40	Msg./ Janitor		3,691																60	40	

COUNTRY: Shangri-La
DATE : April 15, 1901

FORM FAAS-4C
PERCENTAGE DISTRIBUTION OF CORE EMPLOYEES' TIME
BY ADMINISTRATIVE SUBFUNCTION

PAGE 3 OF 6

FY 1902

A	B	C	D	E	COMMUNICATIONS SERVICES					SECURITY SERVICES				MGT. SVCS.	TOTAL. MUST EQUAL 100%
ORG. UNIT	POS. NO.	POS. TITLE	TOTAL AMERICAN SALARIES FBE SCHED. 2	TOTAL FSN SALARIES FBE SCHED. 3	4.1	4.2	4.3	4.4	4.5	5.1	5.2	5.3	5.4	6.0	
						S		T	U	V			X	C	
AMERICANS															
ADM	51-092	Adm. Off.	67,140											90	100
GSO	51-072	GSO	60,986												100
PER	51-095	Pers. Off.	35,544												100
SUB-TOTAL			163,670												
FSNs															
COM	195-1	Asst. I (Protocol)		9,979											100
PER	195-14	Asst. II (Pers.)		10,754											100
PER	195-31	Asst. III (Trvl)		7,704											100
B&F	195-17	Account.		16,536											100
B&F	195-19	Cashier		9,759											100
B&F	195-52	Account.		6,404											100
B&F	195-22	Account.		9,444											100
GS	195-27	Procure-ment		7,729											100
GS	195-26	Gen Svcs		15,790											100

COUNTRY: Shangri-La
DATE : April 15, 1901

FORM FAAS-4C
PERCENTAGE DISTRIBUTION OF CORE EMPLOYEES' TIME
BY ADMINISTRATIVE SUBFUNCTION

PAGE 4 OF 6

FY 1902

A	B	C	D	E	COMMUNICATIONS SERVICES						SECURITY SERVICES			MGT. SVCS.	TOTAL MUST EQUAL
ORG. UNIT	POS. NO.	POS. TITLE	TOTAL AMERICAN SALARIES FBE SCHED. 2	TOTAL FSN SALARIES FBE SCHED. 3	4.1	4.2	4.3	4.4	4.5	5.1	5.2	5.3	5.4	6.0	100%
FSNs						S		T	U	V			X	C	
GS	195-28	Secretary		6,504											100
GS	195-29	Gen Svcs		10,733											100
GS	195-30	Customs /Trans.		6,845											100
GS	195-34	Gen Svcs		16,113											100
GS	195-35	Prop/ Supply		5,359											100
GS	195-36	Bldg. & Maint.		6,402											100
GS	195-37	Bldg. & Maint.		4,674											100
GS	195-38	Bldg. & Maint.		5,758											100
GS	195-39	Bldg. & Maint.		4,477											100
GS	195-40	Hsg. Janitor		3,691											100

COUNTRY: Shungri-La
DATE : April 15, 1901

FORM FAAS-4C
PERCENTAGE DISTRIBUTION OF CORE EMPLOYEES' TIME
BY ADMINISTRATIVE SUBFUNCTION

PAGE 5 OF 6

FY 1902

A	B	C	D	E	PERSONNEL SERVICES				BUDGET & FISCAL SERVICES					GENERAL SERVICES								
			TOTAL AMERICAN SALARIES FBE	TOTAL FSN SALARIES FBE	1.1	1.2	1.3	1.4	2.1	2.2	2.3	2.4	2.5	3.1	3.2	3.3	3.4	3.5	3.6	3.7	3.8	3.9
ORG. UNIT	POS. NO.	POS. TITLE	SCHED. 2	SCHED. 3	A	B	C	E	F		G	H		J/C	K	L	M		O	P	Q	I
FSNs CONTINUED																						
GS	195-41	MSG/ Janitor		3,246																60	40	
GS	195-42	Motor Pool		7,943										50	50							
GS	195-44	Chauffeur		6,978											100							
GS	195-45	Chauffeur		4,235										50	50							
GS	195-46	Chauffeur		4,370											100							
GS	195-47	Chauffeur		4,082										100								
GS	195-48	Chauffeur		4,082										100								
C&R	195-23	Recep/ Tel Optr		3,690																		
C&R	195-24	Messenger		3,448																		
C&R	195-25	Office Mac. Opt		4,356																		
ADM	195-13	Secretary		8,515	10	10							25									
SUB-TOTAL				219,600																		
GRAND TOTAL				283,270																		

COUNTRY: Shangri-La
DATE : April 15, 1901

FORM FAAS-4C
PERCENTAGE DISTRIBUTION OF CORE EMPLOYEES' TIME
BY ADMINISTRATIVE SUBFUNCTION

FY 1902

A	B	C	D	E	COMMUNICATIONS SERVICES					SECURITY SERVICES				MGT. SVCS.	TOTAL MUST EQUAL
ORG. UNIT	POS. NO.	POS. TITLE	TOTAL AMERICAN SALARIES FBE SCHED. 2	TOTAL FSN SALARIES FBE SCHED. 3	4.1	4.2	4.3	4.4	4.5	5.1	5.2	5.3	5.4	6.0	100%
						S		T	U	V			X	C	
FSNs CONTINUED															
GS	195-41	MSG/ Janitor		3,246											100
GS	195-42	Motor Pool		7,943											100
GS	195-44	Chauffeur		6,978											100
GS	195-45	Chauffeur		4,235											100
GS	195-46	Chauffeur		4,370											100
GS	195-47	Chauffeur		4,082											100
GS	195-48	Chauffeur		4,082											100
C&R	195-23	Recep/ Tel Optr		3,690					100						100
C&R	195-24	Messenger		3,448				100							100
C&R	195-25	Office Mach. Optr		4,356	60	20		20							100
ADM	195-13	Secretary		8,515										55	100
SUB-TOTAL				219,600											
GRAND TOTAL				283,270											

COUNTRY: Shangri-La
DATE : April 15, 1901

FORM FAAS-4D
PERCENTAGE DISTRIBUTION OF DAS EMPLOYEES' TIME
BY ADMINISTRATIVE SUBFUNCTION

PAGE 1 OF 2

FY 1902

A	B	C	D	E	PERSONNEL SERVICES				BUDGET & FISCAL SERVICES			GENERAL SERVICES									
			TOTAL AMERICAN SALARIES FBE	TOTAL FSN SALARIES FBE	1.1	1.2	1.3	1.4	2.1	2.3	2.4	3.1	3.2	3.3	3.4	3.6	3.7	3.8	3.9		
ORG. UNIT	POS. NO.	POS. TITLE	SCHED. 2	SCHED. 3	A	B	C	E	F	G	H	J/C	K	L	M	O	P	Q	I		
AMERICANS																					
ADM	51-094	Dep. Adm. Officer	60,074		60	20						10					10				
FSNs																					
PER	195-15	Asst. III (Pers)		6,454	25	35	25														
B&F	195-18	Account.		12,110					50	25	25										
B&F	195-20	Account.		9,959					25	75											
GS	195-21	Procure-ment		7,729										25		75					
GS	195-32	Customs/ Supply		9,135												60					
GS	195-33	Clerk		5,105										25		75					
GS	195-43	Motor Pool		5,695								100									
GS	195-49	Chauffeur		4,082								100									
GS	195-50	Chauffeur		4,982								100									
SUB-TOTAL				65,251																	
GRAND TOTAL				125,325																	

COUNTRY: Shangri-La
DATE : April 15, 1901

FORM FAAS-4D
PERCENTAGE DISTRIBUTION OF DAS EMPLOYEES' TIME
BY ADMINISTRATIVE SUBFUNCTION

PAGE 2 OF 2

FY 1902

A	B	C	D	E	COMMUNICATIONS SERVICES			SECURITY SERVICES		MGT. SVCS.	DIRECT SERVICES INDICATE USG AGENCY(S)					TOTAL MUST EQUAL						
ORG. UNIT	POS. NO.	POS. TITLE	TOTAL AMERICAN SALARIES FBE SCHED. 2	TOTAL FSN SALARIES FBE SCHED. 3	4.2	4.4	4.5	5.1	5.4	6.0	7.1	7.2	7.3	7.4	7.5	100%						
					S	T	U	V	X	C												
AMERICANS																						
ADM	51-094	Dep. Adm Officer	60,074													100						
FSNs																						
PER	195-15	Asst. II (Pers)		6,454			15									100						
B&F	195-18	Account.		12,110												100						
B&F	195-20	Account.		9,959												100						
GS	195-21	Procure-ment		7,729												100						
GS	195-32	Customs/ Supply		9,135												100						
GS	195-33	Clerk		5,105												100						
GS	195-43	Motor Pool		5,695												100						
GS	195-49	Chauffeur		4,082												100						
GS	195-50	Chauffeur		4,982												100						
SUB-TOTAL				65,251																		
GRAND TOTAL				125,325																		

COUNTRY Shangri-La

POST Nirvana

DATE April 15, 1901

PAGE 1 OF 1

FORM FAAS-4A
DEPARTMENT OF STATE
FAAS ADMINISTRATIVE STAFFING - CORE/DAS COMPUTATIONS

Fiscal Year 1902

	CORE/DAS RATIO COMPUTATION						
		AMOUNTS			PERCENTAGES		
		CORE	DAS	TOTAL	CORE	DAS	TOTAL
1	American Position Costs (from FAAS-4)	163,670	60,071	223,744			
2	Other American Personnel Related Costs (Line 71, Column F, FAAS-6)	26,491	8,831	35,325			
3	TOTAL AMERICAN COSTS	190,161	68,905	259,069	73.4	26.6	100
4	FSN Position Costs (from FAAS-4)	219,600	65,251	284,851	77.1	22.9	100
5	TOTAL COSTS/PERCENTAGES	409,761	134,156	543,920	75.3	24.7	100

DEPARTMENT OF STATE
FORM FAAS - 5
DAS PERSONNEL SERVICE
FY 1902

Country: Shangri-La
Date: April 15, 1901

(A) (B) Function or Sub-Function	(C) Factor	(D) Washington Costs	(E) Post Costs	(F) Total Costs	(G) AID	(H) USIA	(I) USMLO	(J) IAGS
AMERICAN POSITIONS (51-094)								
1.1 Am Pers Mgt	A	31,965	4,080	36,045	24,042	3,424	6,849	1,730
1.2 FSN Pers Mgt	B	10,655	1,360	12,015	9,804	1,718	493	--
3.7 Bldg Oper Off	P	5,327	680	6,007	--	6,007	--	--
3.8 Pooled Vech Oper	J	5,327	680	6,007	4,403	1,574	30	-0-
Total Am Pos Costs		53,274	6,800	60,074	38,249	12,723	7,372	1,730
DAS Participating Percentages				100%	63.7	21.2	12.3	2.8
FSN Positions								
1.1 Am Pers Mgt	A	--	1,615	1,615	1,077	153	307	78
1.2 FSN Pers Mgt	B	--	2,259	2,259	1,843	323	93	--
1.3 Welfare & Health SVCS	C	--	1,625	1,615	1,181	124	249	61
2.1 Accounts & Records	F	--	8,544	8,544	--	6,545	1,999	--
2.3 Vouchering	G	--	10,497	10,497	--	7,432	2,141	924
2.4 Cashier & DO	H	--	3,028	3,028	2,041	657	254	76
3.3 Admin. Supplies	L	--	3,209	3,209	2,792	305	112	--
3.6 Shipping & Customs	O	--	15,106	15,106	7,175	1,375	4,033	2,523
3.1 Pooled Veh. Opns.	C	--	14,759	14,759	10,789	1,136	2,273	561
4.4 Mail & MSGR. SVCS.	T	--	3,654	3,654	2,298	957	259	140
4.5 Reception & Switchboard	U	--	965	965	767	124	74	--
Total Local Positions		--	65,251	65,251	29,963	19,131	11,794	4,363
DAS Participating Percentages				100%	45.9	29.3	18.1	6.7
Total American & FSN Position Costs		53,274	72,051	125,325	68,212	31,854	19,166	6,093
DAS Participating Percentages				100%	54.4	25.4	15.3	4.9

FORM FAAS-6
DEPARTMENT OF STATE
OTHER OBJECTS DISTRIBUTION - PRIOR YEAR COSTS

FY-1902

Country Shanghai
Date April 15, 1991
Page 1 of 8

A	B	C	D	E	F	G	H	I	J	K	L
LINE	Sub-Object Class	Sub-Object Title	Factor	Total From Field Budget Estimate Col. B Schedule 1 or 13	Transfer to FAAS-4A	FAAS	State Basic Program	USAID	USIA	US/MLO	IAGS
1	2153	CONFERENCE TVL	FAAS								
2	2155	POST-TO-POST DETAIL TVL	FAAS								
3	2156	FIELD TVL NOC	FAAS	2,276		2,276					
4	2157	MEDICAL TVL	FAAS-4A								
5	2158	SPEC PERS TVL	FAAS-4A								
6	2159	SECURITY TVL	STATE								
7	2161	R&R TVL	FAAS-4A	434	434						
8	2162	EDUCATIONAL TVL	FAAS-4A								
9	2163	OTHER TVL NOC	FAAS								
10	2164	FAMILY VISIT TVL	FAAS-4A								
11	2165	EMERGENCY VISIT TVL	FAAS-4A								
12	2169	TVL CHILDREN SEP	FAAS-4A								
13											
14											
15											
16											
17											
18		SUB-TOTAL 2100		2,710	434	2,276					
19											
20	2201	TRANS GOVT PROPERTY	FAAS								
21	2202	TRANS OTHER PROPERTY	FAAS								

FORM FAAS-6
DEPARTMENT OF STATE
OTHER OBJECTS DISTRIBUTION - PRIOR YEAR COSTS

FY 1902

Country Shangri-La
Date April 15, 1901
Page 2 of 8

A	B	C	D	E	F	G	H	I	J	K	L
LINE	Sub-Object Class	Sub-Object Title	Factor	Total From Field Budget Estimate Col. B Schedule 1 or 13	Transfer to FAAS-4A	FAAS	State Basic Program	USAID	USIA	US/MLO	IAGS
22	2221	TRANS GOVT VECHILES	FAAS								
23	2222	UNACCOMPANIED POUCH	S	2,315		618	926	681	90		
24	2223	FRT ON FURNITURE/EQUIPMENT	FAAS								
25	2224	TRANS HH FURNITURE/EQUIPMENT	FAAS-4A								
26	2261	FRT BLDG O&M SUP (RES)	FAAS-4A								
27	2261	FRT BLDG O&M SUP (NON-RES)	P-2								
28	2299	MISC FREIGHT NOC	FAAS	12,006		12,006					
29											
30											
31											
32											
33		SUB-TOTAL 2200		14,321		12,624	926	681	90		
34											
35											
36	2321	TELE EQUIP INS & SER	U	36,007		10,334	10,154	12,351	1,980	1,188	
37	2322	TELE TOLLS	FAAS								
38	2323	LEASED TELE LINES	FAAS								
39	2329	OTHER TELE COMMUN NOC	FAAS								
40	2332	LEASED FACILITIES	FAAS								
41	2335	FIELD RLY COMTOLL MSG	FAAS								
42	2336	FIELD RLY TELEX MSG	FAAS								

FORM FAAS-6
DEPARTMENT OF STATE
OTHER OBJECTS DISTRIBUTION - PRIOR YEAR COSTS

FY-1902

Country Shangri-La
Date April 15, 1901
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A	B	C	D	E	F	G	H	I	J	K	L
LINE	Sub-Object Class	Sub-Object Title	Factor	Total From Field Budget Estimate Col. B Schedule 1 or 13	Transfer to FAAS-4A	FAAS	State Basic Program	USAID	USIA	US/MLO	IAGS
43	2341	POSTAGE	FAAS	450		450					
44	2360	UTILITIES (RES)	FAAS-4A	9,239	9,239						
45	2360	UTILITIES (NON-RES)	P-2	7,427			6,313		1,114		
46	2371	OFFICE EQUIP RENTAL	FAAS								
47	2372	REAL PROPERTY (RES)	FAAS-4A	7,660	7,660						
48	2372	REAL PROPERTY (NON-RES)	P-2	4,800			4,080		720		
49	2373	ADP EQUIP RENTAL	STATE								
50	2374	MINICOMPUTER RENTAL	STATE								
51	2375	WORD PROCESSOR RENTAL	STATE								
52	2379	MISCELLANEOUS RENTAL NOC	FAAS	19,600		19,600					
53											
54											
55											
56											
57											
58		SUB-TOTAL 2300		85,183	16,899	30,384	20,547	12,351	3,814	1,188	
59											
60	2413	PRINTED ADP SUPPL	L	1,300		754	269	241	26	10	
61	2450	MISC PRNT NOC	FAAS								
62											
63											

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LINE	Sub-Object Class	Sub-Object Title	Factor	Total From Field Budget Estimate Col. B Schedule 1 or 13	Transfer to FAAS-4A	FAAS	State Basic Program	USAID	USIA	US/MLO	IAGS
64											
65											
66											
67		SUB-TOTAL 2400		1,300		754	269	241	26	10	
68											
69											
70											
71	2511	M&R STL BLDGS (RES)	FAAS-4A								
72	2511	M&R STL BLDGS (NON-RES)	P-2								
73	2520	M&R MOTOR VEHICLES R/M	K	10,000		570	3,620	2,760	1,710	1,050	290
74	2552	SERV FACILITY OPER (RES)	FAAS-4A								
75	2552	SERV FACILITY OPER (NON-RES)	P-2	45,243			38,457		6,786		
76	2553	ADP OPER/KPUNCH	FAAS								
77	2561	CONTR MED SERVICES	C	12,000		864	5,568	4,068	432	852	216
78	2562	MED CONTR IMMUNIZ/MED EXAM	C								
79	2565	CONTR TRANS/INTER SVCS	FAAS								
80	2569	OTHER CONTR PERS NOC	FAAS								
81	2585	OFFICE MACH MAINT	FAAS	1,600		1,600					
82	2586	REPR/MAINT EQUIP	FAAS	8,384		8,384					
83	2589	OTH CONTR SVC NOC	FAAS	221,226		221,226					
84	2593	ADP SITE PREP-OTH	STATE								

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A	B	C	D	E	F	G	H	I	J	K	L
LINE	Sub-Object Class	Sub-Object Title	Factor	Total From Field Budget Estimate Col. B Schedule 1 or 13	Transfer to FAAS-4A	FAAS	State Basic Program	USAID	USIA	US/MLO	IAGS
85	2596	CONTR SECURITY SVCS	X								
86	2598	ADPE MAINT	STATE								
87	25XX	RAMC SVCS	FAAS								
88											
89											
90											
91											
92											
93		SUB-TOTAL 2500		298,453		232,644	47,645	6,828	8,928	1,902	506
94											
95	2611	AUTO FUELS & LUB	J	69,569		22,819	30,819	11,688	4,173	70	
96	2611	AUTO FUELS & LUB	C	1,420		102	659	481	51	101	26
97	2612	AUTO PARTS & SUPPL	J	43,686		14,329	19,353	7,339	2,621	44	
98	2612	AUTO PARTS & SUPPL	C	892		64	414	302	32	63	17
99	2621	REFERENCE MATERIAL	FAAS	2,126		2,126					
100	2622	OFFICE SUPPL	L	36,436		21,133	7,542	6,741	729	291	
101	2623	ADP SUPPL	L								
102	2630	PRINT/REPROD SUPPL	FAAS								
103	2640	MEDICAL SUPPL	C	9,568		689	4,440	3,244	344	679	172
104	2650	MAINT & BOE SUPPL (RES)	FAAS-4A								
105	2650	MAINT & BOE SUPPL (NON-RES)	P-2	26,500			22,525		3,975		

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LINE	Sub-Object Class	Sub-Object Title	Factor	Total From Field Budget Estimate Col. B Schedule 1 or 13	Transfer to FAAS-4A	FAAS	State Basic Program	USAID	USIA	US/MLO	IAGS
106	2660	SPECIAL CLOTHING	FAAS								
107	2670	COMMUN SUPPL	STATE								
108	2693	SECURITY SUPPL	STATE								
109	2699	MISCELLANEOUS SUPPL NOC	FAAS								
110											
111											
112											
113											
114											
115		SUB-TOTAL 2600		218,165		89,230	85,752	29,795	11,925	1,248	215
116											
117	3121	OFFICE MACHINES	FAAS	8,840		8,840					
118	3122	OFFICE FURNISHINGS	FAAS	1,703		1,703					
119	3123	HH FURNITURE	FAAS-4A	17,992	17,992						
120	3131	REPRODUCTION EQUIP	FAAS								
121	3136	SECURITY EQUIP	STATE								
122	3137	BOOKS & MAPS	FAAS								
123	3138	TELEPHONE EQUIP	U								
124	3139	MEDICAL EQUIP	C								
125	3140	MISC EQUIP NOC	FAAS	18,458		18,458					
126	3151	ADP EQUIP PURCH	STATE								

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A	B	C	D	E	F	G	H	I	J	K	L
LINE	Sub-Object Class	Sub-Object Title	Factor	Total From Field Budget Estimate Col. B Schedule 1 or 13	Transfer to FAAS-4A	FAAS	State Basic Program	USAID	USIA	US/MLO	IAGS
127	3152	OTH DATA PROC EQUIP	STATE								
128	3153	ADP SOFTWARE PACK	STATE								
129	3154	EQUIP/ADP SITE	STATE								
130	3156	MINICOMPUTER PURCH	STATE								
131	3157	WORD PROC PURCH	STATE								
132	3160	COMMUN EQUIP	STATE								
133											
134											
135											
136											
137											
138		SUB-TOTAL 3100		46,993	17,992	29,001					
139											
140											
141	4100	GRANTS/SUBS/CONT	FAAS	585		585					
142											
143	4200	CLAIMS & INDEM	FAAS								
144											
145											
146											
147											

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A	B	C	D	E	F	G	H	I	J	K	L
LINE	Sub-Object Class	Sub-Object Title	Factor	Total From Field Budget Estimate Col. B Schedule 1 or 13	Transfer to FAAS-4A	FAAS	State Basic Program	USAID	USIA	US/MLO	IAGS
48											
49		TOTAL ALL OTHER OBJECTS		667,710	35,325	397,498	155,139	49,896	24,783	4,348	721
50											
51		DEDUCT TRANSFER TO FAAS-4A		-35,325	-35,325						
52		STATE'S SHARE OF FAAS				-299,316	+299,316				
53		DAS PARTICIPATING PERCENTAGES						•54.4	25.4	15.3	4.9
54		DAS SHARE OF FAAS				- 98,182		53,411	24,938	15,022	4,811
55		FINAL OTHER OBJECTS COSTS		632,385			454,455	103,307	49,721	19,370	5,532
56		STATE CORE PERCENTAGE					71.9				
57		DAS SHARE:									
58		LINE 76 COL. E LESS LINE 76									
59		COL. H: $177,930									
60		DAS PERCENTAGES:									
61		APPLY DAS AGENCY AMOUNTS									
62		ON LINE 76 TO TOTAL DAS									
63		SHARE						58.1	27.9	10.9	3.1
64											
65											
66											
67											
68											

400 POST FAAS ESTIMATES AND FINANCIAL PLANS

401 Introduction

This section sets forth procedures to be followed in the preparation of Field Budget Estimate Schedules 1 - FAAS (S&E Funds Allotted by the Regional Bureau) and 13 - FAAS (S&E Funds Allotted by FBO), the accompanying Narrative Schedules 1-A and 13-A and the FAAS mid-year financial plan. The section describes the makeup of the Post FAAS Estimate which will be distributed to the supported agencies in Washington, it describes the method of post calculations, and includes examples of typical problems in the preparation of these documents.

The Department's Field Budget Estimates (FBE) for the upcoming fiscal year will be used by the agencies in Washington for initial planning purposes. This is the financial plan that the post prepares in the spring as a projection of funding requirements for the new fiscal year beginning October 1. Therefore, it will not be necessary to prepare the traditional FAAS Going Rate estimate.

The FBE schedules (enumerated below in Section 405) will be distributed to the appropriate agencies in Washington and will be the basis for the determination of initial post funding levels. For this purpose, the posts will attach the specified FBE schedules to a separate Airgram transmittal (see Exhibit 405.1) so that these particular FBE schedules can be automatically distributed to all interested FAAS participating agencies in Washington.

To determine the distribution of FAAS funding between CORE and DAS, and among the DAS agencies, the post will also submit the CORE/DAS Schedules (Section 300) which contain the appropriate distribution percentages, in accordance with the submission dates shown in Section 170.

At this point in the financial planning process, the posts will prepare a full-fledged FAAS financial plan estimate for the current operating fiscal year. This FAAS financial plan estimate will be calculated anew from the base of actual obligations for the prior fiscal year, will include actual obligations for the first six months of the current year, and six months of projected obligations through September 30. The FAAS financial plan estimate will serve to update the projected funding requirements prepared as FBE Schedules 1 and 13 in the previous spring. It will be calculated from the realistic base of the prior year final allotment and obligations, will include actual funding experience for half of the current fiscal year, and narrow the scope of projected costs for the balance of the fiscal year. The FAAS financial plan estimate will be used to conclude final

reimbursement agreements with the DAS agencies and final funding availabilities for the overeas posts. In conclusion, the estimated funding requirements for the balance of the current fiscal year will become the base for Column B of FBE Schedules 1 and 13 for the next succeeding fiscal year.

The FAAS financial plan estimate will be submitted according to the format prescribed by Exhibit 404.1 and the Narrative Justification will follow the format and sequence set forth in Section 404.

The sequence of preparation of the FAAS estimate requirements is as follows:

1. The CORE/DAS Schedules.

2. The current year mid-year financial plan estimates.

3. FBE Financial Plans for the New Fiscal Year.

402 Purpose and Objectives of the FAAS Financial Plan

The "Going-Rate" portion of FAAS financial plan is the extension of current year level of operations, in financial terms, into the coming year at the same level of activity. It assumes neither augmentation nor curtailment in next year's operations, and it becomes the benchmark by which new plans for increased or decreased activities can be measured. For financial planning in administrative support, the going rate is the funding basis for initial reimbursement from participating agencies. It may be adjusted (either upward or downward) during the year on the basis of increase-decrease estimates.

The objectives of the going-rate phase of FAAS financial planning are:

a. To provide a manageable and understandable base for the funding of major administrative support costs at both post and Washington level.

b. To simplify reimbursement negotiations by recognizing the bulk of administrative costs as stable and continuing expenses, leaving to discussion and evaluation those remaining cost factors affected by changes in program levels or changes in servicing levels.

c. To improve financial planning, particularly at post level, through the early funding and allotment of a workable base from which the post may project its activities and plans.

The going-rate portion of the FAAS financial plan is a listing of funds needed to continue at the same level in the coming year those operations that it has been conducting in the prior year. It is, in effect, an extension of the post obligation rate, starting from its current annual estimate, then deducting those expenses of the prior year that will not recur in the coming year, and then adding those expenses of the coming year above and beyond what was obligated in the prior year but required in order to continue those prior year activities throughout the coming year. Going rate, therefore, is the cost of continuing your authorized staff and service operations at their present levels throughout the coming fiscal year, using the current rate of exchange. Make certain that a full and complete explanation of changes is incorporated in the going-rate estimate.

An increase-decrease request is the proposed adjustment of a post's going rate to meet (1) changes in funds required by uncontrollable or unforeseen demands, (2) additional funds desired for better servicing or for activities previously curtailed or postponed for lack of funds, (3) new activities deemed worthwhile, or (4) special activities not required but yet beneficial if funds are available. For financial planning in administrative support, an increase-decrease request is the basis for additional funding above and beyond the going rate (or a reduction therein) when participating agencies agree that an unforeseen or a previously uncertain change in administrative support expenses becomes mandatory, desirable, or beneficial.

Increases and decreases which are for discretionary improvements, or which are related to anticipated changes in support levels in the new fiscal year, are not normally part of the "going rate" calculation, and in the FAAS funding process are usually submitted as a separate and distinct submission. Such increases and decreases are included here, however, to meet Departmental requirements for a complete financial plan for the new fiscal year and to eliminate the requirement for separate and duplicative FAAS submissions. For this purpose, it will be understood that references to the "going rate" will also include discretionary and other increases and decreases in post funding requirements.

403 FBE Schedules 1 and 13 - The Initial FAAS Estimate

This section covers the preparation of FBE 1 and 13, Columns B through J. The going rate calculation will consist of five parts:

a. Your current year annual estimate for FAAS expenses.

b. Deduction of non-recurring costs.

c. Addition of annualized costs (FBE 1 and 13 ask for this category of adjustment to be shown in separate columns for Wage Revisions/Price Increases, and All Other types of increases).

d. Addition of mandatory increases (FBE 1 and 13 like-wise ask for the distinction between Wage Revisions/Price Increases and All Other increases).

e. Addition of discretionary increases, and increases and decreases related to program changes in the financial plan year.

Column B - Estimated FY-19XX (Current Year) Obligations

Amounts in this column are the base for the going rate calculation for the upcoming fiscal year. Working from the actual obligations recorded for the prior year and the first six months of this fiscal year, posts should project their FAAS requirements through September 30 and enter these amounts in Column B. (Note: as shown in Section 370, the amounts in Column B are used for the preparation of Form FAAS-6 Other Objects Distribution.)

Column C - Non-Recurring Obligations

a. General Instructions

Itemize and deduct all non-recurring expenses of the prior year. Do not confuse non-recurring items with items of a continuing service level. For example, you may have worked out an equipment replacement program that replaced three typewriters the prior year and will replace two adding machines next year, and so on for a decade. If this is actually a continuing replacement program at an almost set level, the cost is part of your operating allowance base and there is no need to deduct the cost of the typewriters and then add the cost of the adding machines. If, however, this was a one-time purchase to increase the number of typewriters, then deduct as a one-time, non-recurring expense. Items of less than $50 may be omitted.

b. Examples of Non-recurring Expenses

This list indicates some of the one-time expense items you should look for in reviewing your prior year obligations. The list is not all-inclusive, but should suggest the major items that should be deducted.

(1) Salaries paid FSN employees who have left and were not replaced due to the abolishment of the position.

(2) Allowances paid to Americans who have left and were not replaced, due to the abolishment of the position.

(3) Overtime paid for a special conference not scheduled for the next year.

(4) Rents paid for property that was given up during the prior year (and utilities, of course).

(5) Advance rents paid for property in the past year for which no payment will be required in the coming year.

(6) Allowances paid in excess of current allowance authorizations, resulting from allowance reductions at some point in the prior year.

(7) Contract payments for employees transferred during the prior year to regular employment.

(8) Telephone tolls to a subpost closed during the prior year.

(9) One-time purchase of <u>special</u> equipment, furniture, machines, etc.

(10) One-time installation charges for service facilities, such as new telephone exchange, gasoline storage tanks, etc.

(11) Expenses incurred to establish a <u>new</u> position, such as temporary lodging, shipping, furnishings, etc.

(12) Payments in connection with services discontinued during prior year, such as janitorial contract for a building given up.

(13) One-time repairs to short-term leased property.

(14) One-time replenishment of stock levels consumed during prior year by special project, such as regional conference or emergency supply to new post.

(15) Net savings resulting from a devaluation of local currency.

(16) That amount of allotment obligated prior to withdrawal of one or more serviced agencies that would not have been required if the program had been withdrawn October 1 rather than later in the year.

Columns D-E-F - Annualization

a. General

Annualization is the calculation of all significant additional costs which must be met to fund for the full coming year those activities started or only partially funded in the prior year. For each such item, add only that part of a full year's cost that was not incurred in the prior year. For example, if you leased a new residential unit in February of the prior year on a monthly basis, your current allotment includes funds for only 7 months' rent; you will need an increase to cover 5 additional months in the coming year. If on the other hand, you paid a full year's rent in advance, your operating allowance automatically includes the funds for another year's rent payable next February and no annualization is necessary. As a second example, a new FSN position established in, say, January of the prior year drew only 9 months' salary from your current allotment; annualization would then require 3 additional months for the coming year. Annualization is therefore the full year costs of a continuing activity less whatever part of a full year's costs you may have paid in the prior year. Items less than $50 may be omitted. Each item listed should be self-explanatory. If the item is difficult to explain in a few lines, attach an additional supporting statement, with Schedules 1-A and 13-A.

b. Examples of Annualized Costs

This list indicates the type of costs that may require annualization. It is not all-inclusive but should suggest the major items that would require additional funds in your operating allowance.

(1) Allowances for a new American position established and filled in the prior year.

(2) Education, housing and other post allowance increases authorized during prior year.

(3) Rents for new residences, offices, or warehouses initiated during the prior year on monthly rental basis.

(4) Utilities for item 3.

(5) New TDY per diem increases authorized during the prior year.

(6) New FSN positions authorized and filled during the prior year.

(7) Promotions resulting from position reclassifications for FSN employees during the prior year.

(8) Within-grade increases for FSN employees authorized and partly paid during the prior year.

(9) Civil Service retirement or other contributions for FSN employees initiated during the prior year.

(10) New FSN wage scale instituted during the prior year.

(11) New utility or telephone rate increases effected by local companies or government during the prior year.

(12) Restoration of savings from vacancies in the prior year.

Remember: Annualization is the full-year cost of any of the examples above less what you paid for them in the prior year.

Include in Column D - Wage Revisions annualization costs related to FSN wage scale revisions which were, or are to be, implemented in the current year. This category of increase will include Object Class 1100, and sub-objects 1223, 1227, and 1228.

Include in Column E - Price Increases annualization costs of price increases which were, or are to be, implemented in the current year. This will include increases in the rates of allowances, utility rates, and other unit price increases.

Include in Column F - Other Increases all other annualization costs which have not been shown in Columns D and E.

Columns G-H-I Anticipated Mandatory Increases

a. General Instructions

Mandatory increases are the funds needed to cover additional expenses which will occur in the coming year to maintain the staff and service activities authorized as of the end of the prior year. Projected FSN wage scale and price increases which you feel with certainty will be required and which can be supported by local government decrees, wage surveys, past trends, and economic analysis may be included as mandatory increases in the going-rate calculation. Unless they can be clearly supported as going-rate items, they should be omitted from this category and included as discretionary increase estimates. If a lease or contract is coming up for renewal in the coming year and the lease or contract actually provides for some increased payment or you have been notified that an increase will be required, then the increase is mandatory. But if the

lease or contract has no specific provision for an increase and no other supportable basis exists, and you merely suspect that you will not be able to renew without increased costs, then this is speculation, not a mandatory increase and should be included in the discretionary increase column, not in a going-rate calculation. A simple test is found in the word "mandatory": if you have a choice, it is not part of your going-rate. Again, items less than $50 may be omitted. Each item included should be self-explanatory. If the item is difficult to justify in a few lines, attach an additional supporting statement, with Schedules 1-A and 13-A.

b. Examples of Mandatory Increases

This list indicates some of the types of costs that may be considered mandatory. It is not all-inclusive but should suggest the major items that would require additional funds in your initial operating allowance.

(1) Increased supply or maintenance costs to service or support a specific activity authorized for coming year, such as additional gasoline for increased motor fleet, approved during prior year but not yet implemented.

(2) A wage increase required by government decree or resulting from a survey or based on sound supportable reasoning, and planned for installation as of a specified date in a certain amount. Such amount should include those miscellaneous personal service costs related to such wage increase.

(3) Rentals or contract charges coming due next year but not paid in prior year (perhaps because of advance payments in earlier years or because of specific increase clauses).

(4) Net costs of required or automatic within-grade increases for FSN employees in coming year.

(5) Special one-time expenditures required by authorized program or project increases, such as initial furniture for a known population increase.

(6) Leases or contracts funded from other allotments in prior year but authorized for transfer to administrative allotment in coming year. (The reverse condition should be deducted under non-recurring).

(7) Cost of planned rest and recuperation travel in coming year above and beyond level of expenditure in prior year (list name and amount for each staff member involved in total requirements for year).

(8) Replacement of furniture and equipment currently unserviceable and not included in continuing replacement program as part of operating allowance base.

(9) Increased costs due to unfavorable exchange rates.

The distribution of Anticipated Mandatory Increases to Columns G, H, and I will follow the same guidelines as for Columns D-E-F.

Column J FY 19XX (Financial Plan Year) Going Rate

This column is the sum of Columns B through I.

Column K - Discretionary Increases and Decreases

This column provides for adjustments to the going rate calculation for the costs of changes in servicing levels, new or discontinued activities, or discretionary improvements. For convenience in reviewing and discussing changes with serviced agencies at post in the determination of activities to be reflected in the increase-decrease justifications, the post may wish to consider such potential items as falling into one of the three following categories:

a. Requested Changes

An increase-decrease request is a "requested" change when it results from a change in servicing level requested by one or more serviced agencies. Examples of requested changes: if the serviced agency and the administrative unit agree that a particular function should be deleted from the administrative allotment and made a direct charge to the serviced agency's program operating funds; if it is decided that housing maintenance would be more economically and efficiently performed if pooled under FAAS; if an agency requests that FAAS take over a function, such as allotment accounting, formerly performed by the serviced agency itself.

b. Desired Changes

An increase-decrease request is a "desired" change if the post can operate without it but can creditably argue for its installation to improve service or support, or believe that service, support, or morale would be enhanced if specific activities could be funded. Some examples of desired changes would

be a justification for a new FSN position to relieve overtime in the disbursing unit or to provide needed night-time chauffeur coverage; plans to lease new office space to improve traffic flow and eliminate overcrowding in the general services unit; a proposal to add new trunklines to the switchboard to improve telephone service; a plan to increase stock levels to preclude possible shortages between semi-annual requisitions; a desire to install a traffic light at the motor pool entrance to control traffic.

This list indicates the type of activity that could result in an increase-decrease request. This list is not all-inclusive, but should suggest the general types of activities that could result in increase-decrease requests. Do not look upon these examples as a wish book or shopping list. You will still need adequate justification to support the change and any obviously impractical proposals may discredit your entire request and may actually work to the post's detriment.

a. New American positions requested for such things as increased workload, better maintenance supervision, nurse for proposed or authorized health room, etc., requested in accordance with Section 260.

b. Furniture (office or household), equipment, and supplies to support any new position requested in paragraph a above.

c. Salaries for new FSN positions requested as result of proposed or actual service improvements, such as driver for increased motor fleet, operator for new or additional switchboard, accounts clerk for expanded fiscal responsiblities, maintenance men for new buildings, etc., and requested in accordance with Section 260.

d. Space required for additional positions requested in paragraphs a and c.

e. Additional travel funds for administrative staff to coordinate branch activities, regional requirements, or customs clearances, etc.

f. New funds to provide for planned, annual replacement program, above amounts included in the going rate request.

g. Funds for renovating or modernizing existing office space.

h. Funds for increased supplies and repair parts, above the going rate and related to increases in supported programs.

i. Proposal to lease two hotel suites for transient quarters.

j. Costs connected with opening new post or savings resulting from closing.

k. Costs connected with transfer of functions from serviced agency to administrative support or savings to the administrative allotment resulting from transfer of costs from FAAS to direct charges.

l. Savings resulting from installation of more efficient procedures or other economy suggestions.

404 Narrative Justification: FBE Schedules 1-A, 13-A and FAAS Mid-Year Financial Plan

Schedules 1 and 13 will be part of the initial FAAS and submission (see the following Section 405), but will not require concurrence by the participating agencies.

Schedules 1-A and 13-A, the Narrative Justifications, will also be part of the submission and will repeat will require concurrence of the participating agencies at post. Schedule 1-A is the Narrative Justification for Regional Bureau Allotted S&E Funds; Schedule 13-A is the Narrative Justification for FBO Allotted S&E Funds. For this reason, the narrative justification must be comprehensive and complete for the benefit of the reviewing agency representatives, even where amounts in the FBE schedules appear to be adequately explained in supporting calculations.

Narrative justification for the FAAS mid-year financial plan must also be prepared in accordance with the provisions of this Section 404.

The Narrative Justifications will follow the sequence shown below. It will become the Going Rate submission which will be distributed to the participating agencies in Washington and will be the basis for determination of approved post funding levels. The format is as follows:

A. Estimated Current Year Requirements:

1. Prior Year Actual Obligations $ XXXXXX

	Personal Services Expenses	All Other Expenses
2. Breakdown of Prior Year Obligations:		
a. American Allowances and Miscellaneous		
American Salaries	$ XXXXXX	
b. FSN Salary Expenses	XXXXXX	
c. Other Objects Expenses	_____	$ XXXXXX
d. Subtotals	XXXXXX	XXXXXX

B. Deduct Non-Recurring:

1. Allowances (Itemize)		XXXXXX
2. FSN salary (Itemize)		XXXXXX
3. Other objects (Itemize)		XXXXXX
4. Etc.	_____	XXXXXX
Subtotal Non-Recurring	XXXXXX	XXXXXX
Requirements Balance	XXXXXX	XXXXXX

C. Add Annualization:

1. Allowances (Itemize)		XXXXXX
2. FSN salary (Itemize)		XXXXXX
3. Other objects (Itemize)		XXXXX
4. Etc.	_____	XXXXXX
Subtotal Annualization	XXXXXX	XXXXXX
Requirements Balance	XXXXXX	XXXXXX

D.	Add Mandatory Increases:		
	1. Allowances (Itemize)		XXXXXX
	2. FSN salary (Itemize)		XXXXXX
	3. Other Objects (Itemize)		XXXXXX
	4. Etc.		XXXXXX
	Subtotal Mandatory Increases	XXXXXX	XXXXXX
	Requirements Balance	XXXXXX	XXXXXX
E.	Add Discretionary Increases and Decreases:		
	1. Allowances (Item E)	XXXXXX	
	2. FSN salary (Item E)	XXXXXX	
	3. Other Objects (Item E)		XXXXXX
	4. Etc.		XXXXXX
	Subtotal Discretionary	XXXXXX	XXXXXX
	Total Financial Plan	XXXXXX	XXXXXX
F.	Breakdown of Total Financial Plan		
	1. American Allowances and Miscellaneous American Salaries	XXXXXX	
	2. FSN Salary Expenses	XXXXXX	
	3. Other Objects Expenses		XXXXXX
	4. Total Financial Plan	XXXXXX	XXXXXX

Explanatory Notes

Paragraph A, Line No. 1 is the total of actual prior year obligations for personal services costs and all other costs.

Paragraph A, Line 2a includes sub-object classes 1121, 1122, 1131, 1132, 1135, 1136, 1151, 1161, 1201, 1204, 1205, 1206.

Paragraph A, Line 2b includes sub-object classes 1113, 1124, 1134, 1162, 1163, 1181, 1219, 1223, 1227, 1228, 1302.

Paragraph A, Line 2c includes all other non-personal services sub-objects of expense.

Paragraphs B, C, D, E list and explain each entry in accordance with the definitions and examples in Section 403. Items of less than $500 each may be lumped as one entry as "Miscellaneous" without explanation.

In the sections on Annualization and Mandatory Increases, follow the sequence of the columns by the FAAS mid-year financial plan, i.e., wage revisions, price increases, and all other increases.

In the explanation of Annualization and Mandatory Increases, show the date and percentage rates of increase for such items as wage increases, allowance increases, rents, contracts, and utilities which have established rates of payment (e.g., gas, water, electric power, telephone, and petroleum products).

G. Special Items

In some cases where an item of increase involves only one agency and the amount of the increase is substantial, the inclusion of this amount in the total and the application of agency percentages may result in a distorted distribution of costs. In such cases where, in the opinion of the administrative officer, the resulting distortion would be significant, the following method may be used:

(1) Include and explain the special item in the list of increases and identify by agency, including State.

(2) Below the total request line list each such increase, identified by item number and agency.

(3) Deduct these special item amounts from the total request.

(4) Strike new request totals and enter on Adjusted Request line.

(5) Distribute adjusted balance using regular agency percentages.

(6) Establish a separate "Special Items" column to the right of the FAAS-6 column and enter the amount on the appropriate agency line.

(7) Total the amounts shown in each column for each agency to obtain total agency share.

Special items are usually those new or additional services being requested by the agency for the next year for which there are no workload statistics for the current year. The term "Special Item" should not be confused with function 7, "Direct Services." Usually the special item of support shown for a particular agency on the "going-rate" submission or the "increase-decrease" request will become a regular service for that agency in subsequent years. During the first year in which the special service is rendered it becomes part of the total workload of the FAAS personnel, or a part of the total other object costs, and becomes part of the total workload statistics maintained at the post. Thus the additional workload and costs occasioned by the special service would be automatically reflected as an increase in the participation percentage of that particular agency.

H. Offsets

At some posts certain administrative support services may be furnished by agencies other than the FAAS. In such instances, and when direct reimbursement to the servicing agency is not feasible, the value of such service should be shown as an offset for that agency and the cost spread to the other serviced agencies at post which benefit from the service. In so doing, an additional "Offsets" schedule should be included as part of your submission (see Exhibit 404.2). The sum of the "Off-sets" column will always result in a zero entry on the total line since the total of all agency "plus" entries will be off-set by a "minus" entry for the agency performing the service. The agency rendering the offset service will present the embassy with a justifiable estimate of the cost of such service. Any changes in level of service and cost from prior year will be explained in detail. The embassy will include a summarization of such costs as an attachment to its submission and show the basis for agency distribution. Whenever possible, such distribution should be related to workload factors and percentages shown on form FAAS-2.

For example, AID provides maintenance and garaging for the motor pool at a total cost of $40,000. Percentages from form FAAS-2, factor J, "Miles Driven," indicate the total cost should be spread as follows:

FAAS	10%	$ 4,000
STATE BASIC	25%	10,000
A.I.D.	40%	16,000
USIA	10%	4,000
DIA	10%	4,000
FAS	5%	2,000
	100%	$40,000

Using participation percentages developed on forms FAAS-4A and FAAS-5, the FAAS portion ($4,000) would be spread as follows:

STATE BASIC	30%	$ 1,200
AID	30%	1,200
USIA	20%	800
DIA	10%	400
FAS	10%	400
	100%	$ 4,000

The total AID share from the above two sets of figures is $17,200, which deducted from the total cost ($40,000) leaves $22,800 to be charged to other agencies as plus entries, and a minus entry for AID The amounts shown in the offsets column would be:

STATE BASIC	$11,200
AID	(22,800)
USIA	4,800
DIA	4,400
FAS	2,400
	- 0 -

I. Agency Distribution:

Distribution of the Going Rate - Increase/Decrease estimate between State and DAS, and among DAS agencies, will be in accordance with Exhibit 404.3 and with the following paragraphs:

1. Separate percentages will be used to distribute American position costs (these same percentages will be used in Washington to distribute American Salary costs as computed from the worldwide American Salary Allotment), FSN position costs, and Other Objects.

2. American position costs will be distributed initially according to the CORE and DAS percentages from Line 3, FAAS-4A. Distribution of DAS American position costs among the DAS agencies will be in accordance with the "American Participation Percentages" from the Form FAAS-5 prepared for this purpose.

3. FSN position costs will be distributed initially according to the CORE and DAS percentages from Line 4, FAAS-4A, and the DAS portion thereof distributed among the DAS agencies in accordance with the "FSN Participation Percentages" from the Form FAAS-5 prepared for this purpose.

4. Other Objects costs will be distributed by applying the State FAAS-6 participating percentage from Line 156 to the total Other Objects costs. The remainder of the Other Objects costs will be indicated as DAS. The DAS portion of the Other Objects costs will be distributed among the serviced agencies by using the FAAS-6 percentages from Line 160.

5. The column "Special Items/Offsets" will include all adjustments in agency shares which are not properly distributed by the FAAS-5 and FAAS-6 percentages. This column will include "special items" as explained in paragraph G above, and "offsets" in paragraph H above. Salary costs of DAS Direct and DAS Special positions are used in developing the FAAS-5 percentages, therefore, these costs will not be treated as a Special Item.

6. Offsets for common services provided by an agency should be distributed by an appropriate workload factor to all agencies which benefit. Amounts so distributed to State will be shown on the CORE line. A brief description of any costs in the Special Items/Offsets column should be attached with the distribution schedule.

405 Post Submission

The post FAAS estimate has a special objective beyond the primary purpose of the Field Budget Estimate, which is to present a picture of the post's financial requirements in the coming year. The participation of numerous other agencies in the funding of post operations means that these agencies must be as well informed as to post funding needs as the Department. Therefore, the post FAAS estimate must be distributed to the agencies in Washington which will collectively determine the post's funding level.

For the reason stated above, then, the post estimate will be submitted in a form that can be reviewed at the post and distributed to all participating agencies in Washington in the most expeditious manner.

The post FAAS estimate will be submitted as an UNCLASSIFIED AIRGRAM. The transmittal airgram package (Exhibit 405.1)will consist of the following:

1. CORE/DAS Schedules (FAAS-2, FAAS-4A, FAAS-4C, FAAS-4D, FAAS-5, and FAAS-6).

2. FBE Schedule 1 - Summary: Regional Bureau Allotted S&E Funds.

3. FBE Schedule 13 - Summary: FBO Allotted S&E Funds.

4. FBE Schedule 1-A - Narrative Justification for Regional Bureau Allotted S&E Funds.

5. FBE Schedule 13-A - Narrative Justification for FBO Allotted S&E Funds.

6. FAAS Off-set Schedule (Exhibit 404.2)

7. Agency Distribution Schedule (Exhibit 404.3).

8. FBE Schedule 15A - FBO Current Short-term Leases.

9. FBE Schedule 15B - FBO Projected Short-term Leases.

10. FBE Schedule 16 - FBO Furniture and Equipment.

410 Proceeds of Sales

The definition and procedure for processing proceeds from sales of personal property are set forth in 4 FAM 324.4. From the standpoint of FAAS funding, proceeds of sales represent a source of funds, other than the Department's appropriation or the reimbursements from participating agencies, to meet post requirements for the replacement of personal property.

In the context of these FAAS procedures, the Proceeds of Sales that are referred to here are those which result from the sales of property that were originally funded by the FAAS allotment. This will exclude repeat exclude proceeds from sales of motor vehicles, and real property.

Proceeds of sales of FAAS personal property become available to the post for the replacement of like items through the allotment process, i.e., in the FAAS allotment issued by either the Regional Bureau or FBO. To determine the amount of proceeds which are available to fund the equipment replacement requirements of the post, or which can be used to meet another post's requirements as permitted by 4 FAM 324.4, posts are requested to show the amount of Proceeds which have been realized, or are anticipated to be realized in the current fiscal year, as indicated below.

On FBE Schedules 1-A and 13-A, below the "Agency Distribution Schedule", include a statement which says, "Estimated Proceeds of Sales are $_____." Include on Schedule 1-A, Narrative Justification for Regional Bureau Allotted S&E Funds,

4. Other Objects costs will be distributed by applying the State FAAS-6 participating percentage from Line 156 to the total Other Objects costs. The remainder of the Other Objects costs will be indicated as DAS. The DAS portion of the Other Objects costs will be distributed among the serviced agencies by using the FAAS-6 percentages from Line 160.

5. The column "Special Items/Offsets" will include all adjustments in agency shares which are not properly distributed by the FAAS-5 and FAAS-6 percentages. This column will include "special items" as explained in paragraph G above, and "offsets" in paragraph H above. Salary costs of DAS Direct and DAS Special positions are used in developing the FAAS-5 percentages, therefore, these costs will not be treated as a Special Item.

6. Offsets for common services provided by an agency should be distributed by an appropriate workload factor to all agencies which benefit. Amounts so distributed to State will be shown on the CORE line. A brief description of any costs in the Special Items/Offsets column should be attached with the distribution schedule.

405 Post Submission

The post FAAS estimate has a special objective beyond the primary purpose of the Field Budget Estimate, which is to present a picture of the post's financial requirements in the coming year. The participation of numerous other agencies in the funding of post operations means that these agencies must be as well informed as to post funding needs as the Department. Therefore, the post FAAS estimate must be distributed to the agencies in Washington which will collectively determine the post's funding level.

For the reason stated above, then, the post estimate will be submitted in a form that can be reviewed at the post and distributed to all participating agencies in Washington in the most expeditious manner.

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4. FBE Schedule 1-A - Narrative Justification for Regional Bureau Allotted S&E Funds.

5. FBE Schedule 13-A - Narrative Justification for FBO Allotted S&E Funds.

6. FAAS Off-set Schedule (Exhibit 404.2)

7. Agency Distribution Schedule (Exhibit 404.3).

8. FBE Schedule 15A - FBO Current Short-term Leases.

9. FBE Schedule 15B - FBO Projected Short-term Leases.

10. FBE Schedule 16 - FBO Furniture and Equipment.

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The definition and procedure for processing proceeds from sales of personal property are set forth in 4 FAM 324.4. From the standpoint of FAAS funding, proceeds of sales represent a source of funds, other than the Department's appropriation or the reimbursements from participating agencies, to meet post requirements for the replacement of personal property.

In the context of these FAAS procedures, the Proceeds of Sales that are referred to here are those which result from the sales of property that were originally funded by the FAAS allotment. This will exclude repeat exclude proceeds from sales of motor vehicles, and real property.

Proceeds of sales of FAAS personal property become available to the post for the replacement of like items through the allotment process, i.e., in the FAAS allotment issued by either the Regional Bureau or FBO. To determine the amount of proceeds which are available to fund the equipment replacement requirements of the post; or which can be used to meet another post's requirements as permitted by 4 FAM 324.4, posts are requested to show the amount of Proceeds which have been realized, or are anticipated to be realized in the current fiscal year, as indicated below.

On FBE Schedules 1-A and 13-A, below the "Agency Distribution Schedule", include a statement which says, "Estimated Proceeds of Sales are $_____." Include on Schedule 1-A, Narrative Justification for Regional Bureau Allotted S&E Funds,

proceeds from the sale of office furniture and furnishings, and equipment. Include on Schedule 13-A, Narrative Justification for FBO Allotted Funds, proceeds from the sale of household furniture and furnishings.

When the Mid-Year Review Estimates are presented to the FAAS Working Group for the inter-agency review session, proceeds of sales will be shown as a deduction from the total post funding requirements on the Form FAAS-8A, as described in Section 520.

420 Interim Increase-Decrease Estimates

Since the going rate estimate, and the mid-year review estimate, both provide for increases and decreases to the going rate requirement, it is not expected that interim requests for changes in post funding will be necessary. An interim increase-decrease estimate, therefore, will normally be reserved for significant and extraordinary changes such as those mentioned in Principle 23 (Section 130), which are repeated as follows:

a. The appropriation of funds substantially less than anticipated and which would substantially reduce the reimbursing agency's program activities;

b. The opening or closing of an overseas mission for which support services are desired or have been furnished;

c. A coordinated request from the mission for specific additional services and facilities or the elimination of services and facilities being performed for a specific agency or the mission, which would result in an increase or decrease in resources;

d. The passage of new Public Laws which impose a heavier financial burden;

e. Natural calamities, or precipitous actions of host governments.

421 Distribution

Unless you specify otherwise, distribution of increase-decrease requests among serviced agencies should be made on the same basis as your overall FAAS percentages. These same percentages will be used in making agency distributions of cost for increase-decrease submissions. If a particular increase or decrease is only attributable to certain serviced agencies (and assuming you have explored and discarded the feasibility of a direct charge to that agency), and the application of your

overall workload percentages would result in major distortion or inequities, then separate that particular increase or decrease from the total to be distributed and add it as a special item to those agencies' share. (In subsequent years it may be assumed that this increase would be reflected in the overall workload statistics on which costs are distributed and hence will be automatically attributed to the requesting agency (or agencies) in the going rate calculation).

422 Justifications

Each item in an increase-decrease request will require complete justification. Keep in mind that each request will be reviewed and judged by the regional bureau and will be further examined by budgeting and management counterparts in the serviced agencies. The justifications should be complete and clear enough to ensure understanding, yet brief enough to preclude impressions of a "sales pitch." However, do not sacrifice clarity for brevity, and if an item is difficult to justify in a few lines, attach an additional supporting statement.

423 Submission

An interim increase-decrease request may be submitted by airgram or telegram, with either means of communication including the following essential elements:

1. Identify the agencies to which copies should be distributed.

2. Explain the item of change and the cost.

3. Show the distribution of costs among the supported agencies.

4. Show concurrence of the supported agencies.

430 Concurrence of Participating Agencies

FAAS Principle No. 10 (Section 130) speaks to the responsibilities of supported agency representatives at the post, as follows:

"The chief representative of each serviced agency should recognize a mutual interest in the efficient and economic management of the administrative support operation to the extent that facilities are made available to the agency. To this end, the representative should enter into an agreement with the administrative officer to make certain that the range of available services the agency requires are in fact provided

or made available for use, and that the proportionate share of the total cost attributed to the agency is equitable."

Recognizing that agency representatives, who are also program directors, may not have the time or expertise to make specifically critical decisions on the details of FAAS funding estimates, their role in the overall FAAS process is still an important one. To achieve the common U.S. Government objective of providing an efficient and economic support vehicle for numerous and varied programs within a country, active participation and cooperation between the managers and clients is required at the various levels which the FAAS system provides, i.e., in the post review process, in the inter-agency review of FAAS costs in Washington, and by the FAAS Council.

The agency representative at the post is just that -- the on-site person who represents an agency back in Washington. At a minimum, the representative should be familiar with the rules of the game, i.e., how the agency's share of FAAS costs is determined; should be assured that the workload count attributed to the agency is accurately maintained; should be aware of the services for which the agency is paying and the delivery or non-delivery of the services; should be aware of local conditions which impact on the direction of FAAS costs and the major elements of FAAS costs. Finally, the agency should know that the administrative officer is available to him to provide assurances and answer questions. The administrative officer has the responsibility to give the agency representative a reasonable time to review FAAS estimates, and frank and open answers to all questions.

The agency representative's concurrence on FAAS submissions is an indication to the parent agency in Washington of his support, if not in full and complete detail, of the overall funding request which has been submitted, and the portion of that request which will be attributed to the agency.

When irreconcilable differences arise and a serviced agency representative refuses to concur in a FAAS submission, that representative must prepare a written statement of reasons for non-concurrence and the Administrative Officer must respond in writing to that statement.

The Administrative Officer is required to submit the serviced agency's statement of non-concurrence and response to it to Washington as attachments to the regular FAAS submission. Similarly, the serviced agency representative at post must send both statements directly to the agency's representative on the FAAS Working Group (FWG) in Washington.

When these documents are received in Washington, the FWG becomes responsible for settlement of the dispute. After

consulting with their concerned Regional Bureau and appropriate specialists, the Department of State and the disputing agency's representative will negotiate a resolution to the problem. If appropriate, other agency representatives on the FWG will be consulted.

In accordance with the negotiated resolution, the Department of State will recompute or revise CORE/DAS schedules, mid-year funding plans, and/or other FAAS documents as necessary. The concerned FWG agency representative is responsible for notifying the agency's Post respresentative of the settlement.

In many instances problems are revealed and immediately settled by negotiation during the FWG review of post FAAS submissions and Bureau budget requests. The FWG Executive Secretary is required to notify each post of actions taken by the Working Group which affect the post's FAAS submission.

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Date: _____

EXCHANGE RATE AT ( ) TO $1.00 ON 3/31/____

LINE	A		B	C	D	E	F	G	H	I	J	K	L	M
	EXPENSE IDENTIFICATION				ANNUALIZATION*			ANTICIPATED MANDATORY INCREASES*						
	SUB-OBJECT	EXPENSE CATEGORY	ACTUAL PRIOR YR. OBLIGS.	DEDUCT NON-REC OBLIGS.*	WAGE SCHEDULE	PRICE	OTHER	WAGE SCHEDULE	PRICE	OTHER	FY-___ GOING RATE	DISCRE-TIONARY CHANGES*	TOTAL FY-___ REQUEST	ACTUAL OBLIGS. 10/1 - 3/31
1	1113	BASE PAY FSN												
2	1121/2/3	TEMP/PTIME PAY AMER												
3	1124/6	TEMP/PTIME PAY FSN												
4	1131/2/5/6	PREMIUM PAY AMER												
5	1134	PREMIUM PAY FSN												
6	1140	CONTR PER SERVICES												
7	1151	DANGER PAY AMER												
8	1152	SPEC INCENTIVE DIFF												
9	1153	LANGUAGE INCENTIVE												
10	1161	TERM LEAVE AMER												
11	1162	TERM LEAVE FSN												
12	1181	CASH AWARDS NOC												
13														
14														
15														
16														
17														
18		SUB-TOTAL 1100												
19	1201	POST ALLOWANCES												
20	1204	SEPARATE MAINT												
21	1205	SUPPL POST ALLOW												
22	1206	DEPEND EDUC ALLOW												
23	1208	COST OF LIVING FSN												
24	1215	MARINE GUARD ALLOW												
25	1219	MISC ALLOW NOC FSN												
26	1221/2/6	CONTR EMPLOYER												
27	1223	FICA												
28	1227	CIVIL SERV RET FSN												
29	1228	MISC BENEF NOC FSN												
30														
31														
32														
33		SUB-TOTAL 1200												

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FAAS MID-YEAR FINANCIAL PLAN
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LINE	A EXPENSE IDENTIFICATION SUB-OBJECT	A EXPENSE CATEGORY	B ACTUAL PRIOR YR. OBLIGS.	C DEDUCT NON-REC OBLIGS.*	D ANNUALIZATION* WAGE SCHEDULE	E ANNUALIZATION* PRICE	F ANNUALIZATION* OTHER	G ANTICIPATED MANDATORY INCREASES* WAGE SCHEDULE	H ANTICIPATED MANDATORY INCREASES* PRICE	I ANTICIPATED MANDATORY INCREASES* OTHER	J FY-____ GOING RATE	K DISCRETIONARY CHANGES*	L TOTAL FY-____ REQUEST	M ACTUAL OBLIGS. 10/1 - 3/31
34	1302	SEVERENCE PAY FSN												
35	2153	CONFERENCE TRAVEL												
36	2155	POST-POST DETAIL TVL												
37	2156	FIELD TRAVEL NOC												
38	2157	MEDICAL TRAVEL												
39	2158	SPEC PERS TRAVEL												
40	2159	SECURITY TRAVEL												
41	2161	R & R TRAVEL												
42	2162	EDUCATION TRAVEL												
43	2163	OTHER TRAVEL NOC												
44	2164	FAMILY VISIT TVL												
45	2165	EMERGENCY VISIT TVL												
46	2169	TRAVEL CHILDREN SEP												
47		SUB-TOTAL 2100												
48	2201	TRANS GOVT PROPERTY												
49	2202	TRANS OTH PROPERTY												
50	2221	TRANS GOVT VEHICLES												
51	2222	UNACCOMPANIED POUCH												
52	2223	FRT ON FURN/EQUIP												
53	2261	FRT BLDG O&M SUP												
54	2299	MISC FREIGHT NOC												
55														
56														
57														
58														
59		SUB-TOTAL 2200												
60	2321	TELE EQUIP INSTALLER												
61	2322	TELEPHONE TOLLS												
62	2323	LEASED TEL LINES												
63	2329	OTHER TELE COMM NOC												

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LINE	A EXPENSE IDENTIFICATION SUB-OBJECT	A EXPENSE CATEGORY	B ACTUAL PRIOR YR. OBLIGS.	C DEDUCT NON-REC OBLIGS.*	D ANNUALIZATION* WAGE SCHEDULE	E ANNUALIZATION* PRICE	F ANNUALIZATION* OTHER	G ANTICIPATED MANDATORY INCREASES* WAGE SCHEDULE	H ANTICIPATED MANDATORY INCREASES* PRICE	I ANTICIPATED MANDATORY INCREASES* OTHER	J FY-___ GOING RATE	K DISCRETIONARY CHANGES*	L TOTAL FY-___ REQUEST	M ACTUAL OBLIGS. 10/1 - 3/31
64	2332	LEASED FACILITIES												
65	2335	FLD RLY COMTOLL MSG												
66	2336	FLD RELAY TELEX MSG												
67	2341	POSTAGE												
68	2371	OFFICE EQUIP RENTAL												
69	2373	ADP EQUIP RENTAL												
70	2374	MINICOMPUTER RENTAL												
71	2375	WORD PROCESSOR RNTL												
72	2379	MISC RENTALS NOC												
73														
74														
75														
76														
77		SUB-TOTAL 2300												
78	2413	PRINTED ADP SUPPL												
79	2450	MISC PRNT NOC												
80														
81														
82														
83		SUB-TOTAL 2400												
84	2511	M&R STL BLDGS												
85	2520	M&R MOTOR VEH R/M												
86	2552	SERV FACILITY OPER												
87	2553	ADP OPER/KPUNCH												
88	2561	CONTR MED SERVICES												
89	2562	CONTR IMMUNIZ/MDEXAM												
90	2565	CONTR TRANS/INTER SV												
91	2569	OTHER CONTR PERS NOC												
92	2571	ORE-CHIEF OF MISSION												
93	2572	ORE-DEP CHF OF MSN												
94	2573	ORE-PRNC OFF-CONS												
95	2574	ORE-OTHER OFFICERS												
96	2581	OTH GOVT AG CONTR SV												

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LINE	A EXPENSE IDENTIFICATION SUB-OBJECT	A EXPENSE CATEGORY	B ACTUAL PRIOR YR. OBLIGS.	C DEDUCT NON-REC OBLIGS.*	D ANNUALIZATION* WAGE SCHEDULE	E ANNUALIZATION* PRICE	F ANNUALIZATION* OTHER	G ANTICIPATED MANDATORY INCREASES* WAGE SCHEDULE	H ANTICIPATED MANDATORY INCREASES* PRICE	I ANTICIPATED MANDATORY INCREASES* OTHER	J FY-__ GOING RATE	K DISCRETIONARY CHANGES*	L TOTAL FY-__* REQUEST	M ACTUAL OBLIGS. 10/1 - 3/31
97	2585	OFFICE MACH MAINT												
98	2586	REPR/MAINT EQUIP												
99	2589	OTH CONTR SVC NOC												
100	2593	ADP SITE PREP-OTH												
101	2596	CONTR SECURITY SVC												
102	2598	ADPE MAINTENANCE												
103														
104														
105														
106		SUB-TOTAL 2500												
107	2611	AUTO FUELS & LUBS												
108	2612	AUTO PARTS & SUPPL												
109	2621	REFERENCE MATERIAL												
110	2622	OFFICE SUPPLIES												
111	2623	ADP SUPPLIES												
112	2630	PRTNG/REPROD SUPPL												
113	2640	MEDICAL SUPPLIES												
114	2650	MAINT & BOE SUPPLIES												
115	2660	SPECIAL CLOTHING												
116	2670	COMM SUPPLIES												
117	2693	SECURITY SUPPLIES												
118	2699	MISC SUPPLIES NOC												
119														
120														
121														
122														
123														
124		SUB-TOTAL 2600												
125	3121	OFFICE MACHINES												
126	3122	OFFICE FURNISHINGS												
127	3131	REPRODUCTION EQUIP												
128	3136	SECURITY EQUIPMENT												

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FSICAL YEAR _____

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LINE	A EXPENSE IDENTIFICATION SUB-OBJECT	A EXPENSE IDENTIFICATION EXPENSE CATEGORY	B ACTUAL PRIOR YR. OBLIGS.	C DEDUCT NON-REC OBLIGS.*	D ANNUALIZATION* WAGE SCHEDULE	E ANNUALIZATION* PRICE	F ANNUALIZATION* OTHER	G ANTICIPATED MANDATORY INCREASES* WAGE SCHEDULE	H ANTICIPATED MANDATORY INCREASES* PRICE	I ANTICIPATED MANDATORY INCREASES* OTHER	J FY-__ GOING RATE	K DISCRE-TIONARY CHANGES*	L TOTAL FY-__ REQUEST	M ACTUAL OBLIGS. 10/1 - 3/31
129	3137	BOOKS & MAPS												
130	3138	TELEPHONE EQUIPMENT												
131	3139	MEDICAL EQUIPMENT												
132	3140	MISC EQUIP NOC												
133	3151	ADP EQUIP PURCSD												
134	3152	OTH DATA PROC EQUIP												
135	3153	ADP SOFTWARE PACK												
136	3154	EQUIP/ADP SITE												
137	3156	MINICOMPUTER PURCSD												
138	3157	WORD PROCESSOR PURC'D												
139	3160	COMM EQUIPMENT												
140		SUB-TOTAL 3100												
141	4100	GRANTS/SUBS/CONT												
142	4200	CLAIMS & INDEM												
143		TOTALS												

FAAS S&E OFFSET SCHEDULE

FY 1902

COUNTRY: Shangri-La
ALLOTTEE POST: Nirvana
DATE: April 15, 1901

	FAAS-2	AMOUNTS	FAAS-5	AMOUNTS	TOTAL OF OFFSET
FAAS	14.0	759(*)		---	-
STATE BASIC	35.3	1,914	---	585	2,499
USAID	31.9	1,729	---	80	(3,612)
USIA	13.3	721	29.3	51	772
DEF/MLO	3.6	195	18.1	31	226
DMA/IAGS	1.9	103	6.7	12	115
TOTALS	100.0	5,421	100.0	759(*)	-0-

(*) Distribution of FAAS portion between DAS and CORE (Form DS-1736A, Line 15):

DAS	22.9%	of	$759	=	$174
CORE	77.1%	of	$759	=	$585

The USAID offset is $3,612, or $5,421 less $1,729 and $80.

State Basic is charged $2,499 for this Special Item.

FAAS - S&E POST DISTRIBUTION OF
FIELD BUDGET ESTIMATES
FY - 1902

Country: Shangri-La
DATE: April 15, 1901

PAGE 7 of 7 PAGES

	PERSONAL SERVICES American Positions		PERSONAL SERVICES FSN Positions		OTHER OBJECTS	
AGENCY	%	AMOUNT	%	AMOUNT	%	AMOUNTS
CORE	.734	$15,620	.771	$264.034	.719	$478,998
DAS	.266	5,660	.229	78,422	.281	187,202
TOTAL FAAS	100	21,280	100	342,456	100	666,200
DISTRIBUTED ADMINISTRATIVE SUPPORT:						
USAID	.637	3,605	.459	35,996	.581	108,764
USIA	.212	1,200	.293	22,978	.279	52,230
DEF/MLO	.123	696	.181	14,194	.109	20,405
DMA/IAGS	.028	159	.067	5,254	.031	5,803
TOTAL DAS	100	5,660	100	78,422	100	187,202

AIRGRAM

DEPT. DISTRIBUTION			
ORIGIN/ACTION			
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O HA	D/LOS	EA	EB
EUR	FADRC/DR	FADRC/LR	FBO
IGA	INR	IO	L
M/MO	MC	NEA	OES
PER	PM	PPT	S/IL
S/NM	S/P	S/PRS	S/S
SCA	SCS	SY	VO

Suggested Distribution

POST ROUTING		
TO:	ACTION	INFO
AMB		
DCM		
POL		
ECON		
COMM'L		
USIS		
AGR		
AID		
DAO		
CONS		
ADM		
B&F		
GSO		
PER		
SY		
C&R		

HANDLING

CLASSIFICATION UNCLASSIFIED

MESSAGE REFERENCE NO.

TO: DEPARTMENT OF STATE

FROM: AMERICAN EMBASSY NIRVANA DATE May 1, 1986

E.O. 11652: N/A
TAGS: ABUD/NU
SUBJECT: FY-1902 FAAS SUBMISSION

REF: 4-FAM APPENDIX B

Submitted herewith are the following schedules for the 1902 FAAS Submission.

FAAS-2	Workload Factor Distribution
FAAS-4A	FAAS Administrative Staffing - CORE/DAS Computations
FAAS-4C	Percentage Distribution of CORE Employee's Time by Administrative Subfunction
FAAS-4D	Percentage Distribution of DAS Employee's Time by Administrative Subfunction
FAAS-5	DAS Personnel Services
FAAS-6	Other Personal Distribution Prior Year Costs
FBE Sch. 1&13	FBE Schedules 1-A and 13-A (Narrative Justifications)
FBE Sch. 15A, 15B, 16	
FAAS Offset Schedule	
Agency Distribution Schedule	

UNCLASSIFIED
CLASSIFICATION

DRAFTED BY: | DRAFTING DATE | PHONE NO. | CONTENTS AND CLASSIFICATION APPROVED BY:

CLEARANCES:

It is requested that the enclosed Schedules be reduced to fit 8"x10½" size sheets; printed on one side only. Do not back up.

Distribute two copies of this Airgram, with enclosures, to the Agencies in Washington listed below. 6 copies should be distributed within the Department to: Regional Bureau - 2 copies; FBO - 2 copies; and M/COMP/BP/R - 2 copies.

Please return ten copies to the Post for distribution to serviced Agencies within this Mission:

Washington Distribution:

Department of State
U.S. Agency for International Development
U.S. Information Agency
Defense Security Assistance Agency/MLO
Defense Mapping Agency/Inter-American Geodetic Survey

500 WASHINGTON REVIEW OF POST ESTIMATES AND DETERMINATION OF POST FUNDING LEVELS

510 Introduction

When the post FAAS estimates are received in Washington, they are first distributed simultaneously to the regional bureau, FBO, and each of the supported agencies which are listed on the cover page of the transmitting airgram. The estimates are reviewed, as submitted.

To consolidate the post estimates from around the world, for both bureau-allotted and FBO-allotted funds, into the actual reimbursement agreements which will fund the FAAS operation, the post estimates will go through the processes described in the following sections.

520 Form FAAS-8A - Summary of Initial Post Planning Estimate

The purpose of the FAAS-8A (Exhibit 520.1) is to indicate to the FAAS Working Group the results of the Bureau review of the post estimates, in preparation for the inter-agency review sessions, to record the results of the review sessions, and to show the approved annual planning level amounts for each country as agreed upon by the group.

The calculation starts from the same base that the post used to begin the post's going rate calculation, which is shown on the FAAS-8A as the "Prior Year Allotment", and which represents the post's estimate of requirements through the end of the fiscal year.

The post's figures for the categories of non-recurring, annualization, mandatory increases, and the initial discretionary increase-decrease estimate is entered on the FAAS-8A to indicate the new Going Rate estimate.

Bureau adjustments are shown in the next portion, either as adjustments to specific line items in the post estimates, which may require correction or updating, or in keeping with standard council policy for the treatment of projected (i.e., not yet approved or implemented) wage scale increases and price increases. These adjustments, made early in the fiscal year, will be brought into line with actual experience when the Mid-Year Review Estimates, described in Section 510, are acted upon. As appropriate, a further adjustment is made to update the effect of exchange rate changes between the time the post prepared its estimate and the beginning of the new fiscal year.

The sum of the foregoing adjustments is the amount that is presented to the FAAS Working Group as the bureau's recommended funding level for each country.

At the time of the Mid-Year Review, the amount of Proceeds of Sales, (reported by each post as shown in Section 411) which is planned for allotment to each post, will be shown at the bottom of the Form FAAS-8A as a deduction from the post's Other Objects (and Total) requirements. Thus, the amount to be distributed by the percentages on FAAS-8 will be net of Proceeds.

Any further adjustments which may come out of the group's review are then recorded on the FAAS-8A.

530 Form FAAS-8B - Net American Salary Calculation

The purpose of the FAAS-8B (Exhibit 530.1) is to convert the annual rates of American FAAS positions into an estimate of net annual costs, through the process indicated below. In contrast with FSN employees who serve only in the country where they are employed, American employees serve on a world-wide basis and will move from country to country in accordance with the terms of their individual assignments throughout their careers. In the process of moving from assignments an American employee may occupy a FAAS position, an overseas program position, or a domestic (Washington) position. To account for these various categories of assignment, the Department maintains separate salary allotments for FAAS, program, and domestic American cost.

The calculation of FAAS costs is developed annually from the cost experience of the FAAS allotment, and the factors indicated below are applied uniformly to all countries in consideration of the world-wide movement of individuals within the FAAS system.

The FAAS-8B is prepared as follows:

1. By regional bureau, the calculation is made for each country which has American positions.

2. The number of American positions are those authorized to each post, including CORE and DAS. The total for each region agrees with the authorized bureau total.

3. The Base Pay Annual Rate is the total of annual rates from the FAAS-4.

4. The Hardship Post Differential Annual Rate is the total for such posts, where HPD is authorized, from the FAAS-4.

5. The "lapse" is the difference between the annual rate amount and the amount actually paid. For computing FAAS American salary costs, the lapse is figured as the difference between total authorized positions and actual employment (using average authorizations and employment in each case over the twelve-month period). The Lapse on Base Pay is calculated separately by region. (In the attached Exhibit, the lapse rate is -0.4%.)

6. The Lapse on Hardship Post Differentials is calculated at a uniform -15% of the HPD annual rate, in the absence of detailed data which might indicate a different rate. (HPD is not paid when periods of absence from the post exceed 42 days, e.g., in the case of extended R&R or home leave.)

7. The Within Grade Increment is calculated at the amount included in the Department's appropriation request each year. This increment is multiplied by the number of authorized positions.

8. Personnel Benefits include the employer's contributions for FEGLIA, FEHBA, FICA, and foreign service retirement, and is computed annually as a percentage of the base pay annual rate. (In the Exhibit it is 9.3%.)

9. The Terminal Leave is an increment added to cover separation costs within the total complement. It is computed on a country basis as a percentage of the base pay annual rate. (In the Exhibit it is 0.8%.)

10. Pay Increase costs are added to cover statutory general pay raises, since these usually take effect at the beginning of the fiscal year following the preparation of the FAAS-4. This is normally computed at the published average percentage rate of increase for all government employees. (The Exhibit includes both the general pay raise of 9.4% and the one-time conversion of Foreign Service salaries to the new salary scales, which resulted in an additional increase of 9.3%, for a total increase of 18.7%). Pay Increase costs are computed on the sum of Columns three through nine.

11. If the actual workyear exceeds the normal workyear of 260 days, an increment is added for the additional days, at the average cost per day times the number of additional days, based on the sum of Columns three through ten.

12. Total Net American Salaries is the sum of all foregoing columns. This amount is carried forward to the FAAS-8 (see below) and distributed to all participating agencies by the CORE and DAS percentages for Americans from the FAAS-4A, and the FAAS-5 percentages.

540 Form FAAS-8 - Post Summary Distribution of FAAS

The FAAS-8 (See Exhibit 540.1) is the culmination of all of the efforts of the posts, the regional bureaus, and the reviewing agencies, in the process of establishing the FAAS cost for each country, the funding level for each embassy, and the shares for each participant. Through the magic of a central computer and its accompanying high-speed printer, once the basic data which is subject to change each year is input, the report is calculated and printed in the twinkling of the proverbial eye. Consider the time that once was devoted, in each regional bureau, to the mechanical preparation of the FAAS-8 alone, the thousands of calculations, the typing, and reproduction. Now, the FAAS-8 is turned out quickly and accurately by computer for each of the some 140 countries showing the summary distribution of bureau funds, and an equal number for FBO funds, and, in addition, will consolidate for each individual participating organization a world-wide listing of FAAS costs in each country.

The FAAS-8 is prepared as follows:

1. Total American and FSN positions are input from the post FAAS-4, adjusted or corrected in the bureau review process to agree with current authorized position totals.

2. American Salary Costs are input from the FAAS-8B Net American Salary Calculation schedule.

3. Amounts for the operating expense categories which make up the Post Total are input from the FAAS-8A Summary: Initial Post Planning Estimate, as follows:

   a. Post Personal Services Expenses - Americans.

   b. Post Personal Service Expenses - FSN's.

   c. Post Other Objects Expenses.

   d. Post Special Items and Offsets.

4. The CORE and DAS percentages are input basically from the post FAAS-4A, and the post FAAS-6, and more conveniently from the Agency Distribution Schedule of the Going Rate Estimate, Section 404, Paragraph I.

5. The DAS agency listing and participation percentages are input from the post FAAS-5 and FAAS-6, also shown more conveniently on the Agency Distribution Schedule.

6. Amounts in the columns titled "Special (American) Salary Items", and "Post Special Items" (and Offsets)" must be input specifically against the individual agencies to

which each amount applies, since such costs are not susceptible to distribution by the basic percentages. Normally, special item and offset costs are taken directly from the post's Agency Distribution Schedule of the Going Rate Estimate, but it is often necessary to use these columns to make corrections for such things as DAS Special or DAS Direct position charges which have been overlooked in the preparation of the post schedules.

7. The percentage in the column "FAAS 5% AMER" (which reads, the FAAS-5 Percentage for American costs), is applied to the columns for American Salary Costs, and Post Personal Services Expenses - Americans.

8. The percentages in the column "FAAS 5% (FAAS-5 Percentage for FSN Expenses), is applied to the column for Post Personal Services for FSN costs.

9. The percentages in the column FAAS 6% (FAAS-6 Percentages) is applied to the column for Post Other Objects.

10. At the point where the cost data is being input for preparation of the FAAS-8, the DAS Position Control Report must be reviewed and the costs of DAS Special and DAS Direct positions be transferred to the "Special Item" column of the FAAS-8, and allocated to the agencies responsible for the direct charges. (The costs of JAO positions, of course, will be distributed by the percentages).

The FAAS-8 is prepared initially for the participants in the inter-agency review sessions, i.e., for the FAAS Working Group, for regional bureau budget officers, and for pertinent central budget office personnel. Following the inter-agency review, necessary adjustments are made and the revised summaries are distributed to all participating agencies as the initial estimate of FAAS costs for the fiscal year.

As necessary during the fiscal year, and particularly following the Mid-Year Review, a similar summary report, called the "FAAS-9 Summary of Increases and Decreases" is prepared. The FAAS-9 deals with the plus or minus changes to the original Going Rate totals which determine the final approved funding levels for the fiscal year.

550 Inter-Agency Review Sessions

The inter-agency review sessions (IARS) is the second level of cooperative oversight available to the participating agencies in the overall FAAS system, the first level being the requirement for agency concurrence at the posts, and the third represented by the role of the full Council. These round-table conferences are

similar to "hearings", at which an agency presents its budgetary case before OMB examiners or a Congressional committee, but the term "sessions" has been deliberately chosen to avoid the connotation of the adversarial relationship which is often present in a "hearing". This is not to say that the "sessions" are consistently notable for an aura of peace and harmony but they do serve the worthwhile purpose of bringing to bear on total FAAS funding requirements the varying viewpoints of the participating agencies.

By whatever name, the IARS is an opportunity for the FAAS Working Group representatives to review FAAS costs from the standpoint of the impact of the cumulative total of their respective shares on a world-wide basis. Agency representatives have an unlimited opportunity to raise questions on the post estimates, to examine proposed funding levels on an item basis, to verify projected dates of anticipated increases, to be advised of progress on continuing programs, to correct mechanical errors, to request additional information from the posts where the justification is unclear or weak. In short, the agencies can present their concerns in the review sessions, and the Department considers these concerns, presents its responses, and endeavors to reach a consensus with which the agencies can concur and the Department can exercise its responsibility for the provision of service.

The Mid-Year Review session usually takes place in the third quarter of the fiscal year. Both the agency representatives and departmental personnel are working with the same basic documents, the FAAS-8's and supporting FAAS-8A's and FAAS-8B's, the post CORE/DAS Schedules, and the post FAAS estimates.

FAAS-8a

SUMMARY -- INITIAL POST PLANNING ESTIMATE (FAAS ALLOTMENT)

	American Allowances	Local	Other Objects	Special Items and Offsets	Total
FY 1982 Actual Prior Year Obligations	22,950	267,049	624,357		914,356
Estimated Prior Year Obligations from FBE Schedule 1 or 13	22,931	271,050	620,592		914,573
Less Nonrecurring Costs	-8,651	- 3,321	-46,256		-58,224
Plus Annualization Costs	11,000	30,339	15,467		56,806
Plus Mandatory Costs	---	40,388	76,397		116,781
Discretionary Costs					
Total Post Request from FBE Schedule 1 or 13	25,280	338,456	666,200		1,029,936
Bureau Adjustments to Total Post Request					
Local Wage Increases					
Local Price Increases					
Proceeds of Sale					
Other Adjustments					
Sub-Total Initial Request	25,280	338,456	666,200		1,029,936
Exchange Rate Adjustments to October 1, 1982					
Total Initial Request Adjusted for Exchange Rate Gains/Losses	25,280	338,456	666,200		1,029,936

FOREIGN AFFAIRS ADMINISTRATIVE SUPPORT ESTIMATES - FISCAL YEAR 1902

COUNTRY SHANGRI-LA

DATE November 15, 1901

DATE: 02/11/82

DEPARTMENT OF STATE
AMERICAN SALARIES REPORT

PAGE: 1

BUREAU: ARA

POST	COUNTRY	NO. APER. POS.	BASE PAY ANNUAL RATE	HPD ANNUAL RATE	LAPSE ON BASE PAY	LAPSE ON HPD	WITHIN GRADE INCR.	PERSONNEL BENEFITS	TEMP LEAVE	PAY INCR.	ADD. WKDAYS	TOTAL NET AMERICAN SALARIES
					-.004	-.150	224	.093	.003	.197		
102	ARGENTINA	5	183,734	0	-759	0	1,120	17,679	1,518	39,138	956	249,386
104	BOLIVIA	6	147,130	36,793	-589	-5,517	1,344	13,753	1,177	36,293	986	231,260
106	BRAZIL	17	492,222	36,918	-1,969	-5,538	3,808	45,948	3,939	107,596	2,627	685,540
108	CHILE	3	94,225	0	-377	0	672	8,790	754	19,460	475	123,999
110	COLOMBIA	7	225,217	22,522	-901	-3,378	1,568	21,007	1,802	50,086	1,223	319,146
111	BARBADOS	3	102,910	0	-411	0	672	9,596	822	21,221	518	135,218
112	COSTA RICA	4	110,233	0	-441	0	896	10,294	882	22,789	556	145,209
116	DOMINICAN REPUBLIC	8	212,640	13,611	-851	-2,042	1,792	19,863	1,701	46,136	1,126	293,976
118	ECUADOR	3	196,390	29,458	-786	-4,419	1,792	18,358	1,571	45,322	1,106	288,792
120	EL SALVADOR	3	83,690	20,923	-335	-3,138	672	7,815	670	20,626	504	131,427
122	GUATEMALA	6	155,499	15,550	-622	-2,333	1,344	14,529	1,244	34,634	845	220,591
124	HAITI	3	72,284	10,842	-289	-1,626	672	6,758	578	16,694	407	106,310
126	HONDURAS	3	127,003	19,052	-508	-2,858	1,120	11,869	1,016	29,303	715	186,717
127	JAMAICA	5	164,047	16,406	-656	-2,461	1,120	15,300	1,312	36,478	891	232,437
128	MEXICO	17	474,717	0	-1,899	0	3,808	44,326	3,798	98,128	2,396	625,274
130	NICARAGUA	4	127,590	31,898	-510	-4,785	896	11,902	1,021	31,418	767	200,197
132	PANAMA	7	240,435	0	-962	0	1,568	22,417	1,923	49,626	1,212	316,219
134	PARAGUAY	4	94,922	9,892	-396	-1,484	396	9,246	791	22,041	538	140,446
136	PERU	5	164,283	0	-657	0	1,120	15,321	1,314	33,918	828	216,127
138	URUGUAY	6	159,613	0	-638	0	1,344	14,910	1,277	33,007	806	210,319
140	VENEZUELA	5	157,001	0	-628	0	1,120	14,647	1,256	32,425	792	206,613
	TOTAL	131	3,795,690	263,855	-15,184	-39,579	29,344	354,318	30,365	826,319	20,175	5,265,303

DEPARTMENT OF STATE

FAAS-8

POST SUMMARY DISTRIBUTION
OF FOREIGN AFFAIRS ADMINISTRATIVE SUPPORT
FY 1902

SHANGRI-LA
BUREAU COSTS

AGENCY	FAAS 5% AMER	FAAS 5% FSN	FAAS 6% PCT	PM AM PS	PM FS PS	AMER SALARY COST	SPECIAL SALARY ITEMS	TOT.AM. SALARY COST	PO. PER SERVICE AMER	PO. PER SERVICE FSN	POST OTHER OBJECTS	POST SPECIAL ITEMS	POST TOTAL	GRAND TOTAL
TOTAL	XXXX	XXXX	XXXX	4	39	252,025		XXXX	25,280	338,456	662,200		1,025,936	1,277,961
CORE	.734	.771	.719	3	30	XXXX		XXXX	XXXX	XXXX	XXXX		XXXX	XXXXX
DAS	.266	.229	.281	1	9	XXXX		XXXX	XXXX	XXXX	XXXX		XXXX	XXXX
USMLO	.123	.181	.109	XX	XX	XXXX		XXXX	XXXX	XXXX	XXXX		XXXX	XXXX
USIA	.212	.293	.279	XX	XX	XXXX		XXXX	XXXX	XXXX	XXXX		XXXX	XXXX
DMA/IAGS	.028	.067	.031	XX	XX	XXXX		XXXX	XXXX	XXXX	XXXX		XXXX	XXXX
AID	.637	.459	.581	XX	XX	XXXX		XXXX	XXXX	XXXX	XXXX		XXXX	XXXX
COUNTRY TOTAL				XX	XX	XXXX		XXXX	XXXX	XXXX	XXXX		XXXX	XXXX

POST : 0130
COUNTRY: Shangri-La
BUREAU : ARA
DATE : 11/30/01

PAGE 01 OF 03 STATE 098458 2298 STATE 098458
ORIGIN AID-25

INFO OCT-01 ABF-01 AF-10 EA-12 EUR-12 NEA-10 ID-14
PCH-02 /147 R

DRAFTED BY OFM/SPD:MCRARICK:DIV
APPROVED BY OFM:MDSTAFFORD
OFM/DC:WMMAUK (DRAFT)
OFM/ASD:BKBIRNBERG (DRAFT)
SER/MO:SCTHORNBURG (DRAFT)
MP/DPC:GFRADENBURG (PHONE)
AG:RLBECKINGTON (INFO)
AA/AFR:GBUTCHER (INFO)
AA/ASIA:JSULLIVAN (INFO)
AA/LA:AVALDEZ (INFO)
AA/NE:JWHEELER
A/SF/OB/R (STATE) JHAMPTON (INFO)
DESIRED DISTRIBUTION
01 ACTION FM CHRON 1 2 3 4 6 8 INFO MP AFR 15 AG NE 15 4ASIA 16 OM
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AMEMBASSY ROME
USMISSION GENEVA
AMEMBASSY BEIRUT POUCH

UNCLAS STATE 098458

AIDAC DAKAR FOR RDO AND OMVS COORD KARACHI FOR AAA, IIS

E.O. 11652:N/A

TAGS:

SUBJECT: FY 1979 FAAS SUBMISSION
GUATEMALA FOR USAID, ROCAP HAIROBI FOR USAID, REDSO/EA
REF: (A) STATE AIRGRAM A-1451 DATED 4/10/78, INSTRUCTIONS FOR PREPARING FY 1979 FAAS ESTIMATES; (B) STATE 052077; (C) APPENDIX B, 4 FAM; (D) APPENDIX 11A, HB 19

1. IN VIEW OF THE LIMITED OPERATING EXPENSE FUNDS AVAILABLE IT IS INCUMBENT UPON EACH AID UNIT TO EXAMINE THE COST EFFECTIVENESS OF FAAS SUPPORT RECEIVED AND TO ENSURE THAT FAAS COSTS ARE EQUITABLY DISTRIBUTED AMONG SERVICED AGENCIES. THEREFORE, AS PART OF OUR OVERALL EFFORTS TO IMPROVE THE AGENCY'S MANAGEMENT OF OPERATING EXPENSES, OF WHICH FAAS IS A PART, WE ARE PROVIDING SOME GUIDELINES TO BE USED BY AID UNITS IN REVIEWING THEIR FY 1979 FAAS CHARGES.

2. THE PURPOSE OF FAAS IS TO DISTRIBUTE "COMMON TYPE" ADMINISTRATIVE SUPPORT AMONG THE VARIOUS AGENCIES AT A POST IN AN EQUITABLE MANNER. AS INDICATED IN PARAGRAPH 2 OF REF (A), THE APPLICATION OF STANDARD WORKLOAD FACTORS, WHICH WERE DEVELOPED TO COVER A WORLDWIDE SITUATION, CAN SOMETIMES RESULT IN SIGNIFICANT DISTORTIONS IN COST SHARING AMONG AGENCIES. FOR THIS REASON REF (A) AUTHORIZES POSTS

WHERE SUCH INEQUITIES WOULD OCCUR TO DEVELOP ALTERNATIVE COST SHARING TECHNIQUES TO DISTRIBUTE ANY COSTS IN WHICH USE OF THE STANDARD FACTOR WOULD RESULT IN DISTORTIONS. YOU SHOULD CAREFULLY EVALUATE ALL FACTORS USED TO ENSURE EQUITABLE DISTRIBUTION OF COSTS. IN THOSE INSTANCES WHERE YOU PROPOSE ALTERNATIVES TO THE STANDARD FACTORS TO ACHIEVE MORE EQUITABLE DISTRIBUTION, YOUR POSITION SHOULD BE DISCUSSED AND RESOLVED WITH THE EMBASSY AND OTHER SERVICED AGENCIES. THE GUIDELINES CONTAINED HEREIN, USED IN CONJUNCTION WITH REFERENCES WILL, HOPEFULLY, MAKE IT EASIER FOR AID POSTS TO DETERMINE THE EQUITABILITY OF COST SHARING AND THUS TO DETERMINE THE NEED FOR SPECIAL COST SHARING ARRANGEMENTS. THESE GUIDELINES FOLLOW THE ORDER OF FORMS DESCRIBED IN REF (A).

3. FAAS-1 "BASIC AGREEMENT". EACH AID POST IS EXPECTED TO REVIEW ITS FAAS-1, WHICH IS THE BASIC AGREEMENT BETWEEN THE EMBASSY AND THE AID MISSION, TO ENSURE THAT THOSE SERVICES SIGNED FOR ARE NEEDED, AND, FURTHER, THAT CHARGES ARE NOT MADE FOR SERVICES NOT RECEIVED. WHILE THE FAAS-1 IS NOT REQUIRED TO BE SUBMITTED AS PART OF THE FY 78 FAAS SUBMISSION BY THE POSTS, ALL AID UNITS SHOULD FORWARD COPIES OF THEIR CURRENT FAAS-1 TO AID/W FOR OFM/SPD AND SER/MO.

4. FAAS-2 "WORKLOAD FACTOR DISTRIBUTION".

(A) THE DATA REPORTED ON THIS FORM IS THE BASIS FOR DETERMINING AID'S SHARE OF FAAS COSTS. REVIEW THIS DATA CAREFULLY. AN EXPLANATION OF THE VARIOUS WORKLOAD AREAS, INCLUDING THE COUNT PERIOD TO BE USED FOR DATA COLLECTION, IS CONTAINED IN SECTION 140, APPENDIX B, 4 FAM AND IN APPENDIX 11-A, HB 19.

(B) IN REVIEWING THE FAAS-2, AID POSTS ARE TO PAY PARTICULAR ATTENTION TO LINES 1 THROUGH 8. AS INDICATED IN REF (B), WHICH WAS CONCURRED IN BY THE DEPARTMENT, AID POSTS ARE TO USE THE AUTHORIZED FY 79 ON-BOARD FIGURES (US FTEPP AND FN FTEPP) ISSUED BY AID/W EARLIER THIS YEAR AS THE NUMBER OF AUTHORIZED AMERICAN AND LOCAL PERMANENT POSITIONS. THE NUMBERS ARE TO BE REDUCED, HOWEVER, BY THE NUMBER OF AUTHORIZED AID POSITIONS IDENTIFIED AS JAD POSITIONS. ONLY THE NET POSITIONS ARE TO BE SHOWN ON LINES 1 AND 2 OF THE FAAS-2. LINES 3 AND 4 (CONTRACT AMERICANS AND LOCALS) ARE TO INCLUDE ALL CONTRACT EMPLOYEES AT POST ON MARCH 31, 1978. HOWEVER, THIS IS NOT NECESSARILY THE NUMBER WHO RECEIVE FAAS SUPPORT, AS SOME US AND LOCAL PERMANENT AND/OR CONTRACT PERSONNEL MAY NOT BE AUTHORIZED TO RECEIVE SUPPORT THROUGH

FAAS. THIS IS MORE LIKELY TO EFFECT CONTRACT PERSONNEL THAN PERMANENT PERSONNEL. YOU SHOULD ENSURE THAT FIGURES SHOWN ON LINES 6, 7, AND 8 REFLECT ONLY THOSE PERSONNEL AUTHORIZED TO RECEIVE FAAS SUPPORT UNDER SUB-FUNCTIONS 1.1, 1.2, AND 1.3 RESPECTIVELY. (SEE SECTION 215.2, 4 FAM OR A-7, APPENDIX 11A, HB 19).

(C) IN CONNECTION WITH THE ABOVE, REF (C) STATES THAT "WHEN AN AGENCY RECEIVES ONLY ONE SERVICE INCLUDED UNDER EACH OF THESE SUB-FUNCTIONS AND THE APPLICATION OF THE WORKLOAD FACTOR WOULD PRODUCE GROSS INEQUITIES, THE ADMINISTRATIVE OFFICER MAY MAKE NECESSARY ADJUSTMENTS ... TO ACHIEVE A MORE EQUITABLE DISTRIBUTION OF WORKLOAD." THUS IF AN AID EMPLOYEE, U.S. OR LOCAL, PERMANENT OR CONTRACT, RECEIVES LITTLE OR NO SUPPORT THROUGH FAAS FOR SUB-FUNCTIONS 1.1, 1.2, OR 1.3, YOU SHOULD EXAMINE POSSIBLE ALTERNATIVES IN ARRIVING AT THE COUNT FOR LINES 6-8 ON THE FAAS-2. THIS COULD BE SOMETHING AS SIMPLE AS COUNTING SUCH POSITIONS AS ONLY 1/2 OR 1/4 OF A POSITION. THE OBJECTIVE IS TO OBTAIN AN EQUITABLE DISTRIBUTION OF FAAS COSTS BASED ON THE LEVEL OF SERVICE RECEIVED BY EACH PARTICIPATING AGENCY.

(D) WHILE WE HAVE DISCUSSED ONLY FACTORS A, B, AND C, ALL DATA ON THE FAAS-2 SHOULD BE EXAMINED, USING THE SAME GENERAL APPROACH AS ABOVE. DATA FOR FY 79 SHOULD ALSO BE COMPARED WITH THAT FOR FY 78. MISSIONS SHOULD SATISFY THEMSELVES THAT ANY SUBSTANTIVE CHANGES IN COUNTS FOR ANY FACTORS ARE JUSTIFIED.

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5. FAAS-3 "LIST OF DUTIES PERFORMED". THIS FORM IS SELF EXPLANATORY, AND THE REVIEW SHOULD BE TO ENSURE GUIDANCE IN REF (A) IS FOLLOWED.

6. FAAS-4 "CORE/DAS POSITIONS". THE FAAS-4 CONSISTS OF THE FORMS DS-1736 AND DS-1736A.

A. DS-1736. THIS FORM LISTS THE INDIVIDUAL U.S. AND LOCAL CORE/DAS POSITIONS AND SHOWS ALLOCATION OF DAS POSITION TIME TO VARIOUS CATEGORIES OF WORK. THE DEPARTMENT WILL SEND EACH POST A LISTING OF AUTHORIZED DAS POSITIONS. THIS LISTING MUST BE USED, AND POSITIONS NOT INCLUDED IN THE LISTING ARE NOT TO BE SHOWN ON THE 1736 AS DAS. WHILE AGENCIES AT POST CANNOT ALTER THE CORE/DAS POSITIONS CURRENTLY AUTHORIZED, THEY CAN AND SHOULD EXAMINE THESE POSITIONS IN TERMS OF BOTH QUANTITY AND CLASSIFICATION AS TO CORE OR DAS. IF YOU FEEL THAT CERTAIN POSITIONS CLASSIFIED AS CORE (DAS) SHOULD BE

DAS (CORE) OR THAT THERE ARE EXCESSIVE OR INSUFFICIENT POSITIONS UNDER CORE AND/OR DAS, ADVISE AID/W GIVING YOUR REASONS FOR ANY PROPOSED CHANGES. WE CAN THEN DISCUSS THE MATTER WITH ALL OTHER AGENCIES TO OBTAIN ADJUSTMENT, IF WARRANTED.

B. REF (A) PROVIDES SPECIFIC INSTRUCTIONS FOR HANDLING DAS DIRECT SERVICE AND DAS SPECIAL POSITIONS. ENSURE THAT SUCH POSITIONS ARE SHOWN AS PROVIDED IN THE INSTRUCTIONS.

C. MOST, THOUGH NOT ALL, OF AID'S PROBLEMS WITH PAST FAAS SUBMISSIONS, HAS INVOLVED TREATMENT OF DAS DRIVERS. THIS HAS ALSO BEEN A PROBLEM AREA FOR OTHER AGENCIES. MANY OF THESE PROBLEMS WILL BE RESOLVED THROUGH CAREFUL USE OF THE NEW PROCEDURES WHICH HAVE BEEN DEVELOPED (SEE REF (A), DS-1736 PARA 9 (F)). PLEASE NOTE, HOWEVER, THAT THERE ARE A FEW AID MISSIONS WHICH SHOULD ARRANGE FOR DEVELOPMENT OF SPECIAL COST SHARING ARRANGEMENTS INSTEAD OF USING THE PROCEDURES IN REF (A). FOR EXAMPLE, SOME LARGE AID MISSIONS WHICH HAVE THEIR OWN MOTOR POOL, MAINTENANCE UNITS (RESIDENCE AND OFFICE) ETC. AND WHICH RECEIVE ONLY MINIMAL FAAS SUPPORT, SUCH AS POUCH, MEDICAL, AND COMMUNICATIONS, SHOULD CONTRIBUTE LITTLE, IF ANY, TO MOTOR POOL COSTS. USING FACTOR C FOR INDIRECT SUPPORT IN THESE CASES COULD RESULT IN AID FUNDING A DISPROPOTIONATE SHARE OF THESE COSTS. IN SOME SUCH CASES AID SHOULD POSSIBLY RECEIVE NO CHARGE. IN OTHERS A CHARGE WOULD BE PROPER, BUT ONLY FOR AID'S SHARE OF THAT PORTION OF INDIRECT SUPPORT RELATED TO PICKING UP AND SENDING OUT POUCHES, NOT FOR MAINTENANCE TRIPS, ETC.

D. DS-1736A. SEE REF (A). AID'S REVIEW OF THIS FORM WILL BE LIMITED PRIMARILY TO ENSURING DATA IS PROPERLY TRANSFERRED FROM OTHER SCHEDULES AND THAT COMPUTATIONS ARE CORRECT.

7. FAAS-5 "DAS PERSONAL SERVICES DISTRIBUTION". THIS FORM IS USED TO DISTRIBUTE DAS PERSONAL SERVICES COSTS BASED ON FACTORS AND PERCENTAGES DEVELOPED ON THE FAAS-2 AND FAAS-4. IF ALTERNATIVE COST SHARING PROCEDURES WERE DEVELOPED AS DISCUSSED EARLIER, YOU SHOULD ENSURE THAT THEY, AND NOT STANDARD FACTORS, ARE USED IN DISTRIBUTING COSTS ON THE FAAS-5. COSTS SHOULD ONLY BE SHOWN FOR THOSE SERVICES AID HAS REQUESTED ON THE FAAS-1 AND AID IS RECEIVING.

8. FAAS-6 "FAAS - OTHER OBJECT DISTRIBUTION". SEE PARAGRAPH 7 ABOVE.

9. GOING-RATE. GENERAL. THE PRIMARY PROBLEMS WE HAVE NOTED IN PRIOR YEAR GOING-RATE SUBMISSIONS HAVE BEEN DUE TO (A) FAILURE OF POSTS TO DEDUCT ALL NON-RECURRING ITEMS; (B) POSTS SHOWING INELIGIBLE ITEMS AS MANDATORY INCREASES; (C) FAILURE TO STATE SPECIAL ITEMS, E.G., TERRIORISM COSTS AS STATE BASIC, AND (D) FAILURE TO SHOW OFF-SETS DUE SERVICED AGENCIES.

A. CURRENT OPERATING ALLOWANCE. SEE 4 FAM OR APPENDIX 11A, HB 19.

B. DEDUCT NON-RECURRING. THE GOING-RATE TAKES AS ITS STARTING POINT THE CURRENT YEAR'S FAAS OPERATING ALLOWANCE. THIS IS THEN ADJUSTED FOR INCREASES AND DECREASES IN OPERATING COSTS TO ARRIVE AT THE OPERATING ALLOWANCE REQUIRED FOR THE NEW YEAR. OBVIOUSLY, IF COSTS OF A NON-RECURRING NATURE WHICH WERE FUNDED IN THE CURRENT YEAR ARE NOT TAKEN OUT OF THE "BASE", THE FAAS REQUIREMENTS FOR THE NEW YEAR WILL BE OVERSTATED. AND YOU CAN IDENTIFY SUCH NON-RECURRING ITEMS ONLY BY REVIEWING THE CURRENT YEAR'S GOING-RATE AND INCREASE/DECREASE STATEMENTS. PAGE 74-75, APPENDIX 11-A, HB 19 PROVIDES AN EXPLANATION OF WHAT ITEMS ARE TO BE CONSIDERED NON-RECURRING AND PROVIDES NUMEROUS EXAMPLES OF SUCH NON-RECURRING COSTS. THOROUGH REVIEW OF THIS SECTION IS ESSENTIAL.

C. ADD ANNUALIZATION. SEE 4 FAM OR APPENDIX 11-A, HB 19.

D. ADD MANDATORY INCREASES. THIS SECTION, AS THE TITLE STATES, IS FOR MANDATORY ITEMS ONLY. IF AN INCREASE IS JUST A POSSIBILITY FOR WHICH THERE IS NO SUPPORTABLE, SUBSTANTIVE BASIS AS TO TIME OR AMOUNT, IT SHOULD NOT GO IN THE GOING-RATE. INSTEAD IT SHOULD BE SHOWN IN AN INCREASE/DECREASE STATEMENT. IN ADDITION TO SHOWING SUCH CONTINGENCY ITEMS AS MANDATORY INCREASES, SOME POSTS HAVE INCLUDED NON-FAAS RELATED COSTS IN THIS SECTION, AS WELL AS IN INCREASE/DECREASE STATEMENTS.

AS A GENERAL RULE, HOUSING COSTS, RESIDENTIAL AND OFFICE FURNITURE AND EQUIPMENT, ETC. SHOULD NOT APPEAR IN EITHER THE GOING-RATE OR INCREASE/DECREASE STATEMENTS UNLESS THEY ARE FOR FAAS PERSONNEL. SHOULD SUCH COSTS APPEAR FOR NON-FAAS PERSONNEL, YOU SHOULD REQUEST THAT THEY BE REMOVED FROM THE FAAS ALLOTMENT.

E. STATEMENT OF AGENCY PRESENCE. SEE REF (A).

F. AGENCY DISTRIBUTION. SEE REF (A).

10. OFFSETS. PER REF (A) "OFFSETS FOR COMMON SERVICES PROVIDED BY AN AGENCY SHOULD BE DISTRIBUTED BY AN APPROPRIATE WORKLOAD FACTOR TO ALL AGENCIES WHICH BENEFIT." THERE ARE SOME POSTS AT WHICH AID PROVIDES SERVICES SUCH AS VEHICLE MAINTENANCE, GSO OFFICE FACILITIES, WAREHOUSING FACILITIES, AND/OR ASSIGNMENT OF AID PERSONNEL INFORMALLY TO ASSIST WITH ADMINISTRATIVE FUNCTIONS, ETC. FOR USE BY SOME OR ALL OTHER AGENCIES AT THE POST, SUCH SERVICES BEING FUNDED FROM THE AID ALLOTMENT. IN THE PAST WE HAVE NOT ALWAYS REQUESTED A PROPER OFFSET FOR SUCH ITEMS. FOR FY 79 YOU SHOULD TAKE NECESSARY ACTIONS TO ENSURE THAT SUCH COSTS ARE PROPERLY DISTRIBUTED AMONG ALL AGENCIES, INCLUDING AID, WHICH UTILIZE THE SERVICE. THE AMOUNT CHARGEABLE TO OTHER AGENCIES WOULD THEN BE SHOWN AS AN OFFSET TO AID. (SEE 4 FAM OR PAGE A-82-83, APPENDIX 11-A, HB 19.) PLEASE NOTE THAT SUCH ITEMS ARE TO BE HANDLED AS OFFSETS ONLY, NOT AS REIMBURSEMENTS TO THE AID POSTS BY SERVICED

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AGENCIES.

11. YOU ARE ALSO REMINDED THAT EMBASSY OFFICIALS SHOULD BE NOTIFIED 6 MONTHS IN ADVANCE OF ANY SUBSTANTIVE CHANGES IN THE LEVEL OF SUPPORT PLANNED, DUE TO EITHER CHANGES IN THE BASIC AGREEMENT OR INCREASES/DECREASES IN AID STAFFING LEVELS. THIS FORMAL NOTIFICATION IS REQUIRED EVEN THOUGH EMBASSY PERSONNEL MAY BE INFORMALLY AWARE OF SUCH CHANGES.

12. SHOULD YOU NEED FURTHER GUIDANCE, OR NEED ASSISTANCE IN RESOLVING PROBLEMS AT POST, ADVISE AID/W (OFM/SPD AND SER/MO/OMS) AND WE WILL RESOLVE SUCH QUESTIONS/PROBLEMS WITH THE DEPARTMENT.

13. ATTACH A COPY OF THIS CABLE AND REF (A) TO HB 19 AS APPENDIX 11-B. CHRISTOPHER

NOTE BY OC/T: POUCHED AMEMBASSY BEIRUT.

App 11B, Ch 11, HB 19
(TN 19:39)

P780056-1284

AIRGRAM

DEPT. DISTRIBUTION ORIGIN/ACTION			
[illegible] 3	ARA 5	BF/OB 230	CU
D/HA	D/LOS	EA 7	EB
[illegible] 3	FADRC/DR	FADRC/LR	FBO
[illegible]	INR	IO 2	L
[illegible]	MC	NEA 6	OES
[illegible]	PM	PPI	S/IL
[illegible]	S/P	S/PRS	S/S
[illegible]	SCS	SY	VO

Suggested Distribution

POST ROUTING		
TO:	ACTION	INFO
AMB		
DCM		
[illegible]		
[illegible]CON		
COMM'L		
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AID		
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B&F		
GSO		
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SY		
C&R		

HANDLING	CLASSIFICATION	
PRIORITY	UNCLASSIFIED	A-1451

TO: ALL AMERICAN DIPLOMATIC POSTS, HONG KONG, PARIS RFDPC, BANGKOK FADPC, ICA ESTABLISHMENTS, ALL AID MISSIONS

FROM: DEPARTMENT OF STATE

1978 APR 10 PM 1:27

PRIORITY

E.O. 11652: N/A

TAGS: ABUD

SUBJECT: Instructions for Preparing FY 1979 FAAS Estimates

REF: Appendix B, 4 FAM

1. Purpose. To provide instructions for preparing the FY 1979 FAAS Estimates.

2. Objective of FAAS. The FAAS program provides an equitable method to share the cost of operating "common type" administrative support to other agencies at the post. The cost sharing techniques of FAAS have been approved by the Inter-Agency Council on Administrative Support. The detailed FAAS instructions, contained in the enclosure, were developed and written to cover a worldwide situation. Some posts may find that application of standard workload factors would result in significant distortion in cost sharing. When this situation arises the post should develop an alternative cost sharing technique. All agencies at the post should concur in any changes to the cost sharing techniques. Further, and most important, any changes should be fully explained in the FAAS submission.

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CLASSIFICATION

DRAFTED BY	DRAFTING DATE	PHONE NO.	CONTENTS AND CLASSIFICATION APPROVED BY
BF/OB/R:JHampton:cdb	3/24/78	21146	BF/OB/R:FWReinhold

CLEARANCES: BF/OB-RFeldman; AF/EX-KRobinson; EUR/EX-HWald; IO/EXDEllen; ARA/EGT-JCao-Garcia; EA/EX-KFerguson; NEA/EX-DJensen

3. Explanation of Changes. Only minor changes have been made for FY79. The most significant of these are:

a. Noting position number on the FAAS-4.
b. Identification of JAO detailed positions.
c. Special treatment for DAS drivers.
d. Change in method for calculating cost of DAS Direct Service and DAS Special positions.
e. Change in method of preparing the Agency Distribution Schedule in the Going Rate.

4. State Narcotics Program. The State Narcotics program will be treated, for FAAS purposes, as a serviced agency. It is not to be included in State program or State CORE.

5. FAAS Estimates.

a. The FAAS Estimates consist of three separate parts as follows: CORE/DAS Schedules; Going Rate Estimate; and Initial Increase-Decrease Request. Each part will be submitted to the Department separately by Unclassified Airgram, Subject: FY 1979 FAAS Estimate - CORE/DAS Schedules; FY 1979 FAAS Estimate - Going Rate Estimate; and FY 1979 FAAS Estimate - Increase/Decrease Request. The initial Increase/Decrease Request will be marked number 1.

b. The first page of each submission will include the caption: Distribute to: and a list of the full titles of the participating agencies. Initials should not be used. This is required in order to insure the proper distribution of copies to parent agencies.

6. Deadlines. The CORE/DAS Schedules are due in the Department by May 30, 1978; the Going Rate Estimate and the Initial Increase-Decrease Request by June 15, 1978.

7. CORE/DAS Schedules. There are two categories of FAAS submissions. The proper submission for each post will depend upon whether or not the post has any DAS positions. These categories and applicable schedules are as follows:

a. Category One. Posts with DAS positions, either American or Locals, on March 31, 1978, will prepare the following FAAS Schedules:

(1) FAAS-2. Workload Factor Distribution (DS-1756).
(2) FAAS-3. List of Duties Performed. These forms are prepared only for personnel occupying DAS positions, the data are then shown on the FAAS-4 (DS-1736) and the forms themselves are retained at post. Estimates will be developed for vacant positions.

(3) FAAS-4. This consists of two separate forms. The Administrative Staffing - CORE/DAS Positions, Form DS-1736 (Rev 3-77) and Administrative Staffing - CORE/DAS Computations, Form DS-1736A (Rev 3-77).

(4) FAAS-5. Personal Services Distribution - DAS Only.

(5) FAAS-6. Other Object Distribution, Form DS-1747 (Rev 3-77).

b. Category Two. Posts with no American or Local DAS positions on March 1, 1978, will prepare only a FAAS-2, FAAS-4 and FAAS-6. In preparing Form DS-1736A, "FAAS Administrative Staffing - CORE/DAS Computations" category two posts will complete only lines 1 through 11; lines 12-16 need not be completed.

c. Posts are encouraged to use computers for preparing their FAAS Estimates. With the exception of posts which use computers to prepare the estimates, the use of the March 1977 revision of Forms DS-1736, DS-1736A, DS-1747 and DS-1756 is mandatory.

8. Instructions. Separate instructions, which are enclosed, have been prepared for each of the CORE/DAS Schedules listed in paragraph 7, above, as well as for the Going Rate Estimate and the Initial Increase-Decrease Request. These instructions are changes and modifications to the instructions contained in Appendix B, 4 FAM, which should be reviewed prior to preparing the FAAS submission.

Enclosure:
As Stated

Concurrences:

ACTION: MLeyland
AID: SThornberg
DOD: JMcNally
USDA: RSmith
ICA: SSilverman

VANCE

Preparation of FAAS-1
"Post Foreign Affairs Administrative Support Agreement"

The FAAS-1 is the basic agreement between the Department and the serviced agency. Unless otherwise required, the FAAS-1 does not need to be recopied and attached with the FY79 FAAS submission. However, the FAAS-1 should be reviewed, with agency representatives for accuracy on at least an annual basis and revised as necessary.

Preparation of FAAS-2
"Workload Factor Distribution"

A standard form (DS-1756) will be used for the Workload Factor Distribution. It is important that all posts prepare the DS-1756 as accurately as possible because the data reported forms the basis for cost sharing among the agencies. The FAAS-2 can be prepared by computer, but in terms of the data reported, must conform precisely to that required by form DS-1756.

The form contains two percentage columns for every agency on each workload line. The first percentage column will be used to record the individual workload percentages for each agency including State and FAAS. The second percentage column will be used to record the workload percentages for each agency excluding the workload applicable to State and FAAS. The percentages in the first column are used to distribute costs on the FAAS-6 while the percentages in the second column are used to distribute costs on the FAAS-5. Percentages will be carried out to one place to the right of the decimal point.

Refer to section 140, Appendix B, 4 FAM for an explanation of the workload areas.

Preparation of FAAS-3
"List of Duties Performed"

The List of Duties Performed is to be prepared only by employees occupying DAS positions. The immediate supervisor should review each completed form for accuracy of content and prepare forms for vacant positions. Each employee completing a FAAS-3 should apportion his time among the authorized sub-functions. The supervisor should review the form and, as necessary, adjust it to comply with these instructions. Also, as employees time will be reflected on the FAAS-4 only in amounts of time equaling 25% or more, the significance of small percentages of time as a factor in distributing DAS costs among the participating agencies has been eliminated.

As a final review, the Budget and Fiscal Officer should determine that any significant deviation between the data reported from the FAAS-3 in FY 1978 and that to be reported in FY 1979 accurately reflects differences in duties performed, and not merely superficial differences.

All sub-functions performed by an employee must equal 100%. The part of the 4 FAM relating to subsequent functions to be performed by budget and fiscal sections is no longer necessary.

Preparation of FAAS-4
FAAS Administrative Staffing - CORE/DAS Positions

The FAAS-4 consists of two forms, the DS-1736 and DS-1736A.

The first form, DS-1736, is used to show the total FAAS administrative staff. Both CORE and DAS positions will be included on the same form. Many posts will be able to show their total staff, Americans and locals both CORE and DAS, on one sheet.

The second form, DS-1736A, has two parts. The first part will be used for showing certain support costs which are directly related to American positions, but which can not readily be associated with individual CORE or DAS positions. The second part of the form will be used for developing the necessary CORE/DAS percentages.

Separate instructions for preparing each form follow.

Preparation of DS-1736
"FAAS Administrative Staffing - CORE/DAS Positions"

1. General.
The form must be completed even though there are only CORE positions at the post.

2. Position Control.
a. CORE and DAS positions shown on the DS-1736 must agree with the authorized staffing as issued by the Department as of March 31, 1978. Vacant positions will be shown. It is especially important that the number of DAS positions shown be accurate. To assure accuracy a listing of the authorized DAS positions will be sent to each post under separate cover.

b. There are three types of DAS positions: (1) Regular DAS, (2) DAS Direct Service and (3) DAS Special. Costs of regular DAS positions are fully shared by all serviced agencies at the post. DAS Direct Service positions are those in which the incumbent works full time for a particular serviced agency. All costs associated with a DAS Direct Service position are funded by the agency receiving the support. DAS Special positions are those positions added to the post complement as the result of increased support demands by a serviced agency. The agency responsible for the DAS Special position will fully fund all costs through the end of the first full fiscal year after the position is authorized. The listing of authorized DAS positions, referred to in 2a above, will identify those positions which are DAS Direct Service and DAS special. The listing will also indicate which agency is responsible for the funding.

3. Column A - Organizational Unit.
Insert the following Section abbreviations as appropriate. PER, B&F, GS, COM, SEC and MGT. For Consulates use the first few letters of the name.

4. Column B - Working Title(s).
a. Positions will be entered using a descriptive title. The descriptive title used should be one that identifies the type of work the employee performs. The position title, therefore, would not necessarily be the same as shown in the staffing pattern.

b. Only one position will be entered on each line.

c. After the position title enter the position number.

d. AID encumbered positions in a JAO will be identified with the letters JAO after the position number.

e. Positions will be entered in the following order:

(1) CORE Americans, (2) CORE Locals, (3) DAS Americans, (4) DAS Locals, (5) DAS Direct Service Americans, (6) DAS Direct Service Locals, (7) DAS Special American and (8) DAS Special Locals. A total line will be entered after each group of positions.

f. DAS Direct Service positions are those positions which a specific agency has agreed to fund indefinitely. The incumbent of a DAS Direct Service position should work full time for the Agency paying the salary costs. DAS Direct Service positions should not be confused with a DAS Special Position.

g. DAS Special Positions are those positions which an Agency funds for the first partial year and succeeding full fiscal year (see A-1663, April 12, 1977). DAS Special Positions that are not withdrawn at the end of the succeeding full fiscal year become Regular DAS positions at that time.

5. Column C - Authorized Number.
Opposite each working title enter an "X" in either the American or Local column as appropriate. Since only one position is on each line it is not necessary to indicate the number of positions.

6. Column D through I.
Grades, Salaries, and HP differentials are to be shown at annual rates as of September 30, 1978 including known within-grade and promotion increases. Allowances are to be shown at net cost as of September 30, 1978. Local salaries are to be shown at net cost as of September 30, 1978. Salary costs will be estimated for vacant positions.

7. Column J - Other 11, 12 and 13 Costs.
The use of this column is optional. If the object class 11, 12 and 13 costs applicable to each position are readily available, they should be shown appropriately in this column. If not, then one-line entries reflecting the total of these costs for all American positions, should be made immediately following the last American position listed and included in the total for all American positions. Similarly, one-line entries for these costs applicable to local positions should be made immediately following the last local position listed and included in the total for all local positions. It is recognized that the distribution of some of these figures may be partially estimated.

8. Column K - Total.
Self explanatory.

9. Columns L through R. Percentage Distribution of Employees Time by Sub-Function.
a. No data will be entered in these columns for CORE positions.

b. Percentage of time for each DAS position will be entered in amounts of time equaling 25% or greater. Therefore, there will be no percentage figures on the form of less than 25%. All percentages will be expressed in whole numbers.

c. The total of the percentages shown on each line must equal 100%.

d. Some posts have positions classified as DAS Direct Service and DAS Special. The percentage of time for these positions will be shown in column R. Normally the percentage shown will be 100% since only one specific agency is responsible for the salary costs associated with the position. The name of the agency responsible for paying for the position will be shown at the top of the column.

e. Salary costs for DAS Direct Service and DAS Special will be included in the computation of the CORE/DAS ratio.

f. Most posts have one or more DAS driver position. Previous FAAS instructions were written on the assumption that DAS drivers provided only indirect support to the serviced agencies. It is apparent, however, that at some posts direct support is being provided. Direct support is defined as distinctly identifiable trips transporting passengers or materials for a particular agency. Therefore, at those posts that provide direct support the following special rules will apply:

(1) Percent of time shown on the FAAS-4 for DAS drivers may be shown in amounts of less than 25%.

(2) Percent of time spent in direct support will be identified as Factor J and shown in column Q. The entry in column Q will be marked with an asterisk and a note placed at the bottom of the form to indicate that the entry is for Factor J.

(3) Percent of time spent in indirect support will continue to be reflected under sub-function 3.1, Factor C.

(4) Factor J can be used on the FAAS-4 only when pooled vehicle mileage for the serviced agencies is shown on the FAAS-2.

(5) These special instructions do not apply to DAS Direct Service or DAS Special driver positions. These positions will continue to be shown in column R of the FAAS-4.

Preparation of DS-1736A
FAAS Administrative Staffing - CORE/DAS Computations

1. General. This form is divided into two parts. The top part is titled Other American Personnel Related Costs. The bottom part is titled CORE/DAS Ratio Computation.

2. Other American Personnel Related Costs. This schedule will show the FAAS American support costs that are included in the FAAS column of the FAAS-6 (DS-1747). Through the use of this form a better distribution of CORE and DAS costs is achieved.

a. Line 1, Travel. Enter the actual, plus estimated, FY 78 costs for such types of travel as R&R, Home Visitation, Medical, Education Travel, etc.

b. Line 2, Freight. Enter the estimated FY 78 freight cost related to shipment of household furnishings and replacement of privately owned vehicles.

c. Line 3 through 8. Enter all estimated FY 78 costs associated with residential rent, utilities, maintenance and repair. Costs are further segregated between government owned or long term lease (FBO) and short term government lease (STGL).

d. Line 9, Household Furnishings. The amount in this line should equal the amount shown in the FAAS column on line 39 of the FAAS-6.

e. Line 10, Total American Personnel Related Costs. Self explanatory.

f. Line 11, Cost Distribution. Distribute the cost on line 10 based upon the number of CORE and DAS Americans. For example; if there are 8 CORE and 2 DAS Americans at the post the costs would be distributed 80% to CORE and 20% to DAS.

3. CORE/DAS Ratio Computation. This schedule develops the necessary ratios between CORE and DAS to properly distribute American and local salaries and the FAAS column on the FAAS-6.

a. The schedule will not be completed if there are no DAS Americans or locals at post.

b. Line 12, American Position Costs. Enter on this line, in the column for CORE and DAS, the American CORE and DAS costs from columns G and K of the DS-1736. Enter the total American position costs in the total column.

c. Line 13, Other American Personnel Related Costs. Enter the CORE and DAS data shown on line 11 of the Other American Personnel Related Costs schedule. Enter the total cost, from line 10, in the total column.

d. Line 14, Total American Costs. Enter the sum of the CORE, DAS and Total columns and then enter the appropriate percentages in the percentage columns.

e. Line 15, Local Position Costs. Enter on this line, in the columns for CORE and DAS, the total of the local CORE and DAS costs from Column K of the DS-1736 and then enter the appropriate percentages in the percentage columns.

f. Line 16, Total Costs/Percentages. Enter on this line the total costs from lines 14 and 15 and enter in the applicable percentage columns the percentages that CORE and DAS position costs bear to the total position costs.

g. Percents expressed in the percentage columns will be carried out to one place to the right of the decimal point.

Preparation of FAAS-5
"DAS Personal Services Distribution"

1. General.

a. The FAAS-5 will be prepared in essentially the same manner as last year.

b. The percentages used to spread costs will be taken from the second percentage column on the FAAS-2.

c. Separate FAAS-5's are required for DAS Americans and DAS locals.

2. Cost Distribution by Workload Factors.

a. The factors used to distribute costs are indicated below the appropriate sub-function number in columns L through Q on the FAAS-4.

b. Factors P and Q will be used on the FAAS-5. Factors P-1, P-2, Q-1 and Q-2 will be used on the FAAS-6 only.

c. When in the judgment of the post, the workload statistics are not representative of the use of the service by Agencies, another factor may be used. These variations in the use of workload factors should be concurred in by the DAS Agencies. A footnote will be entered at the bottom of the FAAS-5 if a change is made in the use of the workload factors.

d. Where posts accumulate costs for other object classes 11, 12 and 13 by positions in column J on the FAAS-4, the FAAS-5 will include such costs. Where the FAAS-4 carries one-line entries for these costs they will not be carried forward to the FAAS-5.

e. Salary costs for DAS Direct Service and DAS Special positions will be entered on separate lines titled "DAS Direct Service" and "DAS Special". The costs for these positions will be charged, on the FAAS-5, directly to the appropriate agency. These costs will be used when developing the FAAS-5 participating percentages.

3. Participation Percentages.

a. After distributing DAS American costs a total line will be entered. Below this a second line will be entered showing each agency's DAS American participating percentage.

b. After distributing DAS local costs a total line will be entered. Below this a second line will be entered showing each agency's DAS local participating percentage.

c. Following completion of a and b above, a line titled "Total American and Local Position Costs" will be entered. Following this a line titled "DAS Participating Percentages" will be entered. All percentages will be carried out to one place to the right of the decimal point.

Preparation of FAAS-6
"FAAS - Other object Distribution"

1. General.

a. The FAAS-6 will be prepared in the same manner as last year.

b. Actual obligation data entered in column D will cover the period October 1, 1977 through March 31, 1978. Estimated obligations entered in column E will cover the period April 1, 1978 through September 30, 1978.

2. Distribution of Other Object Costs.

The amounts in column F will be distributed to FAAS, State and the participating agencies on the basis of the factors shown in column C. When in the judgment of the post, use of the factor shown in column C would result in an inequitable distribution of costs, another factor may be used. Any changes in the factors should be concurred in by all the agencies at the post. The change will be clearly marked and an explanation for the change will be included on or attached to the FAAS-6.

3. Participation Percentages.

a. The data in columns D through V (or however many are required) will be totaled on line 45.

b. FAAS costs identified in the top portion of the DS-1736A will be entered in columns D, E, F and G, line 46.

c. Line 46 will be subtracted from line 45 and the result entered on line 47.

d. Apply the CORE percentage from the DS-1736A, line 16, to the FAAS total in column G, line 47, and enter a minus amount in column G and a plus amount in column H, line 48. If there are no FAAS Americans or Locals at the post the entire amount of column G will be entered in column H.

e. On line 49, enter the DAS Participation Percentage developed on the FAAS-5. These percentages will total 100%.

f. On line 50, enter the remainder of column G (total less CORE share) as a minus amount in Column G and distribute as a plus amount to each Agency in accordance with the DAS percentages on Line 49.

g. Total all columns on Line 51.

h. On line 52, enter the percentage that each Agency's cost, including State, in line 51 bears to the Total Other Object Costs. Percentages will be carried out to one place to the right of the decimal point.

4. Schedule of Contracts.

Insert behind the FAAS-6 a copy of Schedule XI - A, Report on Current Contracts, that is prepared for the Field Budget Estimate.

Preparation of the Going Rate

General. The content and format of the Going Rate will be essentially the same as specified in Section 400, Appendix B, 4 FAM. The exchange rate shown on the Going Rate will be as of March 31, 1978. In addition, show the percentage of monies spent in local currence for American allowances, local salaries and other object costs.

Preparation Instructions

a. Current Operating Allowance - Item A. At a minimum this portion of the Going Rate will show; (1) Current Operating Allowances, (2) American position costs, (3) local position costs and (4) proceeds of sales.

b. Deduct Nonrecurring - Item B. The procedures set forth in 4 FAM remain applicable.

c. Add Annualization - Item C. The procedures set forth in 4 FAM remain applicable.

d. Add Mandatory Increases - Item D. The procedures set forth in 4 FAM remain applicable.

e. Statement of Agency Presence. Between Items D and E insert a statement that all agencies sharing FAAS costs at the post are expected to be on board through the end of the fiscal year. If an agency is expected to leave post during the fiscal year indicate how the Agency Distribution Schedule has been adjusted to reflect the expected departure of the agency.

F. Agency Distribution - Item E. Distribution of the Going Rate estimate between State and DAS, and among DAS agencies, will be in accordance with the following paragraphs:

(1) Separate percentages will be used to distribute American position costs (these same percentages will be used in Washington to distribute American Salary costs as computed from the worldwide American Salary Allotment), local positions costs and Other Objects.

(2) American position costs will be distributed initially according to the CORE and DAS percentages from Line 14, FAAS-4 (DS-1736A). Distribution of DAS American position costs among the DAS agencies will be in accordance with the "American Participation Percentages" from the Form FAAS-5 prepared for this purpose.

(3) Local position costs will be distributed initially according to the CORE and DAS percentages from Line 15, FAAS-4 (DS-1736A) and the DAS portion thereof distributed among the DAS agencies in accordance with the "Local Participation Percentages" from the Form FAAS-5 prepared for this purpose.

(4) Other Object costs will be distributed initially by applying the State FAAS-6 participating percentage to the total Other Object costs. The remainder of the Other Object costs will be indicated as DAS. The DAS portion of the Other Object costs will be distributed among the serviced agencies by using the FAAS-6 participating percentage as adjusted below:

(a) Subtract the State FAAS-6 participating percentage from 100 percent.

(b) Divide the result of the subtraction into each agencies FAAS-6 participating percentage as shown on line 52, DS-1747. This gives an adjusted FAAS-6 participating percentage for each serviced agency. These adjusted percentages will total 100 percent.

The FAAS-6 participating percentage shown on the Agency Distribution Schedule will be the adjusted percentage. The FAAS-6 participating percentage developed on the the DS-1747 will be shown on the same line in parens.

(5) The column "Special Items" will include all adjustments in agency shares which are not properly distributed by the FAAS-5 and FAAS-6 percentages. This column will include "special items" as explained in Section 435c, Appendix B, "Offsets" per Section 435d, changes in level of services and State's contractual Terrorism expenses. Salary costs of DAS Direct Service and DAS Special positions are used in developing the FAAS-5 percentages. Therefore, these costs will not be treated as a Special Item.

(6) Offsets for common services provided by an agency should be distributed by an appropriate workload factor to all agencies which benefit. Amounts so distributed to State will be shown on the CORE line. A brief description of any costs in the Special Items Column should be attached with the distribution schedule.

Preparation of Initial Increase-Decrease Estimate

a. There is no change in the format or content of the Increase-Decrease estimate as set forth in Section 500, Appendix B.

b. Distribution will be shown in the same manner as for the Going Rate above.

c. Particular attention is called to Section 546, Appendix B, dealing with changes in level of services.

Preparation of the Going Rate

General. The content and format of the Going Rate will be essentially the same as specified in Section 400, Appendix B, 4 FAM. The exchange rate shown on the Going Rate will be as of March 31, 1978. In addition, show the percentage of monies spent in local currence for American allowances, local salaries and other object costs.

Preparation Instructions

a. Current Operating Allowance - Item A. At a minimum this portion of the Going Rate will show: (1) Current Operating Allowances, (2) American position costs, (3) local position costs and (4) proceeds of sales.

b. Deduct Nonrecurring - Item B. The procedures set forth in 4 FAM remain applicable.

c. Add Annualization - Item C. The procedures set forth in 4 FAM remain applicable.

d. Add Mandatory Increases - Item D. The procedures set forth in 4 FAM remain applicable.

e. Statement of Agency Presence. Between Items D and E insert a statement that all agencies sharing FAAS costs at the post are expected to be on board through the end of the fiscal year. If an agency is expected to leave post during the fiscal year indicate how the Agency Distribution Schedule has been adjusted to reflect the expected departure of the agency.

f. Agency Distribution - Item E. Distribution of the Going Rate estimate between State and DAS, and among DAS agencies, will be in accordance with the following paragraphs:

(1) Separate percentages will be used to distribute American position costs (these same percentages will be used in Washington to distribute American Salary costs as computed from the worldwide American Salary Allotment), local positions costs and Other Objects.

(2) American position costs will be distributed initially according to the CORE and DAS percentages from Line 14, FAAS-4 (DS-1736A). Distribution of DAS American position costs among the DAS agencies will be in accordance with the "American Participation Percentages" from the Form FAAS-5 prepared for this purpose.

(3) Local position costs will be distributed initially according to the CORE and DAS percentages from Line 15, FAAS-4 (DS-1736A) and the DAS portion thereof distributed among the DAS agencies in accordance with the "Local Participation Percentages" from the Form FAAS-5 prepared for this purpose.

(4) Other Object costs will be distributed initially by applying the State FAAS-6 participating percentage to the total Other Object costs. The remainder of the Other Object costs will be indicated as DAS. The DAS portion of the Other Object costs will be distributed among the serviced agencies by using the FAAS-6 participating percentage as adjusted below:

(a) Subtract the State FAAS-6 participating percentage from 100 percent.

(b) Divide the result of the subtraction into each agency's FAAS-6 participating percentage as shown on line 52, DS-1747. This gives an adjusted FAAS-6 participating percentage for each serviced agency. These adjusted percentages will total 100 percent.

The FAAS-6 participating percentage shown on the Agency Distribution Schedule will be the adjusted percentage. The FAAS-6 participating percentage developed on the the DS-1747 will be shown on the same line in parens.

(5) The column "Special Items" will include all adjustments in agency shares which are not properly distributed by the FAAS-5 and FAAS-6 percentages. This column will include "special items" as explained in Section 435c, Appendix B, "Offsets" per Section 435d, changes in level of services and State's contractual Terrorism expenses. Salary costs of DAS Direct Service and DAS Special positions are used in developing the FAAS-5 percentages. Therefore, these costs will not be treated as a Special Item.

(6) Offsets for common services provided by an agency should be distributed by an appropriate workload factor to all agencies which benefit. Amounts so distributed to State will be shown on the CORE line. A brief description of any costs in the Special Items Column should be attached with the distribution schedule.

Preparation of Initial Increase-Decrease Estimate

a. There is no change in the format or content of the Increase-Decrease estimate as set forth in Section 500, Appendix B.

b. Distribution will be shown in the same manner as for the Going Rate above.

c. Particular attention is called to Section 546, Appendix B, dealing with changes in level of services.

CHAPTER 12

SPECIAL VOUCHERING ACTIVITIES

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* Revised

CHAPTER 12

SPECIAL VOUCHERING ACTIVITIES

12A. Use for Funds for Confidential Purposes

* 1. Purpose

The Purpose of a confidential classification of expense is to exclude from disclosure under normal reporting and audit processes, those expenditures of the Government which it is administratively determined not to divulge because of the confidential character. The determination of the types of expenses which may be designed as "confidential" is the responsibility of the Administrator of USAID or the Administrator's designee.

2. Authority

Section 636(a)(8) of the Foreign Assistance Act of 1961, as amended, authorizes the use of a limited amount of USAID's appropriated funds for expenditures of a confidential character other than entertainment, provided that a certificate of the amount of each such expenditure, the nature of which it is considered inadvisable to specify, shall be made by the Administrator, USAID (or his designee), and every such certificate shall be deemed a sufficient voucher for the amount therein specified. For those instances when the Office of Investigations of the Office of the Inspector General (IG) is concerned, the directives of the IG provide the detailed procedures for obtaining and using confidential funds.

3. Nature of Confidential Funds Expenditures

Expenditures may be made for a variety of goods and services including information, assistance, meals, beverages, transportation, and other costs incurred in connection with undercover operations, special investigative techniques, or other instances when it is considered inadvisable to disclose the identity of the expenditure. Certain expenses incurred by Special Agents while carrying out their investigative responsibilities may be paid from Confidential Funds.

4. Restrictions on Expenditures of Confidential Funds

The guiding principle for the expenditure of confidential funds is the necessity to conceal the identity of persons involved or nature of the expenditure of the funds.

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* 5. Allowance of Funds for Confidential Funds

At the beginning of the fiscal year, after Congress has appropriated and OMB has apportioned funds to USAID, the Office of Financial Management, Funds Control, provides an "allowance of funds" to the Office of the Inspector General. A separate allowance (Budget Plan Code) is established for the amount "earmarked" for use as confidential funds within the total IG appropriation.

6. Approval of Expenditures for Confidential Purposes

Policy directives issued by the IG govern the requesting and approval processes for confidential funds for investigative operations.

7. Recording Reservation of Funds

IG will access USAID/Washington accounting system to record the reservations of funds, prepare and forward to M/FM/A/OE a "Miscellaneous Obligating Document" (MOD).

8. Obtaining Cash Advances of Confidential Funds

a. Ordinarily, cash advances of confidential funds are obtained from the controller of the USAID Mission responsible for the field office's fiscal affairs. However, if circumstances dictate, the funds may be obtained from the USAID controller in the country where the funds are to be expended.

b. The request for cash advances is made by memorandum from the "Special Agent in Charge" requesting an advance from the USAID controller. The request cites the appropriate funding information as provided to the IG in the "allowance of funds" and MOD documents. The Special Agent requesting the funds signs a receipt for the advance.

9. Accounting for Confidential Funds

a. All confidential expenditures require a receipt. Upon the completion of the approved funds expenditure, a Public Voucher for Purchases and Services Other than Personal, SF 1034, is prepared in the total amount of the expenditure. The SF 1034 is submitted to the controller from whom the advance of funds was obtained. The Special Agent returns any residual from the advance to the controller and obtains a receipt for such transaction. *

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12A9

* b. No receipts will be attached to the SF 1034. Instead, the following statement is made on the face of the SF 1034:

"CONFIDENTIAL EXPENDITURE IN CONNECTION WITH AN OFFICIAL INVESTIGATION."

c. In addition to the memorandum from the Special Agent in Charge to the IG's Confidential Source Control Officer (CSCO) requesting and approving the use of confidential funds, supporting documentation as prescribed by IG policy directives is forwarded to the CSCO for retention and audit.

12B. Official Entertainment - USAID Entertainment Account

1. General

These procedures apply to the use of USAID's "Entertainment Account" which consists of appropriated funds and donations used for official entertainment under section 636(a)(6) of the FAA.

2. Authority for the Entertainment Account

The GAO has held that an agency may not fund entertainment without express statutory authority. Authority for the Entertainment Account comes from:

a. Section 636 (a)(6) of the U.S. Foreign Assistance Act (FAA) of 1961, as amended, which authorizes the use of appropriated funds for entertainment (not to exceed $25,000 in any fiscal year except as may be otherwise provided in an appropriation or other act). USAID's appropriation acts routinely appropriate funds for entertainment. For example, for FY 1994 $5,000 was appropriated.

b. Section 635 (d) of the FAA which authorizes USAID to accept donations of money, funds, property and services of any kind and to use the donations for any of the purposes of the FAA. Since entertainment is authorized under the FAA, donations may be used for official entertainment. Donations are not subject to the dollar limitations set in section 636(a) of the FAA or appropriations act.

3. Other Entertainment Authorities

The following authorities for entertainment are not governed by these procedures and expenses under them are not charged against the Entertainment Account. *

* REVISED

12B3

* a. Representation expenses authorized by section 905 of the Foreign Service Act of 1980, as amended, and governed by the Standardized Regulations.

b. Entertainment in connection with awards ceremonies under the authority of the Government Employees' Incentives Awards Act.

c. Under the Government Employees Training Act for meals and other food in connection with training when it is determined that to do so is necessary to achieve the objectives of the training program.

d. Under the Government Employees Training Act or section 636 (a)(1) of the FAA for meals and other food in connection with meetings and conferences connected with official Agency business. If there is a separate charge for meals, USAID may pay if there is a showing that the meal is incidental to the event, attendance of the employee at the event is necessary to full participation of the business of the event, and the employee is not free to take meals elsewhere without missing essential formal discussions, lectures or speeches. If there is a single charge for both attendance and meals and no separate charge for meals, USAID may pay the full fee.

4. Policy

a. The Entertainment Account is available only for official entertainment. Entertainment includes food and drink, receptions, banquets; music, live or recorded; live artistic performances; and personal gifts. Official entertainment is entertainment that has a connection with USAID business.

b. Use of official entertainment funds is neither a right or prerequisite. Requesting offices are expected to exercise sound judgement and prudence to ensure that all such events advance program interests, are conducted in a tasteful manner, and comport with the role of USAID. The style of entertainment should be that of simple non-ostentatious hospitality.

c. Entertainment funds are limited for use in the United States except when it involves programs administered from USAID Washington or involve the overseas travel of Assistant Administrators and above ranks.

d. Funds may be made available for activities carried out solely or in part by participating agencies, provided they meet the general criteria set forth above. Such activities must be arranged jointly by USAID and the participating agency and authorized as outline below.

e. Funds for official entertainment at home are limited to Assistant Administrators and above. Exceptions to this requirement should be discussed with the Executive Secretary prior to submitting a formal request.

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f. Entertainment funds can be used for events attended only by USAID employees. However, such events have a lower priority than events involving non-USAID employees and will be approved only in exceptional circumstances.

5. Responsibilities

a. The Entertainment Account is managed by the Director, Office of Administrative Services, Bureau for Management (M/AS) on behalf of the Administrator.

b. The requesting office will submit a Request and Authorization of Official Entertainment Expenses, AID for 3-12, signed by the requesting office, e.g., Bureau Assistant Administrator, through the Executive Secretariat (ES) for clearance, the Director, M/AS. The clearance/approval process will consider the following:

(1) Official entertainment funds should not be used to fund events primarily attended by USAID or other U.S. Government employees.

(2) Events funded by entertainment funds should be a priority for the Administrator in the furtherance of USAID goals and objectives.

(3) Use of entertainment funds must be approved in advance of the planned event.

c. M/AS is responsible for the overall management of the Entertainment Account including follow-up action to ensure that all obligations are promptly liquidated and any unused residual amounts are de-obligated and made available for reprogramming.

6. General Procedures

a. After approval of the request, form AID 3-12 (see Attachment 12A, by the Director, M/AS, the request is sent to M/AS' Administrative Purchasing Unit which will insert the BPC/Appropriation Numbers on the request.

b. The executed form is then transmitted to M/FM/A/OE for pre-validation of fund availability prior to the function being held. FM/A/OE returns one copy to the requesting office, the original copy is sent to M/AS' Administrative Purchasing unit, and one copy is retained by FM/A/OE.

c. The requesting official, e.g., the Bureau Assistant Administrator, is responsible for making all the arrangements for the official entertainment event. In no event will the amount authorized and obligated per form AID 3-12 be exceeded. Any cost in excess of the authorized amount will be the responsibility of the requesting official. *

* REVISED

* 12B6

d. Generally, payment for all official entertainment expenses will be made by the Administrative Purchasing unit of M/AS using the IMPAC VISA card account designated for that purpose.

e. If a cash advance is necessary, the advance can be obtained from the Administrative Purchasing's sub-cashier using Administrative Purchasing's imprest fund. The requester must complete a Receipt for Cash sub-voucher, SF-1165. The portion titled "Interim Receipt for Cash" must be signed by the recipient of the cash. The maximum amount of cash advance is $500.00. The purchase should be made within five days from the date of the cash advance. The vendor must sign the Form SF-1165 or the receipts for any purchase over $15.00. The completed SF-1165, with supporting receipts and any remaining cash, must be presented to Administrative Purchasing's sub-cashier within two days of the purchase. The sub-cashier will mark "VOID" on the "Interim Receipt for Cash" section to indicate that the transaction is completed and funds were accounted for in their entirety. *

* REVISED

AGENCY FOR INTERNATIONAL DEVELOPMENT

REQUEST AND AUTHORIZATION OF OFFICIAL ENTERTAINMENT EXPENSES

Expenses authorized by this document conform with regulations described in A.I.D. Handbook 19, Chapter 12B.

SECTION A - REQUEST FOR AUTHORIZATION *Requesting office will complete this section and submit form in triplicate to the A.I.D. Office of the Executive Secretary.*

Requesting Organization	Date
Name and Office Symbol of Requesting Official	Estimated Cost of the Event $ _____

Purpose and Description the of Event (Reception, Dinner, etc.; Place to be held, Date, etc.)

Description of Person(s)/Group(s) to be Entertained. List Honor Guests Separately.

Number of Guests to be Entertained: _____

RECOMMENDING OFFICIAL

Name/Title	Signature	Date

SECTION B - AUTHORIZATION

Authorized By: Office of Executive Secretary		Funds Available By: Office of the Controller
Name/Title		Signature
Signature	Date	Date
Allotment/Appropriation Number		Authorization Number

Comptroller General Decision B-141816, April 22, 1960
(39 Comp. Gen. 721)

[B-141816]

General Average Claims—Claim Settlement Jurisdiction—Administrative In Lieu of General Accounting Office Settlement

General average claims arising incident to shipments under Government or commercial bills of lading may be settled administratively without referral to the General Accounting Office; however, if any such claims involve doubtful questions of law or fact they should be sent to the General Accounting Office. B-55025, March 18, 1946, modified.

To the Secretary of the Navy, April 22, 1960:

By letter of January 25, 1960, reference GA-413 Ser 47M7, a copy attached, the Counsel of the Military Sea Transportation Service transmitted to our Office the Statement of General and Particular Average and Special Charges on Cargo prepared by Johnson and Higgins, general average adjusters, on behalf of the Luckenbach Steamship Co., owner of the SS. *Marine Leopard*. Claim in the amount of $2,836.38 is presented under the provisions of Government bills of lading covering Government-owned cargo aboard the SS. *Marine Leopard* as the Government's contribution toward expendi-

Comptroller General Decision B-141816, April 22, 1960
(39 Comp. Gen. 721)

tures of a general average nature resulting from the collision of that ship and the SS. *Howard Olson* on May 14, 1956, at Point Sur, California. The Military Sea Transportation Service states that in its opinion a general average incident did occur; that the items of expense appear reasonable and proper general average disbursements; that no defense exists to the general average claim; and that the Government's contributory share in the general average as claimed is properly payable. An examination of the file pertaining to the claim discloses no doubtful question of law or fact and the claim is properly for payment.

The letter from the Military Sea Transportation Service indicates that the claim was transmitted to our Office in compliance with our decision of June 15, 1955, B-121169, 34 Comp. Gen. 676. Prior to our decision of June 15, 1955, all general average claims were required to be forwarded to our Office for settlement pursuant to our decision of March 18, 1946, B-55025. Our decision of June 15, 1955, modified decision of March 18, 1946, to the extent of authorizing administrative settlement of certain general average claims arising under charter agreements containing the so-called disputes clause. In our decision of June 15, 1955, we stated as follows:

> Accordingly, these claims [claims arising under charter agreements containing the so-called disputes clause] need no longer be transmitted here for settlement but should be settled administratively with due regard to the contractor's rights under the so-called disputes clause concerning all questions of fact. Where, however, the settlement requires the resolution of legal questions not heretofore decided by our Office, or where the question of law involved is not conclusively settled by the courts, the payment should not be made administratively until the question has been referred here for appropriate decision or, in lieu thereof, the claim may be forwarded for direct settlement after resolution of disputed material facts under the procedure set forth in the disputes clause.

No change is contemplated in the handling of general average claims arising under charter agreements containing the disputes clause, and our decision of June 15, 1955, with regard thereto should continue to be followed.

However, our experience with the general average claims transmitted to our Office for settlement subsequent to our decision of June 15, 1955, has led to the conclusion that our decision of March 18, 1946, B-55025, should be further modified with respect to general average claims arising under Government or commercial bills of lading. Accordingly, these claims need no longer be transmitted here for settlement but should be settled administratively in the absence of doubtful questions of law or fact. Any claim which involves the resolution of doubtful questions of law or fact should be transmitted to our Office for settlement.

The claim transmitted to our Office by the letter of January 25, 1960, which is returned herewith together with all pertinent papers, may be paid administratively in the amount claimed, if otherwise proper.

CHAPTER 13 - IMPREST FUND CASHIERS

CHAPTER 13

IMPREST FUND CASHIERS

13A. General

AID Cashiers operate by delegation under the provisions of Executive Order No. 6166 dated June 10, 1933, and are considered to be performing functions of the U.S. Department of Treasury. As such, AID Cashiers are governed by the Treasury regulations prescribed in "Manual of Procedures and Instructions for Cashiers Operating Under Executive Order No. 6166" (Treasury Cashier Manual) and in the Treasury Fiscal Requirements Manual (TFRM), volume one, part four, chapter 3000, "Cash Held At Personal Risk Including Imprest Funds By Disbursing Officers and Cashiers". This TFRM chapter includes Department of Treasury Circular No. 1030. The Treasury Cashier Manual includes Circular No. 830.

This chapter supplements the aforementioned regulations and establishes the procedures to be followed for (a) the designation of Mission and AID/W Cashiers, (b) the duties and responsibilities of AID Cashiers, and (c) the AID policy and instructions for operation of the imprest fund.

1. Mission Activity

The Mission Controller (or person acting in that capacity) is responsible for the control of all financial activity of the imprest fund cashier operation. He/she is guided in this responsibility by the Department of State policy for that location and the Mission requirements. The Mission Controller should issue instructions defining the activities of the Cashier.

2. AID/W Activity

The Class B Cashier, located in the Office of Financial Management, Central Accounting Division, AID/W (FM/CAD), has the responsibility for providing technical instruction and advice to AID/W employees designated as Subcashiers.

13B. Types of Cashiers

1. By Class

Cashiers are divided into Categories A, B, D, and Subcashiers as follows:

a. Class A

One who receives an advance from a disbursing officer for an imprest fund, is accountable in his/her own name to the disbursing officer, and has not been authorized to advance an imprest fund to another Cashier except his/her alternate.

b. Class B

* One who receives an advance from a disbursing officer for an imprest fund and is authorized to advance an imprest fund from his/her account to his/her alternate and to a Subcashier. The Class B Cashier is accountable in his/her name to the disbursing officer for the entire amount of the advance received. *

c. Class D

One who receives an advance from a disbursing officer for an imprest fund, is accountable in his/her own name to the disbursing officer, and cannot make disbursements but uses the fund solely for change-making purposes. He/she may advance funds to an alternate for change-making purposes but not to a Subcashier except upon authorization of the disbursing officer from whom he/she receives the advance.

d. Subcashier

One who has been designated in writing by the head of an activity to receive an imprest fund from a Class B or D Cashier, is under the supervision of the agency head of the same local office as the Cashier from whom he/she receives his/her advance, is authorized to perform the same type of transactions as such Cashier, and is accountable to him/her for funds received. In the case where the AID Subcashier is accountable to State Cashier for the funds advanced, the AID direct-hire for whom the Subcashier works is responsible for the supervision of the Subcashier's day to day activities. For the purpose of this chapter the provisions which apply to Cashiers shall also apply to Subcashiers. Missions use Classes A, B, D, and Subcashiers. AID/W uses only Class B Cashiers and Subcashiers.

2. Cashiers, Principal - Alternate

Cashiers are designated as "Principal" when they function as the person responsible for the cash transactions of a given organizational segment (i.e., Mission, administrative office in AID/W, etc.) or as "Alternate" when they function during the absence of a Principal Cashier and/or where the volume of work requires the principal to have an alternate.

* Revised

13C. Source and Type of Fund

1. An imprest fund is established for a designated Cashier, by an official Government disbursing officer without charge to AID's appropriation or funds, in the form of currency, coin, or Government checks. The fund may be of a revolving type with replenishment to the fixed amount periodically as provided in 13E5, or of a stationary nature such as a change-making fund. When the fund is no longer needed, the entire amount of the advance is returned to the disbursing officer. A Subcashier, however, receives his/her advance from a Class B or D Cashier and is accountable to such Cashier. When this fund is no longer required, the Subcashier returns the advance to the Cashier.

2. The intermingling of imprest funds with other funds is not authorized.

13D. Designations

1. General

An AID Cashier or Subcashier is an employee of AID who has been duly authorized in writing to handle cash transactions within the scope of his/her designation. U.S. Citizen participating agency employees may also be designated as AID Cashier or Subcashier, but are considered as AID employees without direct compensation from AID for this purpose. Contract employees (U.S. citizens or local employees) shall not be designated.

2. Selection of Designee

a. Requests for designation of a Cashier are on a genuine need for such assignment to conduct official AID business in the interest of economy and efficiency. Where disbursing office facilities are available, such facilities are used to the maximum extent practicable in performing duties which may otherwise be required of Cashiers.

b. Utmost care must be exercised in the selection of the U.S. or local direct-hire employee to be designated as Cashier since the very nature of this activity; i.e., the continuous handling of cash, can lead to carelessness or even to temptations to use funds for purposes other than the transaction of official business. Therefore, in selecting an employee for designation as Cashier, consideration is given to the employee's competence and ability to assume responsibility.

c. Problems such as embezzlements, defalcations, and losses in imprest funds can be held to a minimum if good judgment is exercised in the selection process. In this connection Mission Controllers and administrative officers in AID/W are to impress upon each designee that he/she is being placed in a position of trust, with responsibility for U.S. Treasury funds which he/she must safeguard and disburse only for specific purposes as outlined in his/ her Cashier designation. Designee's should also be made aware that in exercising this trust, they will be under close scrutiny and their Cashier activity is subject to unannounced cash verification and audit at any time.

d. Where needed to provide continuity of operations a request for designation of an Alternate Cashier is to be made simultaneously with the request for designation of the Principal Cashier.

e. Subcashiers may be designated to function while engaged in a temporary or intermittent status at locations where adequate disbursing facilities are not available.

f. The Missions are also guided by the following criteria in the selection.

(1) To the maximum extent possible, individuals designated should be employees of the Controller's office except certifying officers, unless there is overriding consideration.

(2) Requests for a participating agency employee as Class A or B Cashier designee must show his/her employing agency or Department, the position held, and a justification for the particular selection.

3. Designation Procedure

a. Requests for Designation

Requests for designations of employees to act as Classes A and B Cashiers are prepared in memorandum form by Mission Controllers (or officials acting in that capacity) for Mission Cashiers, and by supervisory administrative officials for AID/W Cashiers. Such requests include the information shown below and are forwarded to FM/CAD. Upon completion of review, AID/W forwards requests to CDO/W, RDO/W, or RDO/Manila, as appropriate. The designation of Subcashiers at the Mission is made by the Mission Controller. Mission requests for Classes A and B Cashier designations contain the following:

13D3a

Name:
Position title:
Whether U.S.-citizen, local, or participating agency employee:
Station:
Class of Cashier (A or B, Principal or Alternate):
Maximum imprest fund requested (stated in dollars):
Amount of initial advance requested:
Type of payments to be made, if other than those specified:
Authority is (is not) requested for accommodation exchange transactions:

NOTE: The Principal Class B Cashier for AID/W is assigned to FM/CAD. The above covers requests for Subcashier designations to serve at other office locations within AID/W.

In reviewing these requests FM/CAD assures that the assignment of Cashiers (Principal) does not result in the location of more than one per building and/or Geographic Bureau, except when the anticipated dollar amount of cash payments per month exceeds $1,000 or specific situation warrants the designation of an additional Cashier in the particular area.

b. Notification of Classes A and B Cashier Designation

* The CDO, RDO/W, RDO/M, upon approval of the Agency request for designation of the Cashier, issues a Letter of Designation authorizing the employees to perform the Cashier functions as stated in the letter. Specific authority to perform accommodation exchange duties, make payment of payrolls, or make individual disbursements in excess of the normal limitation for a single disbursement transaction is included in the Letter of Designation. *

c. Notification of Subcashier Designation

The Mission Controller (or FM/CAD in AID/W) issues the Letter of Designation for Subcashiers. Such designations are prepared in the format used by Treasury for designation of Classes A and B Cashiers as mentioned above. The Letter of Designation specifies the authority of the Subcashier, that is limited by the authority extended by the Treasury to Class B Cashier. A copy of the designation is furnished to the Class B Cashier, from whom the Subcashier receives an imprest fund, and the designated Subcashier.

d. Revocation of Cashier Designation

(1) When an employee ceases to perform the duties of Class A or B as the result of reassignment, transfer, or resignation, the responsible administrative office in AID/W, in the case of AID/W Cashiers, and the Mission Controllers' Office, in the case of Mission Cashiers, notifies FM/CAD in order that the designation may be revoked.

* Revised

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(2) When an employee ceases to perform the duties of a Subcashier, the Mission Controller or FM/CAD in AID/W, as applicable, issues the cancellation of the designation, providing a copy to the Subcashier and the applicable Class B Cashier.

e. Transfer or Separation

Requests for designation of a Cashier to replace a Cashier who is leaving the service or transferring to another office or to other duties is to be anticipated to the extent that the new Cashier may be designated prior to the effective date of the change. When a Cashier transfers to another post and is to assume like Cashier duties at the new post, a new designation is required applicable to the new assignment. When a Class A or B Cashier is separated or transferred he/she must return the imprest fund to the disbursing officer or, if applicable, transfer it to another properly designated Cashier of the same class by indicating on the final SF 1129 that the outgoing Cashier has transferred his/her imprest fund to the incoming Cashier. The incoming Cashier will also acknowledge receipt of the fund on the copy of the SF 1129, Reimbursement Voucher. (See Exhibits B and D of Treasury Cashier Manual.)

13E. Cashier Responsibilities

Cashiers are authorized to perform disbursing functions as set forth in their Letter of Designation from the Regional or Chief Disbursing Officer, U.S. Treasury Department. They are held personally accountable and responsible for the amount of the advance, and must be constantly aware of this responsibility. They should make every effort to ensure and maintain the integrity of this function. Cashiers must comply with the requirements in the Treasury Cashier Manual in all of their official transactions utilizing this fund.

1. Advances to Cashiers

For Mission Cashiers, funds are advanced in the form of foreign currency checks, several U.S. dollar checks drawn on the Treasury of the United States in favor of the Cashier, or U.S. dollars and local currency as in the case of the Cashiers in Latin America operating under the centralized disbursing system. Where facilities for cashing the Treasury checks are limited or not available, local currency cash will be advanced by the USDO. The responsibilities for funds so advanced continues with the Cashier until he/she makes proper and acceptable accounting to the Disbursing Officer or Class B Cashier who makes the advance, or to the other officers directed to receive the accounting.

Cashiers may, on the basis of a receipt, advance funds to an authorized employee for over-the-counter purchases. Such advances will be accounted for promptly. However, funds may not be advanced or entrusted to other employees unless they are authorized to receive them.

13E1

a. Safeguarding Funds

(1) Every effort is made to provide adequate protection for Cashiers in the way of a cage, den, bulkhead, or other suitable arrangement to ensure the safety of the imprest fund and deny access to unauthorized personnel. Necessary precautions are to be taken in transporting of money between the bank, office, and other points where fiscal transactions require handling of imprest fund cash.

(2) Cash, checks, paid vouchers, and other evidence of payment are kept in a suitably protected segregated area or cage under the inclusive control of the Cashier. Where such facilities are not available, the Cashier temporarily may use a strong box or other appropriate facilities which provide the necessary protection. In line with good administrative practice the safe combination and the duplicate key to the strong box is placed in a sealed, signed, and dated envelope for retention unopened by (a) the Mission Controller (or highest ranking U.S.-citizen employee in the case of Cashiers located at other than Mission headquarters) or (b) the appropriate administrative official in AID/W. The envelope should be placed with the Marine Guards if they are assigned to the post. This key will be used only in the event of an emergency. As a further precaution, the opening of the envelope in an emergency situation, as well as the opening of the safe or strong box by other than the Cashier is to be witnessed by at least two other AID employees. Upon the assignment of a new Cashier, the combination of the Cashier's safe is changed.

b. Loss or Theft

In the event of loss or theft, all known pertinent facts are reported as follows:

(1) In the case of Mission Cashiers, a written report is made to the Mission Controller, the disbursing officer who makes the advance, and the nearest Regional Office of the Office of Inspections and Investigations (RIG/II). One copy of the report will also be sent to the Office of Inspections and Investigations (IG/II) at AID/W; and to the Chief, FM/CAD, at AID/W. (The Mission Controller notifies the Embassy Security Officer who decides whether local police are to be notified.) *

(2) In the case of AID/W Cashiers, report pertinent facts in writing to the Chief, FM/CAD, AID/W.

This is a preliminary report which is forwarded by the fastest means possible without waiting for completed audit or investigation.

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13E1b (3) When an investigation or audit to ascertain the full extent of the loss is completed and a formal report is made, the Mission Controller or AID administrative office advises the AID Controller, Attention: FM/CAD, as to: (a) the action taken to restore the loss, (b) the underlying cause(s) of the loss, (c) the remedial action needed or taken to ensure adequate safeguards and control, and (d) a specific recommendation as to the disposition to be made of the case. The Chief, FM/CAD, reviews such reports and in accordance with 31 U.S.C. 82a-1, makes the determination and recommendation to the Chief Disbursing Officer of the U.S. Treasury. When a formal report of loss includes a recommendation for relief of accountability for the loss, the report will provide specific information which is responsive to 31 U.S.C. 82a-1, as follows:

(a) That such loss or deficiency occurred while such officer or agent was acting in the discharge of his/her official duties, or that such loss or deficiency occurred by reason of the act or omission of a subordinate of such officer or agent.

(b) That such loss or deficiency occurred without fault or negligence on the part of such officer or agent.

c. Amount of Imprest Fund

(1) Normally, the amount of cash held by AID Cashiers should only be such as to permit them to operate with the greatest benefit to the Agency consistent with the purpose for which the fund was established.

(2) The amount established for the AID/W Class B Cashier is adjusted as necessary on the basis of a periodic review and determination made by FM/CAD.

* (3) The procedures to change the amount of the imprest fund follow:

(a) Officials administratively responsible for Cashier operation at Mission and AID/W periodically review the imprest fund activity and determine that the level of the fund is adequate but not in excess of the amount required for effective operating needs, and request the Disbursing Officer to increase or decrease the amount (within the authorized amount) as appropriate. Missions are not required to either request approval or report to AID/W on such increases or decreases when the amount is within the authorization stated in the Letter of Designation.

(b) In determining a realistic limitation on the amount required in the imprest fund, Mission Controllers consider that U.S. instead of local employees are normally designated as Cashiers where significant advances are being handled. Also, if an advance carried by a Cashier is not turned over at least once every 2 months, the Disbursing Officer will request AID to review its cash requirement and make adjustment in the amount accordingly. *

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* 2. Disbursements

a. Limitations on Individual Transactions

Payments by Mission Cashiers are limited to $300.00 (or local currency equivalent thereof) for any one transaction. However, under emergency conditions, the limitation for any one transaction may be increased to $1,500.00. Payments are governed by provisions in AID Handbook 23 - Overseas Support, Chapter 14, Section F - Small Purchase Transactions, as implemented by this subsection. AID/W Cashiers are also limited to $300.00, not to exceed $750.00 under an emergency, for any one transaction. The limitation applies (except payrolls) equally against a small purchase transaction, travel advance, or a certified voucher. When a Cashier is authorized to pay payrolls, the amount of the payment is limited only by the amount of the payroll. (See Sections 7 and 8 of the Treasury Cashier Manual.)

b. Use of Emergency Authority

Internal controls and criteria are established by the Mission Controller for determining that an "emergency" situation exists requiring individual payments up to the $1,500.00 maximum (or in excess of $1,500.00 when a waiver is granted). For example, a Mission procedure may specify that the Mission Executive Officer review each request for such payment to ascertain whether an "emergency" situation does exist that requires an exception to the normal limitation. The Executive Officer would then, attach to the request a brief statement of the emergency with his signature.

c. Waivers to Limitations

Beside the waiver to limitations under emergency conditions, the Department of the Treasury has granted to the Agency the following two waivers:

(1) In some countries, the utility companies demand payment before a check can be received from a disbursing center. A mission principal officer may approve the procedure of paying the utility bills in cash by a certified voucher up to a maximum of $3,000.

(2) Under authority of Treasury Department Circular No. 1030 and delegation from the Fiscal Assistant Secretary of the Treasury, Cashiers who are located at foreign posts when there are no Disbursing Officers and who receive their advances from a Disbursing Officer located in another country are hereby authorized to make payments in cash, not to exceed $1,500 for a single transaction (provided that payment vouchers exceeding the limitations specified herein are duly certified prior to the payment in cash). *

* Revised

* Application by Missions for specific extensions of this waiver are to be made to AID/W, Attention: FM/CAD, proposing the limit of the increased authority desired, with appropriate justification. *

d. Type of Payments

(1) Cashiers are authorized to make payments in cash or entrust sufficient cash to an authorized employee to make payment for a specific purchase. However, cash payments may not be made for money orders or personal services unless specifically authorized. Payment of transportation charges to the initiating carrier not exceeding $100 may be made from imprest funds; however, payment of such charges prior to performance of the services is prohibited.

(2) The following are typical types of procurement for which the use of imprest funds will be particularly suitable:

(a) Emergency, fill-in occasional, or special purchases of articles, supplies, or services.

(b) Items such as postage stamps, transportation tokens or passes, and taxi fares.

(c) Repairs to equipment.

(d) Perishable foodstuffs.

(e) Parcel post or drayage.

(f) Public utility bills where location of the activity is so situated as to make cash payment more efficient.

(g) Emergency travel advances (e.g., where travel orders are issued too late to obtain advance through regular disbursing channels). Replenishment to the imprest fund is to be as soon as practical. The outstanding advance must be reflected in the appropriation account chargeable for the travel and not be held as an interim receipt in the imprest fund.

(3) Before making payment on any transaction of questionable propriety, Cashiers are to seek the opinion of the Authorized Certifying Officer, who will certify and process the SF 1129, Reimbursement Voucher. When doubt exists as to the legality of any purchase, Cashiers are authorized to require written acceptance of responsibility for such transaction from the authorizing official to provide the Cashier with recourse to such official if the transaction is later disallowed.

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e. Receipts for Miscellaneous Purchase

(1) Standard Form 1165, Receipt for Cash - Subvoucher, is used as (a) a receipt to evidence a cash payment made for purchases of supplies or services, and (b) an interim receipt when cash is advanced to an employee for the purpose of making purchases or payments in cash.

(2) When purchases are in excess of $15, each receipt is to be signed by the vendor or his/her agent as evidence of payment in addition to providing an itemized listing of the articles or nature of the service purchased. If the signature of the vendor and/or his/her articles purchased cannot be noted on the receipt, the name of the vendor and a list of the articles or services purchased is placed on a subvoucher which is attached to the receipt.

(3) When purchases are for $15 or less, a receipt showing the articles or services purchased is secured, but the signature of the vendor is not necessary. In those instances where it is impossible to secure a vendor's invoice, bill, etc., the employee making the purchase, even though he/she may be a Cashier, details on an SF 1165, or equivalent form, the name of the vendor and the articles or nature of the services purchased. The employee also signs the subvoucher indicating receipt of the funds from the imprest fund.

f. Cash Payments - Travel Expense Claims

Cashiers may make cash payments for travel expense claims, when submitted to them on vouchers properly certified by an Authorized Certifying Officer, only when the Disbursing Officer is unable to effect payment within 48 hours and such payment will not deplete the imprest fund below normal requirements. Mission serviced by an RDO or by the USDO, Paris, are to establish local rules to determine when the Cashier may pay travel voucher claims. Similar to travel advances, the payment of travel expense claims must be reflected in the appropriation account properly chargeable, as soon as practical, and not to be held in the imprest fund.

g. USAID Payments Made by State Cashiers

At posts where Department of State Cashiers make payments on behalf of an AID Mission, the following procedures apply:

(1) At posts where AID Controller personnel are assigned, vouchers or subvouchers must be certified prior to submission to State Cashiers for payment and the voucher must contain complete fiscal data.

(2) At posts with no AID Controller personnel the appropriate USAID accounting office must provide to State Cashiers authorization to pay and fiscal data. Thereafter, the vouchers are certified by a State certifying officer. At the time of certification the State certifying officer forwards a copy of the voucher and all supporting documentation to the appropriate USAID accounting office.

USAID personnel must establish and maintain cooperative liaison with State Cashiers and other State personnel to effectively implement these procedures.

3. Accommodation Exchange Transactions

a. Mission Cashiers authorized to conduct exchange transactions for the accommodation of U.S. citizens are governed by the Treasury Cashier Manual which includes Treasury Department Circular No. 830.

b. Cashiers may be authorized to cash AID employees' checks payable in U.S. dollars or local currency. Such checks will be exchanged for local currency only, except in countries where use of U.S. dollars is also authorized.

c. Mission Controllers prescribe procedures for use of accommodation exchange service by U.S.-citizen employees of AID; U.S.-citizen employees, or third-country nationals of contractors working under a direct contract with AID; or U.S.-citizen employees of U.S. agencies participating in the AID program; whether located in the vicinity of Missions or in outlying areas of the country. (The term "contractor" has been constructed by the Fiscal Assistant Secretary, U.S. Treasury, to include "Subcontractors.") Checks presented by third-country nationals must be U.S. Treasury dollar checks or U.S. dollar checks drawn in favor of the presenter by the employing U.S. contractor. Personal checks may be accepted from U.S. citizens.

d. The use of the accommodation exchange facility is to be particularly encouraged in excess or near-excess foreign currency countries. This is necessary in view of the continuing need to take full advantage of the available U.S.-owned foreign currencies in these countries in connection with the U.S. balance-of-payments position.

e. Mission Cashiers may negotiate checks for dependents of persons for whom exchange transactions are authorized only when they are in the possession of a valid power of attorney - including but not limited to Treasury Department Form 6569 - from such person. Mission Cashiers may also negotiate checks for dependents of civilian employees of the U.S. Government at safe-haven posts,

to which ordered by competent authority in the event of emergency evacuation, provided that such accommodation exchange transactions for all dependents of any one civilian employee shall not exceed $400 in any month. In excess or near-excess currency countries the $400 limitation shall not apply to U.S. citizens.

4. Collections

As a general rule, collection duties should be assigned, wherever practicable, to Cashiers by the Mission Controller. When these duties are assigned to Cashiers, it is the responsibility of the Mission Controller to provide adequate instructions to control the receipt and deposit of the monies collected. (See HB 19 Chapter 7 - AID Billing and Collection Procedures.) In this connection, it should be stressed that any monies collected are not to be intermingled with the imprest fund. Also, in the preparation of such instructions, specific requirements of the Disbursing Officer should be taken into consideration.

5. Replenishment of Imprest Fund

a. Regular

(1) Mission Cashiers replenish their funds periodically, but at least once each month, by the submission of a completed SF 1129, Reimbursement Voucher, or equivalent form acceptable to the Mission Controller and the Disbursing Officer servicing the Mission. Form SF 453, Statement of Operating Cash Advance and Replenishment Voucher, is considered an equivalent form when use of that form is requested by the Disbursing Officer. An SF 1129 will be prepared at the end of the fiscal year for all expenditures made through September 30 not previously claimed and upon termination of Cashier duties.

(2) Class A and Class B Cashiers attach the original subvouchers, together with an adding machine tape, to the original SF 1129. Listing the subvouchers on the SF 1129 will not be necessary. Subvouchers may include SF 1165, Receipt for Cash - Subvoucher; SF 1164, Claim for Reimbursement for Expenditures on Official Business; and original bills, sales slips, cash register tickets, or dealers' invoices. Subvouchers are serially numbered in the order of payment, starting with the number 1 at the beginning of each fiscal year. SF 1166, Voucher and Schedule of Payments, will be prepared showing the Cashier as payee and specifying the number of denomination of checks desired. The original and one copy of SF 1129 are submitted to the Disbursing Officer for payment.

AID/W Subcashiers periodically submit SF 1165 with SF 1164's attached, and in the case of those Subcashiers which maintain an imprest fund, the SF 1129 with the SF 1165's and other subvouchers attached, to the AID/W Class B Cashier, FM/CAD, for payment in cash. The AID/W Class B Cashier forwards the original and two copies of SF 1129, with subvouchers attached, to FM/CAD for audit and scheduling on SF 1166.

Note that only the AID/W Subcashiers maintaining an imprest fund prepares SF 1129's with SF 1165's and other subvouchers attached. All other SF 1165 Cashiers, Mission and AID/W, submit SF 1165 with SF 1164's attached, to the Class B Cashier.

The AID/W Class B Cashier also prepares an SF 1129, Reimbursement Voucher, (a) at the end of the fiscal year for all expenditures made through September 30 not previously claimed, and (b) upon termination of Cashier duties.

(3) The signed copy of the SF 1129 submitted with SF 1166 periodically to the Disbursing Officer serves as the accounting report. No other accountability form is required. Preparation of SF 1129 and/or Treasury Form 1652, Statement of Advance of Funds for Change-Making Purposes, will be accomplished in accordance with instructions contained in U.S. Treasury Department "Manual of Procedures and Instructions for Cashiers Operating Under Executive Order No. 6166." Mission Cashiers are required to furnish the Disbursing Officer with a signed copy of each replenishment voucher (SF 1129) for use by the Disbursing Officer in his/her monthly accounts to the Chief Disbursing Officer.

6. Records and Reports

a. Mission General Ledger Control Accounts

The General Ledger control accounts prescribed for use by Missions to show the amount of U.S. dollar equivalent imprest fund cash advanced by U.S. Disbursing Officers to Mission Cashiers are as follows:

Debit Account

1142 Imprest Fund Advances
(Missions)

Credit Account

2182 Liability for Imprest Fund
Advances (Missions)

(1) Debit Account No. 1142 is established to control the total of the amounts outstanding as advances to Cashiers. The total of the Missions Cashier's subsidiary records (see 6b) are reconciled periodically to the total of Account No. 1142.

(2) Account No. 2182 is used primarily as an offset liability account to asset Account No. 1142. SF 1014, General Ledger, will be used for this purpose. Where warranted, by unusual circumstances, a separate Account No. 1142 may be established for each Cashier's fund.

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b. Report

Missions and FM/CAD report the status of these General Ledger accounts in a trial balance form as prescribed in HB 19 Chapter 9E - USAID General Ledger Trial Balance - Imprest Funds (Report No. U-251).

*

c. Mission Cashier Subsidiary Record

Cashiers are required to maintain a current record of all advances received and cash payments, using an appropriate record approved by the Mission Controller. This record should contain all the cash accounting data necessary to adequately control imprest fund transactions processed in local currencies, as desired in Section 12, "Cashiers on Foreign Service," and Section 13, "Accommodation Exchange," of the Treasury Cashier Manual.

d. AID/W Cashiers' Subsidiary Records

Subcashiers authorized to make reimbursements to individuals for local transportation fares do not maintain an imprest fund (except the imprest fund Subcashier). Instead the Subcashiers receive an advance from the Class B Cashier on the last Thursday of each month in exchange for a signed receipt (SF 1165). The "Interim Receipt for Cash" portion of the SF 1165 is retained by the Class B Cashier pending completion of the Subcashier's accountability. Immediately upon completion of payment of individuals claims, the Subcashier presents the audited SF 1164's and any remaining cash to the Class B Cashier and obtains in return the receipt given earlier. The amounts representing the SF 1164's and cash being returned are shown separately on the "subvoucher" portion of the SF 1165. A breakdown by allotment charge is shown on the back of the SF 1165. No other records need be maintained by this type of Subcashier. Certain Subcashiers, however, are authorized to maintain an imprest fund on a continuing basis which they receive from the Class B Cashier. Replenishment to their funds is effected by the submission of an SF 1129 to the Class B Cashier, supported by expenditure vouchers on a semimonthly basis. Disbursing Officer Ledger (SF 1014M) is maintained as the accountability record by the Class B and imprest fund Subcashiers. Advances and replenishment checks

* Revised

received are shown as debits and Reimbursement Vouchers (SF 1129) are entered as credits. A detailed listing of subvouchers paid is not required. The amount shown in the balance column corresponds to the amount of cash on hand (including unscheduled subvouchers, uncashed advance checks, and receipts for cash advances).

13F. Treasury Requirements for Cashiers

The Treasury Department has issued the Treasury Cashier Manual and pertinent TFRM Chapters setting forth the Treasury requirements for Cashiers (see 13A). A copy of Treasury Cashier Manual is to be provided to each Mission where the designation of Cashiers has been requested. Additional copies may be obtained from FM/CAD, AID/W, upon request. The Mission Controller or his/her designee, and the Chief, FM/CAD, in the case of AID/W Cashiers, assure that these Treasury requirements are maintained currently as changes are received, and that a copy is readily available to Cashiers.

13G. Bonding

Surety bonds are no longer required for Federal employees in connection with their official duties. (See Handbook 19, Sup A - Glossary - Surety Bond.)

13H. Audit of Cashier Operations and Imprest Funds

1. Missions

Unannounced cash verifications will be performed by the Mission Controller at intervals not less frequent than once each quarter.

2. AID/W

Unannounced cash verifications will be performed by FM/CAD at intervals not less frequent than once each quarter.

13I. Periodic Review in Compliance with Cash Management Policy Guideline

FM/CAD in AID/W and Mission Controllers are required, no less frequently than once each quarter, to review funds held by their cashiers to ensure that such funds are commensurate with actual needs.

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CHAPTER 14 - PAYROLL-RELATED ACTIVITIES

AID HANDBOOK CIRCULAR

HB 19 Ch 14
Subject: Foreign National Personal Service Contractors Payrolled By State Department's RAMCs

Purpose

Payment to a Foreign National Personal Service Contractor (FNPSC) may be processed in one of two ways. The FNPSC can be paid either by the AID accounting station or be payrolled by the Regional Administrative Management Center (RAMC) of the Department of State. This circular prescribes AID's basic policy when payrolling is handled by the RAMC's. Regulations for payment by accounting station are in AID Handbook 13.

Nonapplicable Payroll Procedures

4 FAM 500 - Payroll, Time and Attendance, and Leave Accounting of State Foreign Affairs Manual does not apply to AID. AID has separate regulations on its payroll operations for American and Foreign National direct-hire employees and Personal Service Contractors.

General

1. For purposes of this Handbook Circular, a Personal Service Contract (PSC) is a contract with a foreign national that is used to secure the individual's services for certain work of a continuing nature as well as for temporary or intermittent services. Such contract may be extended from time to time, but none may extend beyond five years.

2. The Foreign Assistance Act of 1961, as amended, provides that PSC employees of AID shall not be regarded as employees of the U.S. Government for the purpose of any law administered by the Office of Personnel Management.

3. To the extent that an AID mission has been delegated contracting authority, PSC's may be executed without prior Washington approval.

4. The cost for the payrolling of FNPSC's is covered in the FAAS agreement with State.

Method of Payment

1. The payrolling of the FNPSC by the RAMCs will be based on the July 1980 formal agreement between AID and State which covered the transfer of the Foreign Service National payroll function to State. Each mission will contact the respective RAMC concerning this service and the procedures to be followed.

2. In accordance with that agreement, RAMC will perform the payrolling function only if the terms of the FNPSC conform to the direct-hire local or Third Country National Compensation plan, if any established for the post and as stated in 3 FAM 900 of the Foreign Affairs Manual. In addition to basic compensation, local pay plans normally provide benefits that include, among others, annual and sick leave, premium pay, severance pay, and bonus payments.

3. FNPSC of the Agency are excluded from participating in the Civil Service Retirement and Disability System and the Incentive Awards Program.

4. The contract of the FNPSC will be the basis for the initiation of pay by the RAMC's. State personnel action forms (DS-1032) are not to be used for payrolling FNPSC.

5. Contract amendments will be provided the RAMC for any change in pay or benefit for any FNPSC.

CHAPTER 14

PAYROLL-RELATED ACTIVITIES

14A. AID/W Distribution of Salary Checks, Other Treasury Checks, and Savings Bonds

1. General

a. This chapter establishes the AID responsibilities of (1) employees who have been designated to act as Principal Agent, and Alternate, to the Treasury Department Regional Disbursing Officer for the purpose of receiving and distributing Treasury checks; and (2) other employees who are responsible to the designated agent in connection with the receipt and distribution of Treasury checks for their respective organizations.

b. Certain Agency employees may receive and distribute Treasury checks when they have been recommended by the Chief, Central Accounting Division (FM/CAD), and are designated to act as Principal or as Alternate by the Treasury Department Regional Disbursing Officer. Based on this recommendation the Regional Disbursing Officer delegates authority to act as agent to the employee named as Principal, and as Alternate to the other employee named. The employees so designated are to fulfill the requirements of their duties and the specific instructions covering these duties issued by the Treasury Department. Employees who have been designated as Principal and Alternate are located in the Central Accounts Division, FM/CAD.

c. This chapter provides the procedures to be uniformly followed throughout AID/W in the receipt, safeguarding, personal delivery, mailing, and return of checks issued by the Department of the Treasury or AID employees' salaries, travel advances, and travel reimbursements. It also covers Treasury checks issued to foreign nationals in the AID Participant Training Program in payments for per diem, regular and advance maintenance, book and training equipment allowances, and other training expenses.

d. This chapter also provides for the mailing of saving bonds as a matter of AID policy.

e. These procedures are consistent with basic internal control requirements applicable to Federal Government agencies which provide that the handling and distribution of checks are to be separated from the authorizing and recording of the payments, that checks are to be handled as few times and by as few people as possible and that reasonable safeguards are maintained to prevent loss or unauthorized disposition of checks. SER/FM makes periodic spot checks to ensure compliance with these internal control requirements.

2. Salary Checks

a. Safeguarding

Checks are to be adequately safeguarded while in the custody of the designated agent and other employees authorized to pick up and distribute checks in their organization. They will not be left exposed at an unattended desk, and will be secured in a safe during overnight storage or when the office is otherwise vacated. Checks will be released only to authorized persons and in authorized manners.

b. Obtaining and Preparing Checks for Distribution

(1) Obtaining Checks

Checks are picked up at the Department of the Treasury only by those employees designated by the Chief, FM/CAD, and whose signature cards are on file with the Department of the Treasury.

(2) Assistance in Preparation

The Chief, FM/CAD, provides personnel to the extent considered necessary by the designated agent to assist in the preparation of checks for distribution.

(3) Verifying Checks

A copy of the check issue list for each pay period is provided to the designated agent. This list shows: employee number, employee name and amount of each check, and follows the grouping (by organization code) of the corresponding pay accounts appearing on the related payroll. The checks are verified by comparing the payee's name and amount shown on the first and last check for each different organization number with the payee's name and amount of check for the first and last check for each corresponding organization group shown on the check issue list.

(4) Assembling Checks

Checks are separated into groups by organization number. Individual checks or small groups of checks are not pulled from sequence and combined with checks for a different organization number, or retained by the designated agent to be pick up by individual employees. Checks to be withheld from employees are withdrawn from the regular group and retained by the designated agent per notice received from the Employee Services Division each pay period.

14A2

c. Distributing Checks to Organizational Units

(1) General Distribution

The appropriate official(s) of each organizational element of AID/W furnish written authorization to the designated agent naming the employee(s) authorized to pick up checks and make distribution to individual employees of their organization. The authorizing official complies with internal control requirements (14A1e) and does not name any employee(s) to distribute salary checks who is responsible for maintaining time and attendance reports for that unit. The designated agent maintains a current list of the names of these employees and their related organizational unit and releases checks only to employees for whom a written authorization has been received. The designated agent prepares receipts showing the inclusive check numbers for each organization each pay period. The authorized employee signs the receipt when picking up the checks and related documents for his/her organization from the designated agent. The signed receipts are retained by the designated agent. Authorized employees are responsible for distributing the checks to individual employees, and for maintaining controls to ensure delivery to the proper payees. Any checks erroneously received must be returned immediately to the designated agent in FM/CAD.

(2) Personal Delivery of Checks

(a) Authorized employees should deliver checks to individual employees immediately after they are received from the designated agent. Checks are to be delivered only to the employee to whom issued. All checks not personally delivered by the distribution clerk must be returned to the designated agent in FM/CAD for mailing as outlined in 14A2c(3), or other disposition as outlined in 14A2d(1).

(b) Employees who expect to be absent (e.g., leave, temporary duty) on payday and want the salary check mailed to home or bank must furnish the employee who distributes checks for the organization with a completed form AID 7-222, Request for Mailing Salary Check(s), in duplicate. See Attachment 14A. The original of the form AID 7-222 is signed by the employee and retained for record purposes by the check distribution clerk; the duplicate and the check are forwarded to the designated agent for mailing. Checks for absent employees not covered by a completed form AID 7-222 are to be returned to the designated agent, as outlined in 14A2d(1).

14A2c

(3) Mailing of Salary Checks

(a) Policy

It is AID policy to encourage employees to arrange for salary deposit or allotment direct to banks or financial institutions by the Treasury Department. These arrangements are advantageous to the employee because they minimize the chances of loss or theft and expedite availability of salary for use, and they reduce the Government's administrative costs of salary payments.

(b) To Absent Employees

Only the designated agent in FM/CAD is authorized to mail checks for absent employees. The designated agent mails checks based on completed form AID 7-222. The duplicate copy of form AID 7-222 is mailed to the addressee with the check.

(c) To Banks or Financial Institutions

1. An employee who wants to have his/her salary check(s) mailed to a bank or financial institution must furnish a properly executed Request by Employee for Payment of Salaries or Wages by Credit to Account at a Financial Organization, Standard Form 1189 (Attachment 14C), to the bank or financial institution and notify the person who distributes checks for the organization of this action. The SF 1189 is obtained from the employee's Administrative Officer, or from the bank or financial institution. The executed SF 1189 is forwarded to the Employee Services Division, Central Payroll Branch (FM/ESD/CPB).

2. An employee may also request allotment of all or part of salary or wages by executing a Request by Employee for Allotment of Pay for Credit to Savings Account with a Financial Organization, Standard Form 1198, which is forwarded to FM/ESD/CPB.

3. Checks for employees who have executed a Standard Form 1189 or 1198 are mailed by the Department of the Treasury direct to the financial institution.

(d) To Employees Separating from the Agency

An employee separating from AID should complete form AID 7-222, Request for Mailing Salary Check(s), to show the address to which the final salary check is to be mailed, and submit the form to the authorized employee who distributes checks for the organization for mailing of the check(s). The check(s) are mailed by the designated agent.

(e) Use of Window Envelopes

All checks must be mailed in window envelopes bearing the return address of the Division of Disbursement, Department of the Treasury, Washington, D.C. 20013. A form AID 7-222 is enclosed with the check so that the payee's (or bank) name and address on the form appears in the window of the envelope.

(4) Delivery of Checks to Employees on Detail

(a) If the employee is temporarily detailed to another AID office - and the issuance of a form AID 4-520 Notification of Personnel Action, is not involved - the employee's check is delivered to the organization to which he/she is officially assigned and may be picked up by the employee in the regular manner. If a form AID 4-520 is issued the employee's check is delivered (with the regular group of checks) according to the organization number shown on that form.

(b) Employee Detailed to Another Agency

If the employee is detailed to another agency and a form AID 4-520 has been issued, the employee's check is delivered with the regular group for the AID organization or he/she may request to have it mailed to him/her at his/her home address or bank in accordance with the provisions contained herein.

d. Return of Checks

(1) By Organizational Units

Within 3 days after receipt by the employee authorized to make distribution, checks which are undeliverable must be returned to the designated agent for safekeeping or other disposition. Such checks must be listed on form AID 7-232, Return of Undeliverable Checks, prepared in duplicate. See Attachment 14B. The authorized employee returning the check(s) must ensure that a satisfactory reason for nondelivery is shown for each returned check listed on the form. This also applies to checks for employees who are on leave. The original form AID 7-232, with the checks listed thereon, is forwarded to the designated agent; the copy is retained by the preparing office.

(2) By the Designated Agent

Checks which cannot or should not be delivered to individual payees within 10 days after receipt by the designated agent are required to be returned to the Department of the Treasury for safekeeping, or other action. The designated agent returns check(s) to the Department of the Treasury for safekeeping, when due employee, using SF 1185, Schedule of Undeliverable Checks; for Credit to Government Accounts or for cancellation when not due employee, using SF 1098, Schedule of Cancelled Checks. A copy of the transmittal schedule used to return checks to the

Department of the Treasury is furnished to FM/ESD. In those cases where the employee's check held for safekeeping by the Department of the Treasury can be delivered, the employee concerned notifies the designated agent of this fact, through regular channels, and the check is mailed to the employee by the Department of the Treasury.

(3) To the Treasury Disbursing Office

The Treasury Disbursing Office is required to notify the AID/W designated agent of checks returned to the Disbursing Office because of address or other error in the check. The designated agent takes appropriate action to correct any such error so that the check can be delivered, or, if the proceeds of the check are not due the payee, schedule the check for cancellation on SF 1098.

e. Other Actions Affecting Checks

In all situations requiring action other than that for which procedures are provided herein, i.e., request for and/or removal of stop payment, the issue of substitutes for lost, destroyed, mutilated, and defaced checks, etc., the employee concerned should notify FM/ESD, through regular channels, of the facts in each instance. Department of Treasury regulations are specific as to the forms to be used and the procedures to be followed in these situations. FS/ESD advises the employee of any action(s) he/she must take. The forms covering these actions are forwarded to the Department of the Treasury by the designated agent.

3. Other Treasury Checks

a. Checks for Travel Advances and Travel Reimbursement

(1) Obtaining Checks from the Department of the Treasury

These checks are picked up at the Department of the Treasury only by those employees designated by the Chief, FM/CAD, and whose signature cards are on file at Treasury.

(2) Safeguarding

The provisions of 14A2a, with respect to safeguarding salary checks, are equally applicable to these checks.

(3) Distribution of Checks

(a) Travel advance checks may be picked up by the payee from the designated agent in FM/CAD or they may be mailed to the employee. If the check is to be mailed, the employee must complete a form AID 7-222, Request for Mailing Salary Check(s), which is retained by the designated agent. Mailing of the check is accomplished in accordance with 14A2c(3).

(b) Travel reimbursement checks may also be picked up by the payee from the designated agent in FM/CAD or they may be mailed. When the check is to be mailed, the employee furnishes the forwarding address (home, bank, etc.) on the Travel Voucher. The employee's name and address is shown on the related SF 1166, Voucher and Schedule of Payments, and the check is mailed by the Department of the Treasury.

(4) Return of Checks

The provisions of 14A2d and 14A2e concerning the return of checks to the Department of the Treasury, mailing of checks from the Department of the Treasury, and other actions affecting checks, are applicable also to checks for travel advances and reimbursement. Such checks which cannot or should not be delivered by the designated agent are returned to the Department of the Treasury Regional Disbursing Office within 10 days after receipt by the designated agent. SF 1185, Schedule of Undeliverable Checks, SF 1098, Schedule of Cancelled Checks, or such other form as may be appropriate is used in returning checks to the Department of the Treasury.

b. Checks Issued to Participants

(1) Nature of Payments and Controls

(a) Foreign nationals in the AID-sponsored Participant Training Program receive regular payments (or advance payments when necessary and appropriate) for per diem; monthly maintenance; and authorized allowances for books, training equipment, and other necessary training expenses. All payments are made pursuant to payment authorizations, form AID 1380-76, Check Request for Participants, issued by SER/IT. Amounts due participants for monthly maintenance and other allowances are combined in one check to the maximum extent practicable.

(b) The basic internal control requirements, cited in 14A1e are that the handling and distribution of checks for participants will be organizationally separated from the authorization of payments. Hence, those Development Training Specialists (DTS) or other officials in SER/IT who are designated to receive and forward checks to participants or their contact representatives do not have final approval authority for payment authorizations, form AID 1380-76, Check Request for Participants, sent to SER/FM/PAD for scheduling of payments.

(2) Obtaining Checks From the Department of the Treasury

Checks are prepared and issued by the Department of the Treasury Disbursing Office, based on SF 1166/1167, Voucher and Schedule of Payments, prepared by SER/FM/PAD each month for regular payments, and otherwise as necessary for interim payments, due participants. The SF 1166/1167

listings are updated to provide current addresses for mailing checks to participants or to AID officials for forwarding to participants. The Department of the Treasury returns a copy of the SF 1166/1167 to SER/FM/PAD showing the check number for each check issued for participants.

(3) Safeguarding of Checks

The provisions of 14A1a with respect to safeguarding of salary checks are equally applicable to checks issued for participants.

(4) Distribution of Checks

(a) Most of the checks issued for participants are mailed by the Department of the Treasury direct to the participant or in care of the Development Training Specialist (DTS) or Student Advisor (SA) at the mailing address listed on the SF 1166/1167, Voucher and Schedule of Payments.

(b) For those participants whose mailing address is not fixed, the SF 1166/1167 lists a designated DTS or other officer at AID/W, SER/IT, as the addressee. Participant checks in sealed Department of the Treasury envelopes received by a DTS or other officer at SER/IT are forwarded promptly to participants. To ensure adequate accountability and control over participant checks AID/W, SER/IT, maintains a record showing check number, date, payee, and amount for all checks received and checks mailed to or personally picked up by participants.

(5) Return of Checks

Checks returned by the Postal Service as undeliverable or are determined to be in error or otherwise not due the participant must be returned to SER/FM/PAD within ten (10) days of receipt by the DTS. SF 1185, Schedule of Cancelled Checks, or such other forms as may be determined appropriate by FM/PAD and the designated agent are used in returning checks to the Department of the Treasury.

4. Savings Bonds

All savings bonds purchased by employees through the payroll deduction plan are delivered by mail by the Department of the Treasury. Employees having any questions or inquiries concerning these savings bonds should contact FM/ESD.

14B. Employee Accountability Clearance for Separation/Transfer

1. General

a. Scope and Application

This section outlines the procedures for fiscal and administrative accountability clearances to be followed by employees who are separating from AID or are transferring or rotating within AID. These procedures are applicable to all AID/W and Mission employees, as defined in 1b, and to the extent possible to deceased employees. The use of form AID 7-47A (8-77), Employee Accountability Clearance for Separation/Transfer, is prescribed as the basic document and record confirming that all required accountability clearances have been accomplished. The final salary payment for employees being separated from AID is released to the employee only when all Government funds, property, records, and papers issued or assigned to the employee have been accounted for, and any indebtedness to the U.S. Government has been liquidated. Employees being transferred to new duty stations, or returning for Home Leave, will be cleared in a manner similar to employees being separated from AID. AID contractors, consultants, and participating agency employees who have received AID files, records, and property are subject to these clearance provisions relative to the return of all accountable items upon completion of assignment. Sections 14B1 through 14B5 are basic instructions applicable to AID/W and to Missions; however, 14B6 through 14B8 cover specifics relative to Mission and within-service transfer responsibilities and actions.

b. Definitions

(1) Employee. The term "employee," for purposes of this chapter, refers to any individual employed by or under contract to AID who is assigned to AID in the United States or at a foreign post. Foreign Nationals employed at Missions, contractors, consultants, experts, and persons employed by other U.S. Government agencies (participating agency employees) but assigned to AID on either a reimbursable or nonreimbursable basis are in this category and therefore are subject to these requirements.

(2) Accountable Property and Other Items. Accountable property is nonexpendable property which includes, but is not limited to, such items as portable typewriters, brief cases, executive pen sets, and the like. Other accountable items include U.S. Government funds, documents such as official files and records, books and library materials, employee and dependent's passports, Transportation Requests (GTR's), identification cards, passes, etc.

14B

2. Responsibility of the Employee

a. Return of Accountable Property and Other Items

An employee is accountable for and must return all nonexpendable Government property issued to that employee regardless of the value or condition of the item. At AID/W all cards, passes, passports, and permits are to be returned to the appropriate responsible Office/Officer indicated below; at Missions these items are handled by the counterpart Office/Officer. However, AID identification cards and passports are to be retained by those Foreign Service employees clearing AID/W or Missions for transfer or rotation. Specifically, the following items must be returned and/or are subject to specific action to be taken by the employee and the applicable responsible office at AID/W or its counterpart at Missions in the clearance process:

Item	Ultimate Responsible Office/Officer
(1) State/AID Identification Cards	AG/SEC
(2) Separation Statement (JF-3)	AG/SEC
(3) Top Secret, EXDIS, LIMDIS Documents	TS Control Office
(4) Accountable Property	SER/MO
(5) Official Parking Permit	SER/MO
(6) Emergency Relocation Pass and Manual	SER/MO
(7) Official Passport	SER/MO
(8) Dining Room Pass	SER/MO
(9) GTR's	Adm. Officer
(10) All Travel Vouchers Submitted	Adm. Officer
(11) Files, Records, and Other Documents	Adm. Officer
(12) Library Materials	State-LR/OPR
(13) All Travel Vouchers Processed	FM/ESD

14B2a

Item	Ultimate Responsible Office/Officer
(14) Voucher Exceptions	FM/ESD
(15) Advance of Funds (Travel, Allowances, etc.)	FM/ESD
(16) Collections Due/Revoke Certifications	FM/CAD
(17) Erroneous Payments	FM/ESD
(18) Overdrawn Leave	FM/ESD
(19) Medical Bills for Collection	FM/SSD

b. Losses; Damage; Replacement

The employee must report the loss or damage of accountable items. When property, documents, or other material charged to an employee has been lost or damaged, the circumstances are to be reported in writing to and accountability relief obtained from the SER/PM Placement Officer and/or the Responsible Officer/Office indicated in 14B2a. The loss of classified documents is to be reported in writing to AG/SEC. Library materials, such as books, periodicals, or publications charged to the employee are to be returned to the State Department Library (LR/OPR). If any materials are lost it is the employee's responsibility to replace the property to the satisfaction of the State Department Librarian.

c. Completion of Clearance Form AID 7-47A

The employee is responsible for satisfactorily completing before departure from duty station all items on form AID 7-47A, Employee Accountability Clearance For Separation/Transfer. As an integral part of this responsibility the employee visits the Placement Officer or Project Manager for the purpose of receiving clearance instructions and personally visits other offices to turn in/account for accountable items and to effect satisfactory completion of all items on form AID 7-47A. The administrative and fiscal clearances, the determination and resolution of items of indebtedness, and the certification, and signatures of the Placement Officer or Project Manager and the employee must be completed before this clearance form is presented to FM/ESD for review and approval of final salary payment. In order to avoid inordinate delays and to expedite the clearance process, employees are advised to take the initiative of personally walking clearances through the various offices.

14B

3. Responsibility of the Placement Officer

The Placement Officer (SER/PM; FSP or CSP as appropriate) is responsible for coordinating the administrative actions associated with an employee's separation or transfer, including the termination of contracts with consultants and experts engaged by AID. For AID clearance purposes the officer will:

a. Give advance written notice whenever feasible to the Office of Financial Management, Employee Service Division (FM/ESD), of an impending separation or transfer action so that FM/ESD can make advance preparations.

b. Contact the employee well in advance of last date on duty, schedule a visit by the employee with the Placement Officer, and provide clear instructions on the employee's responsibilities as outlined in 2a, b, and c above.

c. Initiate the preparation of form AID 7-47A and follow through to ensure that all the necessary clearance actions are completed prior to the employee's last day of duty.

4. Responsibility of Project Officer

The cognizant Project Manager in the AID/W unit or Mission which administers regular and personal services contracts and arrangements under PASA's is responsible for coordinating the administrative actions necessary to fulfilling these clearance requirements for contractors and PASA employees engaged by AID/W or Missions. Form AID 7-47A is to be completed to the extent applicable and processed as required herein to ensure that the clearance requirements are completed by the last day of duty and are a prerequisite to the final payment under the contract or agreement.

5. Preparation of Form AID 7-47A

Form AID 7-47A (8-77), Employee Accountability Clearance For Separation/Transfer, is the basic clearance document and record for separations (including deaths) and within-service transfers, and its preparation and use is mandatory in all such actions. Earlier issues of this form may not be used. Missions may use checklists if deemed necessary to supplement this form.

a. Employee

Primary responsibility rests with the employee for satisfactorily completing all clearance, certification, and signature items on form AID 7-47A, as detailed in 14B2.

14B5

b. Placement Officer or Project Manager

The Placement Officer or cognizant Project Manager, as applicable, initiates preparation of the form AID 7-47A and assists the employee in every way possible to complete the clearance process, as detailed in B3 and B4 above.

c. Clearing Offices/Officers

The responsible Offices/Officers listed in 14B2a and on form AID 7-47A promptly take the necessary action(s) to effect the required administrative and fiscal clearances, to relieve the employee from accountability for accountable items and to determine indebtedness, if any, to the Government and the proper disposition thereof.

d. Certifications

The Placement Officer or Project Manager, as applicable, completes and signs the SER/PM Certification in Section E of form AID 7-47A after the clearances in Sections B, C, and D have been completed. Similarly, the employee completes the Employee Certification part of Section E and signs the form.

e. Review and Approval for Final Salary of other Payment

FM/ESD determines that all information has been entered correctly, all items cleared, indebtedness, if any, resolved, and completes and signs Section F of form AID 7-47A.

f. Disposition of Clearance Form

After processing, form AID 7-47A is filed in the employee's payroll folder in FM/ESD.

6. Mission Employees (U.S. Citizens) Being Separated

Generally, the procedures outlined in 14B1 through 14B5 are followed for all separations of Mission employees.

a. Employees Returning to the United States

(1) Employees returning to AID/W for consultation prior to separation clear the Mission on all accountable items except the AID Identification Card, passports, and those documents necessary for official travel. Employees separating and going direct to U.S. residence clear the Mission on all accountable items and upon arrival at destination forward passports to SER/MO/TR and travel vouchers to SER/FM/ESD.

14B6a

(2) Clearances should be given priority. Clearance must be completed prior to employee's departure from post. Prior to the departure of the employee from his/her foreign duty station, the employee's supervisor or the appropriate Administrative Officer initiates form AID 7-47A in ample time so that this clearance form can be processed and the employee's signatures obtained prior to departure from post. If a more inclusive checklist is required for Mission purposes than is shown on form AID 7-47A, Missions are authorized to use a supplementary checklist and attach it to form AID 7-47A.

(3) It is the employee's responsibility to see to it that the completed form AID 7-47A reaches SER/FM/ESD. Final salary payment will not be approved until passport, AID Identification Card, travel voucher, and other pertinent fiscal and administrative items have been cleared.

b. Employees Separating at Post

(1) When an employee separates at post the employee's and family's diplomatic, official, or special passports and AID Identification Cards must be surrendered to the appropriate Mission official before departure from post. The employee may obtain necessary regular passports through the Mission to cover his/her temporary or indefinite stay abroad.

(2) All other instructions in 14B6, are applicable. SER/FM/ESD effects payment of final salary after receipt of completed form AID 7-47A indicating that all required clearances have been obtained and any indebtedness due the Government has been liquidated.

7. Mission Employees (Foreign Nationals) Being Separated

a. All employees in this category being separated are cleared in accordance with the procedures contained in this chapter. All parts of the form AID 7-47A are completed by the employee and the appropriate Mission officials, as required, prior to the separation date.

b. The Mission Controller or the official acting in that capacity is responsible for reviewing the form as to its completeness and for assuring that all necessary signatures have been obtained, and for execution of the certificate confirming that arrangements have been made to satisfy any indebtedness to the Government. The Mission Controller effects or arranges payment of the final salary after any indebtedness due the Government has been liquidated.

8. Within-Service Transfers or Actions

a. Employees Returning to the U.S. for Home Leave

(1) The clearance procedures prescribed in this chapter are to be instituted, all accountable items accounted for all indebtedness to the

14B8a(1)

Government except home leave travel advances liquidated prior to the departure of an employee on home leave. This avoids the possibility of delay, confusion, and embarrassment in accounting for property, etc., by correspondence in case the employee should not return to post.

(2) In these cases the form AID 7-47A is held at the Mission until the employee's actual status has been determined. If the employee returns to his/her old duty station, the form AID 7-47A is marked "Returned to Post" and filed in the employee's Mission personnel folder. If the employee is reassigned to another duty station, the employee's former Mission forwards the completed form AID 7-47A to AID/W, FM/ESD (see 8b below), and follows through on the collection of any indebtedness to the Government.

b. Employees Transferring From One Duty Station to Another Duty Station (Mission to Mission, Mission to AID/W, or AID/W to Mission)

Employees receiving orders to transfer from one duty station to another duty station are cleared in accordance with the procedures prescribed in this chapter, prior to the employee's departure from his/her old duty station. In these cases the form AID 7-47A is forwarded to AID/W, FM/ESD, where it is placed in the employee's payroll file.

14C. Advance Payments for Temporary Lodging and Living Quarters Allowances

1. General

a. Purpose

(1) It is the custom in many foreign countries for lessors to require advance payment of rents. This could create a financial hardship on those employees required to negotiate a private lease or to pay for temporary quarters in advance. In those instances where advance payment is required, AID has the authority to advance funds to the employee to assist him/her in meeting this financial responsibility.

(2) This section outlines the conditions and criteria under which advances may be made and the procedures for advancing, collecting, accounting for, and reporting the advance of funds.

b. Authority

Policy and procedures governing overseas allowances and differentials are set forth in 3 FAM 300, the Standardized Regulations, and are incorporated in AID Handbook 26, Position Classification, Pay and Allowances, Attachment 13A.

2. Conditions and Limitations

a. Advance Payment of Temporary Lodging Allowance

(1) May be made only where the lessor requires advance payment.

(2) May not exceed in amount: the actual amount or rent paid to the lessor; or the amount of temporary lodging allowance to which the employee would be entitled under the Standardized Regulations and which would accumulate to him/her over the time for which the advance payment was made, whichever is less.

(3) May not exceed in time: for a period not in excess of 3 months after first arrival at a new post of assignment in a foreign area or a period ending with the occupation of residence quarters, whichever is shorter; for a period of not more than 1 month immediately before final departure from the post after the necessary evacuation of residence quarters.

b. Advance Payment of Living Quarters Allowance

(1) May be made only in localities where local custom necessitates and the individual lessor requires advance payment of rent.

(2) May not be made for a period of less than 3 months or for more than 1 year unless specifically approved by the officer designated to authorize allowances.

(3) May not exceed in amount: the rate of the employee's living quarters allowance authorized under the Standardized Regulations for the period of time the advance payment of rent covers; or the total rent advanced to the lessor, whichever is less.

3. Processing Applications

a. Applying for an Advance

An employee eligible for advance payment of temporary lodging or quarters allowance, upon arrival at post, completes and signs in duplicate (or such additional copies as the Mission may require for internal use) the Request for Advance Payment - Temporary Lodging or Living Quarters Allowance (Attachment 14E) and submits it to the office in the Mission designated to act on such applications.

14C3

b. Approval

The approving officer evaluates the propriety of the application, and if determined that it is consistent with the criteria in 14C2 and that the circumstances warrant making the advance, the approving officer signs in the space provided. If approval is not granted, all copies of the application are returned to the employee.

c. Distribution of Approved Requests

Approved requests are distributed as follows:

(1) Original and such other copies as the Mission deems necessary to the Mission Controller's Office which will effect payment of the advance and any actions necessary for repayment of the advance.

(2) Duplicate to the Mission approving office.

d. Effecting Payment

Payment of advances are made at the Mission in every instance based on approved Attachment 14E. Payment is made in local currency or, when required, in U.S. dollar instruments.

4. Accounting for Advances

a. Quarters Allowance Advance Ledger

(1) The Mission Controller Office, or other office acting in that capacity, is responsible for maintaining a general ledger control record entitled: Advances for Temporary Lodging and Living Quarters Allowances. A separate ledger sheet is maintained for each appropriation involved.

(2) Only disbursements and repayments of advances are recorded in the general ledger control record. The control ledger is supported by copies of the Request for Advance Payment of Temporary Lodging or Living Quarters Allowance. This record is subsidiary to the "Advance Ledger" and provides the detail, by employee, supporting the balance of Advances. The outstanding balances on the subsidiary records are reconciled with the Quarters Advance Ledger at least quarterly.

b. Reporting Advances

The balance of Advances outstanding at the end of the fiscal reporting period chargeable to appropriated funds, and the period's activity in the advance account is reported on the U-101 Report - Summary of

14C4b

Allotment Ledger Transactions and Reconciliation with Disbursing Officer's Accounts (Report No. U-101). Advances chargeable to Local Currency Accounts are reported in like manner on the U-106 Report.

5. Recovery of Advances

a. General

An advance payment of quarters allowance to an employee must be satisfactorily settled with AID. In this connection, to protect the employees, whenever possible, individual private leases between employees and local lessors should contain provisions for 30-day cancellation; refund of the remaining portion of the prepaid rent to the lessee in case of cancellation; the privilege of subletting or assigning to another employee, or other person, at the lessee's option; and payment of the rent in local currency.

b. Advances Charged to Dollar-Appropriated Funds

Since the advance is for the convenience of the employee and is in the nature of a loan which is used to acquire local currency, the advance is stated and accounted for in dollars, and the appropriation must be repaid in full. Accordingly, in the event an employee transfers or separates prior to the completion of the period for which the advance was made, he/she must repay, in dollars (or dollar equivalent as of the date of repayment), the full amount of the outstanding balance. (See Section 113.4 of the Standardized Regulations for exceptions and waiver authority.) Request for waivers in excess of $500.00 must be submitted to AID/W.

c. Advances Made from Local Currency Accounts

Advances chargeable to Local Currency Accounts are accounted for in local currency and are repaid in the number of local currency units advanced. As dollars are not involved, except for ascertaining that the advance is within the dollar limitation of allowance at the time the advance is made, fluctuations in the rates of exchange will not affect the amount of the repayment. Routine repayments are based on the amount of the advance, divided by the payment periods which the advance is scheduled to cover.

d. Repayment and Liquidation

(1) It is the responsibility of the Mission to effect timely repayment and liquidation of advances. Ordinarily repayment of advances should be direct repayment by the employee or by offset against temporary lodging or living quarters reimbursement vouchers submitted by the employee.

(2) The amount of partial repayments will be at least equal to the amount that the employee would receive as his/her allowance for the period or the amount of the reimbursement claimed for actual temporary lodging or living expenses incurred.

(3) Repayment transactions are posted to general ledger and subsidiary records by the Mission Controller's Office so that outstanding advances will be currently stated.

14D. Payments for Home Service Transfer Allowance and Foreign Transfer Allowance

1. Purpose

Foreign Service employees are entitled to receive a Home Service Transfer Allowance (HTSA), when being transferred to the United States, and a Foreign Transfer Allowance (FTA), when being transferred to a foreign post from the United States or from one foreign post to another foreign post. These allowances are described in Chapter 200, Standardized Regulations (Government Civilians, Foreign Areas.) Employees may obtain an advance of these allowances in AID/W or in the Mission. Both the HSTA and the FTA without exception are charged to Mission budget allowances. (Personal Services and Benefits - Other, Object Classsification 129.)

2. Proposed System and Procedures

a. Advances Made in AID/W

(1) Foreign Transfer Allowance (Predeparture)

(a) Approval - Employee submits an Application for Advance of Allowances (see Attachment 14F for format) to the authorizing office, M/PM/PO/OS, requesting an advance. If approved, M/PM/PO/OS computes the amount of the advance and advises the Executive Office of the appropriate USAID (Mission providing funding) that the employee received an advance and the amount. This information should be available in the employee's personnel folder at the receiving USAID for reference when the employee submits his/her Form 1190, Foreign Allowance Application, Grant, and Report.

(b) Payment - The approved Application for Advance of Allowances is sent to M/FM/ESD for processing and scheduling for payment. An AOC for the amount of the advance is sent to the USAID which is providing funding for the employee.

(c) Control - Upon receipt of the AOC, the USAID Controller's Office records the advance in its Advance Ledger and reports the amount on Line B-4 of the monthly U-101 Report.

(d) Liquidation - When receiving the advance, the employee is advised that a Form 1190 (Attachment 14G) with appropriate receipts, must be submitted to the USAID Executive Office to liquidate the advance. The USAID Controller's Office will take follow-up action based on USAID policy to ensure prompt liquidation of advances. Upon submission of the Form 1190, the USAID Executive Office computes the total allowance entitlement, less the amount of the advance and approves payment. The approved Form 1190 is sent to the Controller's Office which verifies the claim and determines that the advance was deducted from the total allowance entitlement, schedules the Form 1190 for payment, and liquidates the advance. Since certain portions of the allowance are limited to the amount actually spent by the employee as substantiated by receipts submitted with the Form 1190, it is possible that an employee may receive an advance in excess of the allowance entitlement. In this case, a Bill for Collection in the amount of the excess payment is issued to the employee. If the employee's expenses are the same amount as the advance, a "no pay" Form 1190 is prepared by the USAID Executive Office and processed by the Controller to liquidate the advance. Payment of the allowance is charged to the USAID operating expense budget allowance.

(2) Home Service Transfer Allowance

(a) Approval - Employee submits an Application for Advance of Allowances (see Attachment 14F) to the authorizing office, M/PM/PO/OS, requesting an advance. If approved, M/PM/PO/OS computes the amount of the advance.

(b) Payment - The approved Application for Advance of Allowances is sent to M/FM/ESD for processing and scheduling for payment.

(c) Control - M/FM/ESD will control the advance until it is cleared by submission of the Form 1190 by M/PM/PO/OS to M/FM/ESD.

(d) Liquidation - When receiving the advance, the employee is advised that a Form 1190 (Attachment 14G) with appropriate receipts, must be submitted to M/PM/PO/OS to liquidate the advance. Upon submission of the Form 1190, M/PM/PO/OS computes the total allowance entitlement, less the amount of the advance and approves payment. The approved Form 1190 is sent to M/FM/ESD which pays the claim based on Personnel certification and determines that the advance was deducted from the total allowance entitlement, includes the net amount in the bi-weekly salary payment to the employee, and liquidates the advance. M/FM/ESD then requests M/FM/CAD to send an Advice of Charge (AOC) to the losing Mission for the total amount of the Home Service Transfer Allowance.

b. Advances Made by USAIDs

(1) Foreign Transfer Allowance - From the U.S. to a Foreign Post

(a) Approval - Employee submits an Application for Advance of Allowances to the USAID Executive Office for approval. If approved, the amount of the advance is computed and the Application is sent to the USAID Controller's Office for processing.

(b) Payment - The approved Application is reviewed and scheduled for payment by the USAID Controller's Office.

(c) Control - When payment is made, the amount of the advance is recorded in the Advance Ledger. A copy of the Application is retained and serves as a subsidiary record supporting the total amount of allowance advances.

(d) Liquidation - Same as for 2a(1)(d) above.

(2) Foreign Transfer Allowance - From One Foreign Post to Another Foreign Post

(a) Approval - Employee submits an Application for Advance of Allowances to the USAID Executive Office for approval. If approved, the Executive Office computes the amount of the advance and advises the Executive Office of the USAID to which the employee is being transferred that the employee received an advance, and the amount. This information should be available at the receiving USAID for reference when the employee submits his/her Form 1190.

(b) Payment - The approved Application is sent to the Controller's Office for processing and scheduling for payment. After payment, an AOC for the amount of the advance is sent to the USAID to which the employee is being transferred.

(c) Control - Upon receiving the AOC, the USAID Controller's Office records the advance in the Advance Ledger and reports the amount on Line B-4 of the monthly U-101 Report.

(d) Liquidation - See 2a(1)(d) above.

(3) Home Service Transfer Allowance

(a) Approval - Employee submits an Application for Advance of Allowances to the USAID Executive Office. If approved, the amount of the advance is computed and shown in the Departure Notice cable which is sent to AID/W, M/PM/PO/OS, since the amount of the advance received by the employee should be available for reference in the employee's personnel folder in AID/W when the employee submits his/her Form 1190 (see (d) below).

(b) Payment - The approved Application for Advance of Allowances is sent to the USAID Controller's Office for processing and scheduling for payment.

(c) Control - When payment is made, the USAID Controller's Office will record the advance in an Advance Ledger.

(d) Liquidation - When receiving the advance, the employee is advised that a Form 1190 supported by receipts should be submitted within 45 days of the effective date of transfer to AID/W and, further, that the advance automatically will be deducted from the employee's salary if it is not liquidated by submitting a Form 1190 within 120 days of the employee's effective date of transfer to AID/W. In conforming to the above requirements, the employee submits the Form 1190 to M/PM/PO/OS which computes the total allowance amount, less the advance, and approves payment of the allowance. The approved Form 1190 is sent to M/FM/ESD for processing. M/FM/ESD includes the net amount in the bi-weekly salary payment to the employee as evidenced on the employee's Statement of Earnings and Leave. After the allowance is paid to the employee, M/FM/ESD notifies M/FM/CAD which sends an Advice of Charge to the losing Mission for the amount of the allowance paid to the employee. Upon receipt of the AOC, the advance is cleared and the total amount of the Home Service Transfer Allowance is charged to the Mission operating expense budget allowance.

OPT/PS&CD
Rm. 405 SA-14
Liaet D-19
1 copy

14E5

b. Deduction from employee's salary for advance of pay are credited to the advance pay account (appropriation, allotment, travel authorization number and social security number).

c. Should cancellation of the assignment occur at the convenience of the employee, he/she must immediately repay the entire amount of the unpaid balance. If cancellation is at the convenience of the Agency the employee repays the advance over the normal repayment schedule. (For transfer to new post, see 4d).

d. In the case of nonissuance of a paycheck, a retroactive salary payment will be made. The deduction made for each pay period included in the retroactive salary payment shall not exceed the normal payback amount. In the event that the advance is not deducted, the nondeducted amount will be viewed as an overpayment and collection will be made in accordance with Comptroller General decisions and operative Agency regulations.

e. In accordance with the order of precedence for payroll deductions prescribed by the General Accounting Office, advance of pay is considered to be an indebtedness due the United States Government and deductions therefore precede state income tax and all voluntary deductions, including allotments and assignments of pay.

6. Discrepancies in Advance of Pay Accounts

Since these are centrally controlled accounts any inquiries concerning a discrepancy in collection or account balance should be directed to PFM/FM/CMP/OE for response. After review of the account PFM/FM/CMP/OE will adjust or instruct PFM/FM/CARD to made adjustments as appropriate.

7. Collecting Advance Pay Under Default

a. In the event of default by the employee, the uncollected balance of advance pay is subject to provision of:

(1) Federal Claims Collection Act of 1966, (31 U.S.C. 952).

(2) Treasury Fiscal Requirements Manual (TFRM), 6-8020.20, that provides for assessing interest and/or "charge for late payment" where repayment is not made in accordance with terms of the arrangement.

b. Also a Form W-2, Wage and Tax Statement, for the uncollected balance of the advance will be issued to the employee at end of the tax year. No Federal or State income tax will be withheld on this balance.

** 14F. RELOCATION INCOME TAX (RIT) ALLOWANCE

Employees who are transferred from one station to another for permanent duty normally incur moving expenses. Whenever certain of these travel and transportation expenses are repaid to the employee by the government, the reimbursement is considered as income, which must be taxed. Employees can be reimbursed for substantially all of the additional federal, state, and local income taxes incurred by the employee (or by the employee and spouse if a joint return is filled) resulting from relocating. The reimbursement for taxes paid is called the Relocation Income Tax (RIT) allowance.

Refer to the Federal Travel Regulations in AID HB 22, Chapter 10 for clarification of eligibility and the applicable regulations and procedures. **

** New Material

APPENDIX 4A

TRUST FUND EXPENDITURE ACCOUNT 72X8824 GIFTS AND DONATIONS

1. AID's Donation Authority

a. Section 635(d) of the Foreign Assistance Act of 1961, as amended, (FAA), 22 U.S.C 2395(d)

The principal authority used by the agency to accept donations is section 635(d) of the FAA, which authorizes the agency to accept and use in futherance of the purposes of the FAA, money, funds, property and services of any kind made available by gift, devise, bequest, grant, or otherwise for such purpose.

b. Section 25 of the State Department Basic Authorities Act of 1956, 22 U.S.C. 2697

This donation authority is available to IDCA and AID. It differs in several respects from section 635(d) of the FAA and should be used only if section 635(d) is not appropriate.

c. 5 U.S.C. 4111

This authority permits an agency to authorize an employee to accept certain contributions, awards, and payments (in kind or in cash) of travel, subsistence and other expenses made by nonprofit, tax-exempt U.S. organizations incident to training or the attendance at meetings. The regulations implementing the authority are found at 5 C.F.R. 410.701-706.

d. Authority to Accept Donations

The authority to accept donations has been redelegated to M/FM. Therefore, any letter, written arrangement, or agreements regarding the acceptance and use of donations must be approved by M/FM.

2. Basic Requirements Under Section 635(d) of the FAA

a. Unconditional Donations

Unconditional donations, i.e. donations made without restrictions on their use, will be accounted for by M/FM/PAD. Donations, i.e. Dollar Trust Funds, should be sent to the Cashier in M/FM/CAD who will deposit the funds to the Treasury depository account and will then notify M/FM/PAD.

b. Conditional Donations

Conditional donations are donations made for a specific purpose or with other conditions on the use. Before accepting a conditional donation, the concerned office (e.g. S&T) reviews the proposed documents (such as, acknowledgement of donation letters, the proposed plan for using the conditional gift, or other written arrangements) to ensure that all of the following criteria are met:

(1) that the agency can comply with conditions of the donation and still use the donation in furtherance of the purposes of the FAA;

(2) that the agency can comply with conditions of the donation in a reasonable and cost efficient manner; and

(3) that acceptance of the donation will not result in, or create the appearance of, a conflict of interest.

c. Upon determination that all of the above criteria have been met, the concerned office prepares its recommendation for acceptance or rejection of the proposed arrangement. This recommendation is forwarded together with the proposed agreement or other written arrangement to M/FM/PAD for clearance or M/FM/SSD if the donation pertains to entertainment. After clearance by M/FM, the documents will be forwarded to the appropriate Bureau Assistant Administrator or designee who will prepare the Determination under Section 635(d) of the Foreign Assistance Act. (See Section 6. below for the sample format.) The Determination signed by the Bureau AA or designee is then forwarded to M/FM for signature as M/FM has the authority to accept donations and gifts on behalf of AID. The Determination will be signed by the Division Chief or the Deputy of M/FM/PAD or M/FM/SSD, in the case of donations pertaining to entertainment, whenever the total dollar amount involved is less than $5,000. Otherwise, the Determination will be signed by the Controller of the Office of Financial Management.

d. M/FM will not accept Dollar Trust Fund donation deposits, other than unconditional gifts, unless affirmative determination has been made by the appropriate persons indicated above and the agreement or other written arrangements, as applicable, have been executed.

e. Donations of real and non-expendable property will be accounted for by M/FM/CAD. Property acquired in this manner will be accounted for following the procedures outlined in Chapter 15 of this handbook.

3. Receipt and Allotment of Funds

a. The Treasury Department has established the following Trust Fund account to control dollar amount of funds/donations received by AID for Section 635(d) gifts and donations: 72X8824, Gifts and Donations, Agency for

International Development. Upon receipt of Dollar Trust Funds, the Cashier in M/FM/CAD deposits the funds to the Treasury depository account and notifies M/FM/PAD or M/FM/SSD as appropriate.

b. Upon notification from the Cashier of the deposit of Dollar Trust Funds, M/FM/PAD or M/FM/SSD requests M/FM/CAD to establish or increase the budget allowance under 72X8824 for conditional donations. The Advice of Budget Allowance should indicate the date and amount of the agreement and the purpose for which funds are available. Obligation documents are not prevalidated or executed until the Advice of Budget Allowance is recorded.

c. Trust Funds in account 72X8824 are subject to the provisions of Section 1311 of P.L. 663, 83rd Congress. Obligations must be established and documented in a manner similar to obligations incurred under U.S. funds in dollar appropriations or foreign currency (FT) accounts. Obligations must be for the purposes set forth in the agreement and must not exceed the amount of funds deposited, allotted and budget allowed for the particular purpose involved. Depending on the type of transactions, documentation will consist of purchase orders, contracts, or such other documentation normally used by the budget allowee to initiate the actions required. For conditional trust funds derived from donations for support of international conferences, for example, an agreement between the sponsoring/implementing agent and AID specifying the terms and conditions of the use of the funds may be considered as an obligation document. Trust Fund obligation documents must not be released without the clearance for availability of funds with M/FM/PAD or M/FM/SSD as appropriate.

4. Special Procedures for Accepting and Use of Conditional Gifts and Donations

a. Basic Requirement for Accepting Gifts and Donations Earmarked for Specific Uses

Gifts and donations earmarked for specific uses can be accepted only after clearance by M/FM of the recommendation and agreement, approval and signatures obtained on the Determination, and execution of the agreement or other written arrangement. The steps followed to obtain such approvals are described above.

b. Releasing Funds for Payment for the Specified Activities

If the activities of the endeavor earmarked by the donors are to be handled by a sponsoring/implementing agent, the written agreement between the agent and AID should include clauses covering how and when the funds are to be released to the agent and appropriate reporting requirements. The method of releasing funds by cash advance to the agent in the form of a U.S. Treasury check may be considered. A list of donors and their respective amounts of contributions is provided to the sponsoring/implementing agent so that the agent can make acknowledgement of receipt of the contributions to the donors.

c. Reporting to the Donors

The sponsoring/implementing agent is responsible to report to AID all expenses incurred and paid for such endeavor. Upon completion of the endeavor, the agent or the appropriate AID office or bureau is responsible for reporting to each donor the result/accomplishment of the endeavor. The form used for this reporting requirement should also include a phrase similar to the following whenever there are funds remaining: "From your donation of $___, there remains an unused balance of $___. If you desire a refund of this amount, please contact _____." This report must be cleared by M/FM before being sent to the donor.

5. Use of Donated Funds for Entertainment

a. Donated funds may be used for entertainment so long as the entertainment furthers a valid agency function. (See 61 Comp. Gen. B-206173, February 23, 1982.) The Agency may use donated funds for entertainment without regard to the limitations of Section 636(a)(6) of the FAA or Section 508 of the appropriations act. Section 636(a)(6) of the Foreign Assistance Act of 1961, as amended, 22 U.S.C. 2396(a)(6), authorizes the use of up to $25,000 in any given fiscal year for entertainment in the U.S. In addition, AID's annual appropriations act usually makes available a limited amount of appropriated funds for entertainment, e.g. Section 508 of the Foreign Assistance and Related Programs Appropriations Act, 1982, Public Law 97-121 (1981), limits entertainment expenses to not to exceed $10,000 of "the funds appropriated or made available pursuant to this Act." (See Chapter 12, Section 12B of this Handbook for further information on the use of appropriated funds for entertainment.)

b. Donations may not be used for purely social events and should not be accepted in circumstances which might result in, or create the appearance of, a conflict of interest. The Deputy General Counsel, as the Agency's Ethics Official, should be consulted in cases where there is any question as to the propriety of accepting a particular donation.

c. The Agency may accept donations for entertainment including in-kind articles; for example, wine and cheese. The Agency's gift authority contained in Section 635(d) of the FAA refers to money, funds, property, and services of any kind made available by gift.

d. M/FM/SSD is the division responsible for the acceptance and accounting of donated funds for entertainment.

6. Refunds of Unexpended Balances of Trust Funds from Conditional Donations

To avoid unnecessary work to prorate and issue numerous small amount checks, the unused balance in such Trust Fund account will ordinarily not be refunded unless the donor so desires. Such unused balance will be kept by AID for future use. Refunds will only be made at the request of the donor. Any amounts that are not refunded will from that point on be treated as unconditional donations.

7. Sample Format: AID/W Section 635(d) of the Foreign Assistance Act

Determination under Section 635(d) of the Foreign Assistance Act

I recommend the acceptance/rejection of the proposed written agreement/arrangement which is attached to this document. Based upon a review of the documents concerned, the following criteria have/have not been met:

- the agency can comply with conditions of the donation and still use the donation in furtherance of the purposes of the FAA;
- the agency can comply with conditions of the donation in a reasonable and cost efficient manner; and
- acceptance of the donation will not result in, or create the appearance of, a conflict of interest.

Summary of Determination:

- Date of Determination _____
- Amount of Donation _____
- Purpose for which Funds are Available _____
- Further Conditions/Restrictions on Fund Use _____

(Signature)
Assistant Administrator (Type Name)
Bureau Name (Type Name)

(Signature)
Controller/Division Chief (Type Name)
Office of FM (Type Name)

AID-7-222 (3-63)

REQUEST FOR MAILING SALARY ~~CHECK~~(S)

FOR PERIOD OF:

EMPLOYEE'S NAME	ORGANIZATION UNIT	PLEASE MAIL MY SALARY CHECK(S) FOR THE ABOVE PERIOD TO ME AT THE FOLLOWING ADDRESS:
FOR USE OF EMPL. ADMIN. OFF. ONLY DATE OF REQUEST	I DESIGNATE THE PERSON NAMED BELOW TO ACCEPT DELIVERY OF MY CHECK(S) PRINT NAME OF EMPLOYEE'S REPRESENTATIVE	
APPROVED: *(Administrative Assistant)* CHECK NUMBER DATE OF CHECK AMOUNT OF CHECK	TO- *(Type or Print)*	WHEN CHECK IS TO BE MAILED, TYPE COMPLETE NAME AND ADDRESS ON ORIGINAL AND 1 COPY. PREPARING OFFICE INSERTS APPLICABLE INFORMATION ON ORIGINAL, WHICH IS RETAINED BY THE PREPARING OFFICE. DUPLICATE IS PLACED IN ENVELOPE WITH CHECK. WHEN CHECK IS TO BE DELIVERED TO PAYEE'S REPRESENTATIVE ONLY ONE COPY IS USED WHICH IS RETAINED BY PREPARING OFFICE.
DATE MAILED OR PICKED UP	SIGNATURE OF EMPLOYEE	SIGNATURE OF PERSON RECEIVING CHECK FOR PAYEE

(Record of additional checks delivered under this request on reverse side)

CHECK NUMBER	DATE OF CHECK	AMOUNT OF CHECK	DATE MAILED OR PICKED UP

AID-7-322 (9-63) BACK

AID-7-232 (4-63)

AGENCY FOR INTERNATIONAL DEVELOPMENT
RETURN OF UNDELIVERABLE CHECK(S)

TO: (DESIGNATED AGENT)	DIVISION	BLDG. & ROOM NO.	DATE CHECKS REC'D.

FROM: (NAME AND ORGANIZATION NO.)	SIGNATURE	DATE

PAYEE'S NAME	CHECK NO.	AMOUNT OF CHECK	REASON UNDELIVERABLE

Standard Form 1189
December 22, 1965
Treasury Department
Fiscal Service
Department Circular No. 1076
1189-101

REQUEST BY EMPLOYEE FOR PAYMENT OF SALARIES OR WAGES BY CREDIT TO ACCOUNT AT A FINANCIAL ORGANIZATION

(To be submitted by employee to employing agency)

TO BE COMPLETED BY EMPLOYEE (In Triplicate)

NAME OF EMPLOYEE (As stated on check)	SOCIAL SECURITY NUMBER (or other employee number used by agency)
HOME ADDRESS	
AGENCY (Include also Bureau, Division, Branch or other designation of employing organization) TO:	
You are hereby authorized and requested to pay the net amount of salaries or wages due me by credit to my account with the financial organization designated below, beginning with pay for the next full pay period and continuing until canceled by me in writing.	
NAME OF FINANCIAL ORGANIZATION (To receive check)	MY ACCOUNT NUMBER AT THE FINANCIAL ORGANIZATION
ADDRESS (of office to receive check)	
CITY STATE ZIP CODE	
SIGNATURE OF EMPLOYEE	DATE SUBMITTED TO AGENCY
TO BE COMPLETED BY FINANCIAL ORGANIZATION (For return of original and copy to employee and retention of a copy) We, the above-designated financial organization, hereby agree to act as agent of the above-named person in the capacity indicated. Our account number shown above for the person named herein, should be included as additional identification, for our convenience, on individual checks forwarded for credit to his account or on records accompanying composite checks for credit to his and other persons' accounts.	
AUTHORIZED SIGNATURE	TITLE

☆ U.S. GOVERNMENT PRINTING OFFICE : 1966—O-205-151 #39-F

EMPLOYEE ACCOUNTABILITY CLEARANCE FOR SEPARATION/TRANSFER

INSTRUCTIONS
See HB 19, Chap. 14B.

A. EMPLOYEE IDENTIFICATION

1. NAME AND FORWARDING ADDRESS

2. OFFICE

3. LAST DATE ON DUTY

☐ Separation
☐ Transfer

B. ADMINISTRATIVE CLEARANCES

CONTACT	ITEM	ACTION/REMARKS	STATUS (Initials) N/A	O.K.	See D.
AG/SEC	State-AID Identification Card				
	Separation Statement (JF-3)				
TS Control Officer	TX, EXDIS, LIMDIS Documents				
SER/MO	Accountable Property				
	Official Parking Permit				
	Emergency Relocation Pass and Manual				
	Official Passport				
	Dining Room Pass				
Administrative Officer	GTR Accountability				
	All Travel Vouchers Received				
	Files, Records, and Other Documents				
STATE-LR/OPR	Library Materials				
ARC	AID Memory Bank				

C. FISCAL CLEARANCES (SER/FM)

CONTACT	ITEM	ACTION/REMARKS	STATUS (Initials) N/A	O.K.	See D.
FM/CAD	Collections Due/Revoke Certifications				
FM/SSD	Medical Bills for Collection				
FM/ESD	All Travel Vouchers Processed				
	Voucher Exceptions				
	Erroneous Payments				
	Overdrawn Leave				
	Advances				
	Pre-Departure				
	Travel				
	Foreign Transfer Allowance				
	Home Service Transfer Allowance				

D. ITEMS OF INDEBTEDNESS

	VALUE
TOTAL ➤	

E. CERTIFICATIONS

SER/PM CERTIFICATION - This certifies that to the best of my knowledge tha above named employee
☐ has cleared the contact points and items on all administrative and fiscal items listed in sections B and C.
☐ should be charged for items of indebtness listed in section D.

SIGNATURE OF SER/PM PLACEMENT OFFICER OR COGNIZANT PROJECT MANAGER

DATE

EMPLOYEE'S CERTIFICATION -
☐ I have accounted for all government property assigned to me and have no known indebtedness to the U.S. Government.
☐ I have accounted for all government property assigned to me except as may be shown above.
- ☐ I approve deduction of $_____ from my final salary payment to cover all indebtedness shown above.
- ☐ I have paid $ _____ to the AID Cashier to cover all indebtedness shown above. Date of receipt: _____
- ☐ I understand that the storage of effects will not exceed 90 days at the governments expense after my last day in pay status. (Applies to FS employees only)

EMPLOYEE'S SIGNATURE

DATE

F. APPROVAL FOR PAYMENT

SER/FM/ESD CERTIFICATION - I certify that I have reviewed the above clearances and find:
☐ all required items are cleared.
☐ items of indebtedness are on record, and
- ☐ payment has been received.
- ☐ deduction is being made.

SIGNATURE

TITLE

DATE

(RECOMMENDED FORMAT)

Request
No. 68-1

REQUEST FOR ADVANCE PAYMENT
TEMPORARY LODGING OR LIVING QUARTERS ALLOWANCE
MISSION_____ DATE_____

1. I hereby request an advance payment of (type of allowance) in the amount of (local currency units) (local currency name), U.S.-dollar equivalent of $_____, covering the period from _____ through _____ to be repaid through payroll or voucher deductions, as appropriate. In the event of my subsequent separation or transfer, I agree to refund to AID the unearned balance of this advance. Advance payment, if made from appropriated funds, will be stated in dollars and although paid in local currency, full dollar repayment will be made even though rates of exchange may fluctuate between the time of the advance and the time of repayment.

2. This advance is requested in order that I may make an advance payment of rent in the amount of (number of units) (currency name) as required by the lessor, and because I would suffer a hardship if I were required to pay the advance rent from personal funds.

3. I understand that even though I will continue to be subject to any increases and decreases in the (type of allowance) rate, such increases and decreases will have no effect whatsoever on the amount of the advance payments which I receive, nor on the period within which repayment of the advance, as stipulated above, must be made.

_____ _____
(Typed or printed name) (Signature)

* * * * *

APPROVAL OF ADVANCE PAYMENT OF ALLOWANCE

TO: (The paying office)

The above applicant's request for advance payment of (type of allowance) has been reviewed. Advance payment is required by local custom and payment of the advance from personal funds would place an undue hardship on the employee.

Approval is hereby granted for the advance payment of (local currency units) (currency name), U.S.-dollar equivalent of $_____, repayment of which is to be made by deductions of equal amounts each pay period beginning (date) and ending (date). The employee understands that he/she is to make full repayment in the currency of the fund account charged with the advance.

_____ _____
(Typed name and title) (Signature)

(SEE REVERSE FOR RECORD OF ADVANCE AND REPAYMENT.)

(REVERSE)

Att 14E, Ch 14, HB 19
(TM 19:33)

RECORD OF ADVANCE AND REPAYMENTS

(To be maintained in dollars, except when advance is made from Local Curr. Acct.)

Date	Reference	Advance	Repayments	Balance

ATTACHMENT 14F

Application
For
Advance of Allowances

Account No. _____ Appropriation _____

Name of Applicant _____

Post of Assignment _____

An advance of allowance for _____
(indicate whether Foreign Transfer or Home Service Transfer Allowance)

is hereby requested. I understand that a Form 1190 accompanied by appropriate receipts must be submitted to liquidate this advance.

Mail check to _____

_____ _____
Date (Signature of Applicant)

An advance in the amount of $_____ is hereby approved.

_____ _____
Date (Signature and title of approving officer)

ATTACHMENT 14G

DEPT. OF STATE 0-03
SEC. 0734, STD. REGS. *(GCFA)*

(1190—101)

FOREIGN ALLOWANCES APPLICATION, GRANT, AND REPORT

COMPLETE ALL BOXES. MARK "NA" IN BOXES NOT APPLICABLE. USE SUPPLEMENTARY SHEET IF NECESSARY.
COMPUTE ALLOWANCES AT MOST FAVORABLE EXCHANGE RATE AT WHICH YOU OBTAIN FOREIGN CURRENCY ON THE DATE OF THIS APPLICATION.
($1 U.S. EQUALS _____ ; IF MORE THAN ONE SUCH RATE IS CURRENT AT POST, QUOTE AND EXPLAIN IN BOX 26 ALL RATES AND STATE WHICH IS USED BELOW.

1. POST AND COUNTRY OF ASSIGNMENT	2. AGENCY	3. DATE OF FORM	4. NAME OF EMPLOYEE *(Last - first - middle initial)*

5. GRADE	6. TITLE OF POSITION	7. BASIC ANNUAL SALARY	8. LAST PREVIOUS POST OF ASSIGNMENT

9. DATE OF ARRIVAL AT POST	10. (AGENCY USE)	11. DATE OF ENTRY ON DUTY AT POST IF RECRUITED LOCALLY	12. (AGENCY USE)

13. (AGENCY USE)	14. REASON FOR PRESENCE IN AREA IF HIRED LOCALLY *(Explain fully)*

15. FAMILY DOMICILED AT POST

NAME	RELATIONSHIP	DATE OF BIRTH	% OF DEPENDENCY	U.S. CITIZEN YES	U.S. CITIZEN NO	PLACE OF RESIDENCE STREET ADDRESS AND CITY	DATE OF ARRIVAL AT POST
(1)							
(2)							
(3)							
(4)							
(5)							
(6)							

16. FAMILY DOMICILED AWAY FROM POST

NAME	RELATIONSHIP	DATE OF BIRTH	% OF DEPENDENCY	U.S. CITIZEN YES	U.S. CITIZEN NO	PLACE OF RESIDENCE STREET ADDRESS, CITY AND COUNTRY	DATE OF DEPARTURE FROM POST
(1)							
(2)							
(3)							
(4)							

17. (AGENCY USE)	18. (AGENCY USE)

19. IF SPOUSE EMPLOYED BY U.S. GOVERNMENT, COMPLETE THE FOLLOWING:

A. TITLE OF POSITION	B. GRADE	C. BASIC ANNUAL SALARY	D. POST DIFFERENTIAL OR TYPE OF ALLOWANCES RECEIVED

20. DESCRIPTION OF QUARTERS OCCUPIED BY EMPLOYEE

A. STREET ADDRESS	B. APARTMENT OR ROOM NO.	C. DATE OCCUPIED	D. SIZE OF QUARTERS
			_____ ROOMS _____ BATHS

E. TYPE OF QUARTERS *(Check appropriate boxes)* ☐ FAMILY HOUSING REQUIRED AS FAMILY DUE TO ARRIVE AT POST ABOUT _____ (DATE)

☐ HOUSE ☐ APARTMENT ☐ HOTEL ☐ PENSION ☐ UNFURNISHED ☐ FURNISHED ☐ PARTLY FURNISHED
☐ GOVT. OWNED OR LEASED ☐ PRIVATELY LEASED ☐ OWNED BY EMPLOYEE OR SPOUSE

21. EMPLOYEE'S ☐ DAILY EXPENSES FOR TEMPORARY LODGING OR ☐ ANNUAL EXPENSES FOR LIVING QUARTERS *(Check applicable box)*

EXPENSE ITEMS (SUPPORT EXPENSES BY SUBMITTING COPY OF LEASE OR RENTAL AGREEMENT, RECEIPTS, OR CANCELLED CHECKS. IF UNOBTAINABLE, EXPLAIN WHY AND CERTIFY UNDER "REMARKS")	FOREIGN CURRENCY PAYMENTS A.	U.S. DOLLAR EQUIVALENT OF COLUMN A B.	U.S. DOLLAR PAYMENT (COMPLETE IF PAID IN U.S. DOLLARS) C.	U.S. DOLLARS (TOTAL OF COLUMNS B AND C) D.
(1) COMBINED RATE FOR LODGING AND MEALS, WHEN APPLICABLE				
(2) SEPARATE RATE FOR LODGING UNDER COMBINED RATE				
(3) RATE FOR QUARTERS OR LODGING ONLY				
(4) TAXES REQUIRED BY LAW TO BE PAID BY LESSEE (OR LAND RENT FOR PERSONALLY OWNED QUARTERS) *(Specify)*				
(5) IF EMPLOYEE OR SPOUSE OWNS QUARTERS INSERT ORIGINAL PURCHASE PRICE				
(6) GAS				
(7) ELECTRICITY				
(8) OTHER HEAT, LIGHT, FUEL, WATER *(Specify)*				
(9) SEPARATE RENTAL FOR GARAGE, OR FURNITURE *(Specify)*				
(10) INSURANCE REQUIRED BY LOCAL LAW TO BE PAID BY LESSEE				
TOTAL COSTS (2) THROUGH (10)				

22. IF EMPLOYEE SHARES QUARTERS GIVE NAME OF PERSON(S) WITH WHOM SHARING AND EMPLOYING FIRM OR AGENCY

23. IF EMPLOYEE RENTS QUARTERS FROM ANOTHER GOVERNMENT EMPLOYEE, GIVE NAME OF THAT EMPLOYEE AND EMPLOYING AGENCY

24. IF EMPLOYEE LETS OR SUBLETS PORTION OF HIS OWNED OR LEASED QUARTERS, COMPLETE THE FOLLOWING:

A. NAME OF SUBLESSEE AND EMPLOYING AGENCY OR FIRM	B. AMOUNT RECEIVED FROM SUBLESSEE	C. HAS AMOUNT RECEIVED FROM SUBLESSEE BEEN DEDUCTED FROM EXPENSES SHOWN IN ITEM 21?	D. DATE LET OR SUBLET

25. EMPLOYEE'S EXPENSES FOR CHILDREN'S EDUCATION

CHILDREN'S NAMES	NAME AND ADDRESS OF SCHOOL	SCHOOL: AT POST	SCHOOL: AWAY FROM POST	U.S. GRADE EQUIVALENT	DATE ENTERS	DATE LEAVES
1.						
2.						
3.						
4.						
5.						
6.						

	CHILD 1.	CHILD 2.	CHILD 3.	CHILD 4.	CHILD 5.	CHILD 6.
BASIC TUITION						
BOOKS, SUPPLIES, AND NECESSARY ELECTIVE COURSES						
TRANSPORTATION						
ROOM AND BOARD						
OTHER (ITEMIZE AND EXPLAIN UNDER REMARKS)						
SUB-TOTAL						
SUPPLEMENTARY INSTRUCTION						
TOTAL						
HOME STUDY—GRADES 1–12						

26. REMARKS *(Or computations for education allowances)*

27. EMPLOYEE STATEMENT

The information given on the application is true and correct to the best of my knowledge and belief. I also understand that I am obligated to notify the authorizing office immediately of any change in conditions which may affect the amount of allowances and/or differential authorized herein.

DATE	SIGNATURE OF EMPLOYEE

28. SIGNATURE OF REVIEWING OFFICER, WHEN REQUIRED

29. APPROVAL OR GRANT

The following post differential and/or allowances are authorized or granted in the amounts shown, subject to change in accordance with governing regulations.

TYPE	AMOUNT	EFFECTIVE DATES: BEGAN	EFFECTIVE DATES: TERMINATED	TYPE	AMOUNT	EFFECTIVE DATES: BEGAN	EFFECTIVE DATES: TERMINATED
POST DIFFERENTIAL	%			EDUCATION ALLOWANCE PLUS SUPPLEMENTARY INSTRUCTION (P/SCHOOL YR)			
FOREIGN TRANSFER ALLOWANCE (LUMP SUM)				CHILD 1			
TEMPORARY LODGING ALLOWANCE (P/DAY)				CHILD 2			
LIVING QUARTERS ALLOWANCE (P/A)				CHILD 3			
POST ALLOWANCE (P/A)				CHILD 4			
SEPARATE MAINTENANCE ALLOWANCE (P/A)				CHILD 5			
SUPPLEMENTARY POST ALLOWANCE (P/DAY) *				CHILD 6			
HOME SERVICE TRANSFER ** ALLOWANCE — A. LODGING (P/DAY)				* IN ACCORDANCE WITH SEC. 223 OF THE STD. REGS. (DCPA) I HAVE DETERMINED THAT THE ABOVE-NAMED EMPLOYEE REQUIRES A SUPPLEMENTARY POST ALLOWANCE.			
B. TRANSFER (LUMP SUM)				** SEE SEC. 077.32c FOR REQUIRED CERTIFICATIONS.			

DATE	TITLE OF APPROVING OR GRANTING AUTHORITY	SIGNATURE
APPROPRIATION	ALLOTMENT	(AGENCY USE)

U.S. GOVERNMENT PRINTING OFFICE : 1973 O—510-455 (50-C)

ATTACHMENT 14H

UNIFORM STATE/AID/ICA REGULATIONS

366.3 *(Unassigned)*

**366.4 Encashment of Consolidated Local Currency Payroll Check

In those countries in which a USDO is not assigned and acceptance of individual local currency salary checks by local employees is not permissible, a consolidated payroll check or checks may be requested, with complete justification, from the automated center responsible for preparing the payroll for the post. The consolidated check is issued in the local currency amount equal to the total of the net pay of all local employees listed on a payroll and is payable to the State Department Class B Cashier athe post. Each check is inscribed, under purpose for which drawn, with the phrase "Purchase of Payroll Currency". The check is forwarded by the payroll center to the post with a copy of the payroll list reflecting the names of the local employees and the net salary amount due each employee.

After receipt of the check but not until payment is to be effected, the Class B Cashier endorses and cashes the check at the local depositary. The amount of the cash is then entered on the Form DS-1694, Exchange Transaction Record, as both a local currency receipt and a local currency payment. On the same line in the signature column, the remark "See Payroll List No. ___ attached" is shown. The signature of each employee is obtained on the payroll list as each payment is effected by the cashier and when all payments have been made or accounted for, the payroll list is attached to the DS-1694 as a matter of record.

If an amount is not due or cannot be paid to an employee within fourteen calendar days after the pay day, it is recorded on an OF-158 (formerly FS-459), which is processed as a collection (refund) from the employee and the fiscal data applicable to the payroll list are cited. The OF-158 number and date are recorded on the payroll list in lieu of the employee's signature. An extra copy of the OF-158 is forwarded by the post's payroll liaison office to the payroll center.

(*) Revision
(**) New Material

Within fourteen calendar days after each pay day, the Budget and Fiscal Officer, Administrative Officer, or Principal Officer, as available, determines that all signatures and collections of payroll monies are appropriately recorded and that the payroll action for the preceding pay day is completed. The officer also signs the signature column of the exchange record, on the line on which the applicable payroll list is recorded, as verifier of the completed action.

The recording of the payroll total on the accommodation exchange record will simultaneously increase and decrease the cashier's advance producing a net effect of zero on the advance total. At the same time, an official record is available by which the cashier records disposition of the proceeds of the consolidated check received from the payroll center.

This procedure should be avoided if at all possible, however, and individual checks should be used for payment of local employee salaries. See section 573.**

367 Recording Accommodation and Official Exchange Transactions

367.1 Exchange Transactions Record

A complete record of all exchange transactions, official as well as accommodation, is maintained on DS-1694, Exchange Transactions Record, by USDO's and authorized cashiers. The record serves to identify persons using the facility, and to identify negotiable instruments in cases of loss in transit, return due to insufficient funds, etc.

The DS-1694 is maintained in the format illustrated in Exhibit 367.1. The form is reproduced locally. Separate records are maintained for each kind of foreign currency at posts dealing in more than one foreign currency.

Exchange transactions are reported on *OF-234 (formerly FS-544),* Exchange Transactions Voucher, by type of exchange performed (see Exhibit 367.3-2). Separate DS-1694's are maintained when necessary to meet this reporting requirement.

367.2 Accountability Record

Amounts recorded as receipts and payments on the DS-1694 maintained by USDO's are totaled and posted daily to *OF-209 (formerly FS-465),* Accountability Record. Treasury checks issued for exchange transactions are entered as a receipt on the *OF-209* as part of the daily "Treasury checks issued" entry.

Amounts reported as receipts and payments by cashiers on *OF-234* (see section 367.3) are recorded by the USDO on the *OF-209* immediately upon receipt from the cashier. The USDO inserts on the *OF-234* the number and date of the *Deposit Ticket (SF-215) with which the dollar instruments are transmitted for deposit.*

367.3 Exchange Transactions Voucher

367.3-1 General

Exchange transactions are vouchered on *OF-234 (formerly FS-544),* Exchange Transactions Voucher. The *OF-234* is used both as an individual report of exchange activities by cashiers and the USDO, and as a consolidated report by the USDO of all exchange activities within the country for the accounting period.

367.3-2 Individual *OF-234*

The cashier prepares an individual *OF-234* whenever an *OF-205 (formerly FS-453),* Statement of Operating Cash Advance and Replenishment Voucher, *or comparable form* is prepared to request replenishment for exchange transactions. The totals on the *OF-234* must agree with the totals on the DS-1694.

The USDO prepares an individual *OF-234* at the end of each reporting period. The totals on the *OF-234* must agree with the totals on the DS-1694. When the USDO's exchange transactions are the sole exchange transactions within the country for the month, the USDO checks the "Consolidated" block on the *OF-234*, not the "Individual" block.

For the preparation of the individual *OF-234*, see Exhibit 367.3-2.

367.3-3 Consolidated *OF-234*

At the end of each reporting period the USDO prepares a consolidated *OF-234*, by category, covering all exchange transactions reported on individual *OF-234's prepared by the USDO* and by cashiers. The totals on the consolidated *OF-234*, both category and grand totals, must agree with the total amounts reported on the individual *OF-234's*, and on the *OF-209 (formerly FS-465).* Entries for section 5, line (A)(2), "Official (commercial) exchange," must be supported by a bank receipt or Form *OF-176 (formerly FS-92)* (see section 332.2-3a).

The consolidated *OF-234* is prepared in an original and one copy, with the "Consolidated" block checked in section 1 of the form. The original, with official (commercial) exchange documentation attached, is submitted to the Department of the Treasury with the SF-1218, Statement of Accountability (see Exhibit 313.2(p. 1)). The copy, with the individual *OF-234's* attached, is filed in the USDO's monthly account file.

367.4 Exchange Transaction at Non-USDO Post Requiring the Issuance of a U.S. Treasury Check

367.4-1 General

When a person is authorized to receive U.S. dollars in exchange for foreign currency (see section 365 and 366.2), and the person wishes, or is required, to receive a Treasury check, and there is no USDO assigned to the post, special handling is required by the cashier and the USDO.

367.4-2 Action by Cashier

The cashier accepts the local currency, and issues a receipt on *OF-158 (formerly FS-459), General Receipt,* in accordance with Exhibit 367.4.

Where a local depositary bank account exists, the cashier deposits the local currency and obtains a certified deposit slip for the exact amount of the *OF-158*.

(*) Revision

The collection is reported to the USDO on a *OF-208 (formerly FS-458),* Statement of Collections. Since accommodation exchange transactions are to be processed immediately, a special *OF-208* may be required. The collection is reported in section I, item 3, and section II, as a separate item, identified as "Accommodation Exchange." The *OF-208* is supported by one copy of the *OF-158,* the certified deposit slip, check, or cash, as applicable, and when the accommodation exchange requires special approval, by the authorization therefor. The *OF-208,* with attachments, is mailed to the USDO by the fastest safe means.

One copy of the *OF-158* is attached to the post copy of the *OF-208*.

The cashier does not enter the transaction on DS-1694 or *OF-234*.

367.4-3 Action by USDO

The USDO verifies the *OF-208*, and attachments. If a deposit slip is attached, it is posted to the USDO's bank book.

The USDO enters the *OF-158* on DS-1694, Exchange Transactions Record, at the exchange rate shown on the *OF-158*, with the description being "See attached *OF-158."* The Treasury check is issued, entered as a receipt on the *OF-209* as part of the daily "Treasury checks issued" entry, and mailed to the payee at the address shown on the *OF-158. The OF-158* is attached to the DS-1694.

(*) Revision

4 FAM Exhibit 367.1 (p. 1)

UNIFORM STATE/AID/ICA REGULATIONS

DS-1694 EXCHANGE TRANSACTIONS RECORD

Form 1-69 DS-1694

Department of State
Exchange Transactions Record

See separate sheets for private U.S. Citizens and U.S. tourists

(1) Post: New Delhi

Sheet No. 96

Date 1970	(2) Description	(3) Person Accommodated	(4) Exchange Rate	Receipts: Foreign Currency	Receipts: U.S. $ Equiv.	Receipts: U.S. Dollars	(5) Transmittal Ref.	Disbursements: Foreign currency	Disbursements: U.S. $ Equiv.	Disbursements: U.S. Dollars	(6) Initials
7/27	15-3/511, #807	Edward Nolan, DIA	4.76			100.00	23	476.00	100.00		EN
	Tr.Ck.113,778, Sym.6277 6/8/70	Margaret G. Ryan USIS				268.10	23	1,276.16	268.10		MGR
	Cash, departing post 7/28	Paul M. Price AID		714.00	150.00					150.00	PMP
	Subtotals (7)		4.76	714.00	150.00	368.10		1,752.16	368.10	150.00	
7/28	Treas. US 114,060 Bank of India	U.S.D.O.	4.80	48,000.00	10,000.00					10,000.00	[illegible]
	Cash, DIA-ID554,362	John P. Cassidy DIA, Washington	4.76			50.00		238.00	50.00		JPC
	Treas. US 96,492	Sgt. J. Jones Mil. Cashier	4.76			5,000.00	24	23,800.00	5,000.00		JJ
	AMEXCO G1,555,666 7/1 ($50) John Lundy and $5 cash	John L. Pardy State				50.00 5.00	24	261.80	55.00		JLP
	68-1/510, #97, 56 Gary Ave., Richmond, Va. PP#B014041	George L. Mason Lloyd Eng. Co., (AID)				100.00	24	476.00	100.00		GLM
	Subtotals			48,000.00	10,000.00	5,205.00		24,775.80	5,205.00	10,000.00	
7/31	68-109/514, 7/30 #907, PPX116116	Lawrence Gabler USIS, Hue	4.76			25.00	26	119.00	25.00		LG
	15-55/511, #307, 7/8 John J. Green PP#X444732	Jay C. Ready MAAG, Karachi				100.00	26	476.00	100.00		JCR
	Subtotals		4.76			125.00		595.00	125.00		
	JULY TOTALS (8)			52,998.00	11,050.00	53,886.70		256,500.72	53,886.70	11,050.00	

DS-1694, EXCHANGE TRANSACTIONS RECORD
GUIDE FOR MAINTENANCE

(1) Insert date of exchange transaction.

(2) For personal checks, enter the fractional transit (clearing house) number which appears in the upper right-hand corner of the check, or, if none, the name and address of the bank; the check number, the check date if other than the date of the transaction, and the name of the drawer if other than the presenter. If the presenter is not a payrolled employee of a Federal agency, enter the presenter's passport number and permanent address.

For Treasury checks, enter the number, date, checking account symbol, and the name of the payee if other than the presenter.

For traveler's checks, enter the name of the company, the number, date, and the name of the drawer if other than the presenter.

For currency, enter "cash".

(3) Enter the name of the presenter and the agency and/or contractor affiliation.

For State, add *FAAS* for those paid from the *FAAS* Allotment.

(4) Show the number of units of foreign currency equal to US $1.00.

(5) Enter the number of the *SF-215, General Receipt*, with which the checks are deposited with a designate general depositary, *Federal Reserve Bank, USDO, or RDO.*

Cashiers who remit the dollar instruments to the USDO or RDO enter the date of the OF-234, Exchange Transactions Voucher, by which the transactions are reported to the USDO or RDO, opposite the totals covered by the voucher.

(6) Persons accommodated manually initial the record to acknowledge receipt of the service.

(7) USDO's: Total the amount columns daily and post the totals to the OF-209, Accountability Record.

Cashiers: Total the amount columns when there is a change in the rate of exchange or, if the volume of transactions is significant, on a daily or weekly basis.

(8) USDO's: Transcribe the totals for the accounting period to an OF-234.

Cashiers: Transcribe the totals to an OF-234 when replenishment is being requested, at least monthly, for accommodation exchange payments.

ADDITIONAL INSTRUCTIONS

A. Maintain this record in an original only, in pen-and-ink.

B. Retain at post for *3 years.*

EXCHANGE TRANSACTIONS VOUCHER

1. TYPE OF VOUCHER (1) ☒ INDIVIDUAL ☐ CONSOLIDATED

2. PERIOD COVERED: July 1-31, 19XX (2)

3. POST: New Delhi, India

4. DATE: July 31, 19XX

5. SUMMARY OF TRANSACTIONS

DESCRIPTION (A)	(3) SPECIAL RATE OF EXCHANGE (B)	(4) FOREIGN CURRENCY Indian Rupees (C)	U.S. DOLLAR EQUIVALENT (D)	U.S. DOLLARS (E)
Receipts:				
(5) (1) Regular accommodation exchange		4,998.00	1,050.00	44,886.70
(6) (2) Official (commercial) exchange		48,000.00	10,000.00	
(7) (3) Military D.O.'s/cashiers				5,000.00
(8) (4) Local payrolls paid for AID/W For Excess and Near Excess Currencies Only:				
(9) (5) U.S. tourists		142.80	30.00	8,030.00
(9) (6) Private U.S. citizens		199.92	42.00	12,005.00
(10) (7) Federal beneficiaries				4,000.00
Total Receipts (11)		53,340.72	11,122.00	73,921.70
Payments:				
(5) (1) Regular accommodation exchange		213,660.72	44,886.70	1,050.00
(6) (2) Official (commercial) exchange				10,000.00
(7) (3) Military D.O.'s/cashiers		23,800.00	5,000.00	
(8) (4) Local payrolls paid for AID/W For Excess and Near Excess Currencies Only:				
(9) (5) U.S. tourists		38,222.80	8,030.00	30.00
(9) (6) Private U.S. citizens		57,143.80	12,005.00	42.00
(10) (7) Federal beneficiaries		19,040.00	4,000.00	
Total Payments (11)		351,867.32	73,921.70	11,122.00

6. TREASURY FUNDING: Total FT sales to FSA during reporting period: $861,700.28 (12)

7. CERTIFICATION: I certify that the totals above are correct and that the transactions were made at the prevailing rate of exchange unless otherwise stated.

(13) Title U.S. Disbursing Officer Signature William A. Burson

50234-101 GPO : 1975 O - 576-790

OPTIONAL FORM 234 (FORMERLY FS-544) MARCH 1975 DEPT. OF STATE

OPTIONAL FORM NO. 10
MAY 1962 EDITION
GSA FPMR (41 CFR) 101-11.6

UNITED STATES GOVERNMENT

Memorandum

TO : All Contracting Officers
(List D, Position 14)

DATE: August 11, 1977

FROM : CM/SD/POL, Joseph C. Watkins

CONTRACT INFORMATION BULLETIN 77-5

SUBJECT: Revised Edition of Standard Form 147 (SF 147)

Standard Form 147 has been updated by GSA to physically incorporate applicable new and revised provisions into the form.

Use of the revised SF 147 is effective on November 30, 1977 but may be used as soon as the revised form is available. Copies of the forms are anticipated to be available for use by October 31, 1977 through normal requisiting channels.

Specimens of Page 1 and 2 of the revised 2-77 are attached for your information and guidance.

1 Enclosure
as stated

CHAPTER 15 - ACCOUNTING FOR AID-OWNED AND -CONTROLLED PROPERTY

CHAPTER 15

ACCOUNTING FOR AID-OWNED AND -CONTROLLED PROPERTY

15A. Scope and Purpose

1. This chapter prescribes AID's accounting and financial reporting procedures pertaining to:

- -- AID-owned real property;
- -- AID-owned nonexpendable property; including property acquired for the administrative and logistical support of the Housing and Other Credit Guaranty Programs;
- -- AID-owned expendable property;
- -- AID-owned disaster assistance stockpiles of emergency relief property (equipment, supplies, and materials; and
- -- AID-controlled property (i.e. property for which AID has custodial responsibility but which is not owned by AID).

Accounting procedures for property pertaining to the following activities are excluded:

- -- Trust Fund Operations, see Chapter 5, Handbook 19. Although Trust Fund acquired property is not covered by this Chapter, the guidelines and procedures outlined herein, suitably modified to meet Trust Fund requirements, are observed.

- -- Advance acquisition of Section 608 Excess Property, and property acquired for the administrative and logistical support for the Excess Property Program, see Chapter 17, Handbook 19 (now in process).

- -- Property procured as "Commodities" under AID financed "Commodity Import Programs". Title and custodial responsibility for such property rests with the importer, see Chapter 10, Handbook 19.

- -- Property financed under AID Project Agreements. Title, custodial and records maintenance responsibility for such property generally rests with the Cooperating Government, except as specifically stated otherwise in the applicable agreement and/or related Implementation Documents, see Appendix 9, Chapter 9, Handbook 3 - Project Assistance, Part I.

2. The system prescribed herein is designed to promote effective worldwide property accounting for the programs and activities authorized by the Foreign Assistance Act of 1961, as amended. The system provides monetary accountability for AID Property and is in compliance with (a) the Budget and Accounting Procedures Act of 1950, (b) the Federal Property and Administrative Services Act of 1949, and (c) Public Law 84-863 of 1956 which requires that adequate property accounting records be maintained. The system is designed to incorporate the accounting principles and standards prescribed by the U.S. Comptroller General and provides effective control over Agency-owned and Agency-controlled property, regardless of how it was acquired; i.e., purchase, donation, transfer, treaty, construction, lease-purchase contract, trade-in, foreclosure, devise, forfeiture, confiscation, installment purchases, or other means.

3. Accounting controls are maintained in general ledger accounts and subsidiary records under three principal classifications: Real Property; Nonexpendable Property; and Expendable Property. Significant classifications of property are established for accounting and reporting purposes to clearly disclose the nature of AID's property assets; e.g., Office Furniture and Furnishings, Living Quarters Furniture and Furnishings, Motor Vehicles, Land, Buildings, etc.

4. AID's accounting system provides for a separate accounting entity for AID-owned and -controlled property. The subsidiary property records maintained identify physical quantities and locations of AID property subject to AID control, including property held in AID's custody.

5. The system provides for accounting for depreciation on all capitalized property (excluding land, leasehold improvements, and expendable property) on an annual basis at the Agency level. The system also provides for amortization of Government Investment in lease-hold improvements on an annual basis at the accounting station level.

15B. Responsibility

1. USAID

a. Each Mission Director or senior AID Representative has overall responsibility for the management of AID owned and AID-controlled property in the country in which the Mission is located.

15B1

b. The Executive Officer, Administrative Officer, or the head of the Joint Administrative Office (JAO) normally serves as the Mission Property Management Officer. The Property Management Officer is responsible for all functions of property management, accountability, utilization, maintenance and disposal as set forth in AID Handbook 23 - Overseas Support.

c. The Mission Controller is responsible for the establishment and maintenance of appropriate internal and financial control records and reports as set forth in detail in the following paragraphs of this Chapter. In those cases where a Mission Controller position has not been established, Controller functions are specifically assigned to the Controller of a nearby country and such officer is responsible for the internal and financial control records and reports as set forth in this Chapter.

d. Mission Controllers, in conjunction with Property Management Officers, assure that contractors and grantees maintain adequate custody records for AID-owned property for which custody has been accepted by the contractors or grantees, whether contractor/grantee procured or AID procured. In addition, the Controller and the Property Management Officer coordinate the transfer of custody of such property to AID with appropriate recordation on the Mission property accountability records upon termination of the contract/grant or when the contractors'/grantees' need for the property is ended, whichever occurs earlier. (See paragraph 15F below.)

2. AID/W

a. Under the general supervision of the AID/W Director of Management Operations, the Chief of the General Services Division is designated as the Property Management Officer and is responsible for all functions of property management, accountability, utilization, maintenance, and disposal as set forth in AID Handbook 20 - Office Services.

b. Under the general supervision of the Assistant Administrator, Bureau of Private and Development Cooperation, the Director of the Office of U.S. Foreign Disaster Assistance is responsible for procurement, storage management, accountability, release, and shipment of materials stockpiled overseas for disaster relief assistance.

c. Under the general supervision of the Agency Controller: (1) the Chief of the Support Services Division is responsible for the establishment and maintenance of appropriate internal control and financial control records as set forth in this Chapter for AID-owned and-controlled property in the U.S., (2) the Chief of the Program Accounting Division is responsible for establishment and maintenance of appropriate internal control records as set forth in this Chapter for AID-owned disaster relief property located in pre-positioned stockpiles outside the United States, and (3) the Chief of the Central Accounting Division is responsible for the review of the data on all General Ledger Trial Balances pertaining to AID-owned and-controlled property and the consolidation thereof for inclusion in the overall financial statements prepared for the Agency.

15C. Real Property

1. Statutory Authority

Section 636a of the FAA provides authority for leasing or renting of buildings and space in buildings in the United States, and for repair, alteration and improvements of such leased property. Section 636a and 636c of the FAA also provide authority to acquire outside the United States by purchase, lease, rental, construction and otherwise, living quarters, office space and necessary supporting facilities (including schools and hospitals) for use of personnel administering the provisions of the FAA. Purchase or construction of living quarters, office space and necessary supporting facilities is authorized overseas where AID's basic requirements cannot be met by leasing or by use of U.S. or cooperating country government property available to AID. Statutory limitations under Section 636c provide that such acquisitions will not exceed $3,000,000 in any one fiscal year. This restriction excludes residential housing which ultimately becomes personnel quarters for the cooperating country government staff and is a necessary part of a project facility.

2. Definition of Real Property

a. Real property is defined as property consisting of land and all appurtenances to land, such as buildings, capital improvements subsequent to building acquisition, utility systems, leasehold improvements, and other structures and facilities.

3. Classification

Real property controlled by property records and general ledger accounts is further identified as follows:

(Note: Procedures for management of and maintenance of subsidiary accounting records for AID-leased real property overseas are set forth in Chapter 5, Handbook 23. Rental payments and maintenance and repair costs incurred to keep AID-leased real property in satisfactory operating condition are accounted for as current operating expenses and are not subject to property general ledger control.)

a. Land

AID-owned land or that land in which AID has a life interest. Life interest is defined as covering land obtained by treaty or other means, and which can by the terms of its acquisition be considered the equivalent of AID-owned.

b. Buildings

AID-owned buildings erected or in process of construction on AID-owned or AID-leased land including:

- Office, hospital, school, housing, warehouses, cover sheds, industrial, maintenance and repair shops, laundries, and all other permanent-type buildings;

- AID-owned temporary buildings erected on concrete foundations which are of a permanent character having a continued value except such buildings set up expressly for construction purposes;

- Cost of capital improvements, additions, and betterments incurred subsequent to building acquisition, including the cost of sidewalks, parking areas, fences, and other similar improvements serving one AID-owned building, and the cost of fixtures and equipment which are normally required for the functional use of the building (plumbing, heating, and lighting fixtures; elevators; air-conditioning systems; etc.) or which are built into the structure or permanently affixed thereto (installed safes and vaults), the removal of which would materially damage the structure; and

- AID-owned utility systems (water, electric power, and light; sewers; stand-by or auxiliary power plants; etc.) serving one AID-owned building.

c. Leasehold Improvements

Easements, rights-of-way, and leasehold improvements to land, buildings, or structures, and facilities occupied by AID as leasee.

d. Structures and Facilities

AID-owned utility systems serving more than one AID-owned building or serving AID-leased buildings. Includes the cost of sidewalks, parking areas, fences, etc., which serve more than one AID-owned building and the cost of any other AID-owned real property which cannot be classified under any of the categories.

4. Valuation (Capitalization) Criteria

a. The value recorded for land, buildings, leasehold improvements, structures and facilities is the cost at time of acquisition by AID. If the acquisition cost is not known (e.g. when acquired by transfer without cost to AID), the appraised value expressed in U.S. dollars, based upon engineering estimates or estimates by other qualified personnel, is used. The cost of land and the cost of buildings erected thereon are shown in separate general ledger accounts. If a building and the land are acquired simultaneously, but not costed individually, the cost for each is obtained.

b. Management control over the cost of assets acquired by construction is such as to assure that the cost of the work is kept within the authorized amounts and that accurate costs are recorded and transferred to the proper fixed-property accounts when the work is finished.

c. Accounts for the cost of facilities constructed by or for the Government include all material elements of cost, including those for:

(1) Engineering, architectural, and other outside services for designs, plans, specifications and surveys.

(2) Acquisition of land, buildings, and other facilities.

(3) Labor, materials and supplies, and other direct charges.

(4) An appropriate share of the equipment and facilities used in construction work.

(5) Applicable indirect costs.

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(6) Fixed and severable collateral equipment and its installation to complete the facility for its intended use.

(7) Inspection, supervision, and administration of construction contracts and construction work.

(8) Legal fees and damage claims.

(9) Fair value of contributed or donated land, facilities, utilities, labor, materials, supplies, services, and equipment.

(10) Regardless of how they are financed, all incurred costs are accumulated in the accounts and properly classified in a fixed asset account upon completion of construction so that reliable information on total cost is available for management and financial reporting purposes.

d. Fixed assets owned by AID may be changed by additions, alterations, betterments, rehabilitations, or replacements. The basic principle to be observed in accounting for such changes is to capitalize the costs incurred in making such changes, where they significantly extend the useful life of property or its capacity to render service, and to remove from the property accounts the cost of features superseded or destroyed in the process.

e. When acquisitions are by construction or purchase with payment in local currency other than trust funds, the cost is expressed in the U.S. dollar equivalent at time of acquistion.

15D. Nonexpendable Property - Acquired for Administrative Purposes

1. Statutory Authority

Section 636a of the FAA provides the authority to acquire by purchase or lease nonexpendable property, including aircraft (provided that aircraft for administrative purposes may be purchased only as specifically authorized in an appropriation or other act), furnishings and equipment for living quarters, offices and projects, and vehicles. The statutory and administrative limitations relating to the purchase and/or exchange of vehicles are fully detailed and described in Chapter 6, Handbook 23.

2. Definition of Nonexpendable Property

a. Nonexpendable property whether AID-owned or -controlled is personal (as opposed to real) property which (1) is complete in itself, (2) does not lose its identity or become a component part of another article when put into use, and (3) is of a durable nature with an expected service life of one or more years. In addition, a *$500.00* Unit Price is established as an administrative guideline to be used as one of the criteria considered in classifying items for capitalization and inventory controls. This guideline, however, is not a blanket authority to classify all items under *$500.00* as expendable property (not subject to maintenance of accountable property record cards). "High-risk of loss" items such as executive pen sets, briefcases, etc., are always considered nonexpendable, regardless of cost and are subject to control. Other examples of property which may be "sensitive" are: serially numbered items such as precision instruments, furniture, machines, etc.

b. AID-owned nonexpendable property is all nonexpendable property with title vested in AID and is acquired as follows:

(1) By purchase with Operating Expense funds;

(2) By purchase with program funds, where AID has title. (See 15A1 above.)

(3) By purchase with U.S.-owned local currencies made available to AID without charge to AID's appropriations

(4) By donation, transfer, fabrication, lease-purchase contract, trade-in, foreclosure, devise, forfeiture, confiscation, etc., with or without expenditure of AID funds.

c. AID controlled non-expendable property is all non-expendable property for which AID has custodial responsibility but which is not owned by AID. Examples of AID controlled nonexpendable property are:

(1) Borrowed property. Borrowing property from other U.S. government agencies or cooperating country agencies is appropriate when property is available and required. Written agreements must be made covering these transactions when time periods of more than three months are involved.

(2) Property leased by AID for three months or longer, or on a lease purchase agreement (until such time as AID chooses to exercise its option to purchase), is considered AID controlled but

15D2c(2)

not owned. Included in this category is that property in living quarters or office space leased by AID on a "furnished basis."

(3) As indicated in 15A1 above, this chapter does not include general ledger accounting for Trust Fund property. Therefore, although property owned or leased by the Trust Fund frequently is AID controlled (i.e., AID has operational use and custodial responsibility but does not have title to the property) general ledger accounting and reporting for such property is not included herein. See Handbook 19, Chapter 5.

3. Valuation (Capitalization) Criteria

a. Except as provided in paragraphs 15I2d(2)(b) and (c), below, property acquired by purchase is capitalized at invoice costs, less discounts whether taken or not, plus installation charges and predelivery costs (transportation, handling, packing, and storage).

b. Property acquired by purchase with a trade-in allowance for used AID property as part of the transaction is recorded as the total of the cash paid or payable plus the amount allowed by the seller on the traded-in property.

c. Property acquired from another Mission, AID/W, GSA or from another U.S. government agency at no cost is appraised at time of receipt to establish its value.

d. AID-controlled property and property acquired by donation, devise, forfeiture or confiscation is valued in the same manner as indicated in 15D3c above.

e. Property acquired as a result of AID paying for its fabrication is valued at the total cost paid by AID to have such items fabricated.

f. Property transferred to AID by another agency on a reimbursable basis is accounted for at the transfer price as determined by agreement or application of appropriate statutory requirements or Agency regulations, but at not less than its estimated useful value.

g. Property acquired by foreclosure process is capitalized at the lesser of (1) the appraised or fair market value, or (2) the amount owed by the borrower plus any costs incurred by AID.

15E. Expendable Property

1. Statutory Authority

Section 636a of the FAA provides the legal authority to purchase necessary supplies, parts and other expendable property for use of personnel administering the provisions of the FAA.

2. Definition of Expendable Property

Expendable property is property which when put in use is consumed, loses its identity or becomes an integral part of another item of property, or is of low value (less than $50). Examples are: office supplies, fuels, spare parts and assemblies, tires, book ends, trash cans, dish trays, and the like. (Note: Sensitive items are considered and accounted for as **nonexpendable, regardless of costs. See paragraph 15D2a above.**)

3. General Guidelines

a. Each Mission and AID/W will establish and maintain such control of its supplies and materials as to assure that the total investment is kept to a minimum, yet consistent with its needs. In determining the quantities of items to be carried in stock, consideration is given to the rate of issue, lead time, purchase price of items, cost of procurement, cost of carrying inventories, transportation, etc.

b. Missions operating under Joint Administrative Office (JAO) concepts are furnished common-use expendable property as needed under Shared Administrative Support Agreements. Missions will not include JAO acquired common-use expendable property in (1) the General Ledger or subsidiary accounts, or (2) Item C, Supplemental Information, of the General Ledger Trial Balance (see Attachment 15D).

c. Expendable property purchased and expendable property issued for use, or to replenish small cupboard stocks, are considered used at time of issue and are accounted for as current operating expenses. Items issued from large central supply points are costed on an average cost basis. It has been administratively determined that monetary accounting after issue serves no useful purpose. This does not, however, relieve the Controller and Property Management Officer of responsibility for good management and administrative control.

d. Monetary accountability via the general ledger and property receipt register systems as prescribed in paragraphs 15H and 15I below is required for expendable property on hand at large central supply points, i.e., locations where the minimum stock level of expendable property exceeds $25,000.

15E3d

(1) Once it has been established that General Ledger accountability for expendable property is required, accounting stations continue such accountability despite the fact that the inventory value at some time falls below $25,000. If, under certain circumstances (e.g., phase-down of USAID operations), it can be reliably anticipated that an inventory level of less than $25,000 will not be exceeded in the foreseeable future, discontinuance of General Ledger accountability will be evaluated by AID/W upon receipt of a fully justified request therefor.

(2) Conversely, if originally it was established that General Ledger accountability was not required, and subsequently it is determined that the expendable property inventory value exceeds $25,000, General Ledger accountability must be established at that time and subsequently maintained.

15F. Government Property in Contractor's Custody

1. General

AID contracts hold the contractor responsible and accountable for Government property, and require the contractor to establish and maintain a system to control, protect, preserve, maintain and submit an annual report on all Government property.

2. References

AIDAR 752.245-70; 752.245-71; and 752.7003(b)(AID Handbook 14, or 48 CFR 7).

3. Definition of Government Property

The term "Government furnished property", wherever it may appear in this section, shall mean (1) non-expendable personal property owned by or leased to the U.S. Government and furnished to the contractor and (2) personal property furnished either prior to or during the performance of a contract by any U.S. Government accountable officer to the contractor for use in connection with performance of a contract and identified by such officer as accountable. The term "government property", wherever it may appear in the following clause, shall mean government-furnished property and non-expendable personal property title which vest in the U.S. Government under this contract. Non-expendable property is defined as property which is complete in itself, does not lose its identity or become a component part of another article when put into use; is durable, with an expected service life of two years or more; and which has a unit cost of more than $500.

4. Contractor's Acquisition of Property

Contractors may acquire AID-titled property in several ways. The most common means are:

a. Purchase by the contractor using contract funds,

b. Transfer from AID of existing property purchased by AID, and held by its accountable officer.

c. Transfer from AID of property acquired by AID for the contractor using AID funds, and

d. Transfer from other sources; i.e., other U.S. Government Agencies, at no cost.

5. Contractor's Responsibilities

Each contractor has the following responsibilities:

a. Maintain adequate records for AID-titled property which identify each accountable item of Government property acquired or furnished under the contract, including description, location, and price of each item.

b. Submit, as supporting documentation for the contractor's claims for payment, a vendor's invoice or photostat covering non-expendable property purchased under the contract for each item having a unit cost in excess of $500, appropriately detailed as to quantity, description, and price of each individual item purchased.

c. Promptly notify AID when AID-titled Government property is lost, stolen, destroyed, or damaged beyond economical repair by means of a discrepancy report which will be reviewed by the appropriate contract officer and M/SER/MO/RM in AID/W.

d. Submit to AID an annual report for each separate contract showing the value of AID-owned government property in custody and having a unit cost in excess of $500 and personal property listed as non-expendable. This report is titled "Annual Report of Government Property in Contractor's Custody".

(1) The content and format of the "Annual Report of Government Property in Contractor's Custody" required for each contract from each contractor holding Government property are described in Attachment 15E. See also (a) AID Handbook 14, Volume I, AIDPR Notice 84-3 and (b) CFR Title 41, Chapter 7, 7-7.5001-19.

(2) Included on the annual report is the "Property Inventory Verification" in which the contractor must attest that "physical inventories of Government property are taken not less frequently than annually", that "the accountability records maintained for AID-owned property are in agreement with such inventories" and that "the total of the detailed accountability records maintained agrees with the property value" reflected in the report.

(3) The report is prepared for each contract as of the last day of the contract year. This date fluctuates from contract to contract, so that all contractors do not report at the same time.

d. In addition to property received from contractors, M/FM will require from M/SER/MO two copies of all transfer documents concerning property transferred from AID inventory to a contractor for posting to the general ledger and to the detailed subsidiary record maintained for each contract. The value of this property and the contract number will be recorded on the basis of the itemized transfer document prepared by M/SER/MO and receipted by the contractor. M/SER/MO will send copies of transfer documents to the M/FM paying office for posting property transferred either to AID inventory or from it to the detail subsidiary records.

e. M/FM/CAD records general ledger entries on the following basis:

(1) Opening entries are recorded on the basis of the contractor's initial report submitted pursuant to paragraph 15F5d above. The report covers all property acquisitions from contract inception through the reporting date, except for property transferred by AID to the contractor.

(2) Subsequently, the value of property purchased by the contractor using contract funds is recorded on the basis of the vendor's itemized invoice supporting the contractor's reimbursement voucher pursuant to paragraph 15F5b above.

(3) The value of property transferred to the contractor by AID is recorded on the basis of the itemized transfer document prepared by M/SER/MO. When the property is issued to a contractor, M/FM/CAD transfers the sum of the values of items having a unit cost of more than $500 from a general ledger asset account reflecting that the property is in AID's custody to an asset account reflecting that the property is in a contractor's custody.

(4) The value of property transferred to a contractor from outside sources without charge is recorded on the basis of AID's approval of the transfer and written evidence that the contractor has assumed custody of the property.

(5) The value of property transferred to AID by the contractor is recorded on the basis of a transfer document from the contractor and written evidence that AID assumed custody of the property. The document shows the description, quantity and unit cost of each item transferred.

(6) The value of property transferred by the contractor to entities other than AID or otherwise disposed of is recorded on the basis of an itemized (costed) transfer document, approved by an appropriate AID official, and receipted by the recipient when applicable.

6. Responsibilities of the Office of Financial Management

In AID/W, duties were assigned to the Office of Contract Management, the Office of Management Operations/Resources Management, and the Office of Financial Management to control and account for Government property in contractor's custody. The responsibilities of the Office of Financial Management include the following:

a. Maintain financial data on Government property by contract.

b. Record procurement data submitted with periodic reimbursement vouchers and check against authorized amount. The amount authorized for non-expendable property is obtained from the Office of Contract Management and is recorded by contract. The procurement data recorded will include only the dollar amount and the type of Government property. There are four types as follows: Motor Vehicles, Office Furniture and Furnishings, Living Quarters Furniture and Furnishings, and Other.

c. Check annual reports received from the Office of Contract Management against data input maintained based upon reimbursement vouchers. Make adjustments based upon discrepancy reports received from the Office of Contract Management.

d. Be able to provide dollar value (purchase price) of all Government property in possession of contractors at any one time.

e. Upon receipt of advice from the Office of Contract Management that disposition has been accomplished, purge AID property records for that contract and amount.

7. Procedures

a. M/FM will maintain subsidiary records for each individual contract for which there is AID/W payment responsibility. The records will be opened and updated on the basis of the contractor's reimbursement vouchers and M/SER/MO's transfer documents. The records will be reconciled by the M/FM paying office annually to the report submitted to the M/SER/CM contracting officer. The reconciliation will consist of reconciling the dollar amounts by type of Government property as discussed in 15F6b. Where differences occur in the reconciliations, the reasons therefor are ascertained and documented and action is taken as necessary to insure adequate control.

b. M/FM/CAD will maintain a general ledger account for AID-owned Government property in the possession of contractors. Account entries will be entered as is required based on the total value of equipment recorded for each individual contract. General ledger account balances will be maintained by M/FM/CAD.

c. Detailed property records for each contract will be maintained that reflect the dollar value of Government non-expendable equipment in the possession of the contractor. The detailed records will reflect only the dollar amounts by type of non-expendable property as discussed above in paragraph 15F6b.

15G. Disaster Assistance Stockpile Property

1. Statutory Authority

Sections 491, 492 and 493 of the FAA provide the basic authorities and guidelines for the agency's involvement in disaster assistance. These sections authorize furnishing assistance for relief, rehabilitation, preparedness, prediction and contingency planning for disasters abroad.

2. AID Regional Stockpiles

a. As indicated in paragraph 15B2b above, the Office of U.S. Foreign Disaster Assistance (OFDA) is responsible for procurement, storage, management, accountability and release of materials stockpiled overseas by AID for disaster relief assistance. Chapter 10, Handbook 8 - Foreign Disaster Assistance, lists the locations of the stockpiles, and the U.S. military or the commerical organization responsible for the operation of each facility.

b. Each depot is stocked with tents, cots, blankets, portable generators, field cooking outfits, and other relief supplies, materials and equipment. The stockpiles contain limited quantities of supplies and materials intended for rapid release and air delivery to a disaster site after the U.S. Ambassador (assigned to the country in which the disaster has occurred) has notified OFDA that a disaster exists and has requested disaster assistance. The stockpiles are intended to meet anticipated immediate needs, and after an initial response has been made from the stockpile, OFDA meets subsequent relief requirements from U.S. or other appropriate sources.

c. General ledger accountability for property purchased specifically for and shipped directly to individual disasters is not required by this Chapter. Monetary accountability via the general ledger and property receipt control register, as prescribed in paragraphs 15H and 15I3 below, is however required for all disaster assistance property (supplies, materials, and equipment) on hand at and processed through the regional stockpile depots.

d. Because of the transitory nature of the property in the stockpiles and other considerations; e.g., low unit cost of some items, the property is not subject to depreciation in the accounts.

e. The documentation used to record property transactions in the detail records maintained by the Office of Foreign Disaster Assistance and the general ledger accounts maintained by the AID/W Program Accounting Division (PAD) is as follows:

(1) Standard Form (SF) 33, Solicitation, Offer and Award, and SF 147, Order for Supplies or Services, are generally used for procurement of stockpile items.

(2) PAD ordinarily processes payments to suppliers or vendors based upon evidence that shipment to a stockpile has been initiated (Bill of Lading or other shipping document). Pending receipt of notice that the shipment has been received by the stockpile depot to which shipped, PAD posts the invoiced value of the goods (C&F, CIF) to the Property Receipt Control Register (Attachment 15C) as a debit to the Property-in-Transit account (No. 1710) and a credit to the Invested Capital account (No. 5115). See Proforma entries No. 1a and 6. (A copy of the paid voucher is sent to OFDA for its records.)

(3) (a) OFDA notifies the appropriate stockpile depot by telegram that items have been ordered and shipped with details regarding quantity and description of the line items. Subsequently, the depot transmits to OFDA by telegram appropriate details of receipt of the shipment at the depot. OFDA then adjusts its records for that depot to inclue the commodity arrival. The Department of Defense (DOD) and/or commercial documentation executed to substantite receipt of the property is retained at the stockpile facility for record and audit purposes.

(b) Based on its copy of the arrival telegram, PAD posts receipt of the property in the Property Receipt Control Register as a debit to the Disaster Assistance Stockpile Property Account (No. 1712) and a credit to the Property-in-Transit account (No. 1710). See Proforma entry No. 2. (Note: Account No. 1712 has one sub-account for each stockpile location.)

(4) (a) Following declaration of a disaster condition, OFDA instructs the appropriate depot by telegram to release specified quantities of materials for shipment to the disaster area via U.S. military or commercial aircraft arranged or chartered by OFDA. After release of the materials, the depot notifies OFDA by telegram

the quantity and description of the items released. (The number of items shipped and ordered to be shipped might differ due to lack of sufficient space on the carrier, or minor differences between the OFDA and depot records regarding quantity on hand.) The releasing stockpile facility retains the DOD or commercial document evidencing release/shipment of the property for record and audit purposes.

(b) OFDA computes the cost of each line item shipped on an average cost basis. Airlift costs are charged to Disaster Assistance funds specifically earmarked for the disaster to which the materials are shipped, and do not therefore enter into the material cost computation. After computation, OFDA adjusts its inventory records and forwards a copy of the release telegram to PAD. The copy is annotated to show the unit cost of the items released.

(c) Upon receipt of its copy of the costed release/shipment telegram, PAD prepares and processes a Journal Voucher and posts the issue transaction as a debit to the Issues-Disaster Assistance Stockpile Property account (No. 3017) and a credit to the Disaster Assistance Stockpile Property account (No. 1712). The debit balance in account No. 3017 is closed at the end of the fiscal year to the Invested Capital account (No. 5115).

(Note: Account No. 3017 has one sub-account for each stockpile location.)

(5) (a) All relief materials shipped are consigned to the U.S. Ambassador to the country where the disaster occurred, except when other arrangements are made with OFDA. The U.S. Mission is responsible for examining and counting the items upon arrival, and for notifying OFDA by telegram the quantity (and condition if damaged) of each line item received. The U.S. Mission is also responsible for obtaining and retaining receipts for all items transferred to the host government. Title to the property transfers to the host government at the time the property is physically transferred.

(b) OFDA does not adjust its records for any differences between the quantities reported as shipped by the releasing stockpile and arrived by the U.S. Mission. Significant differences are, however, investigated for necessary remedial action.

3. Reconciliation of Records

a. Each month OFDA prepares a machine listing of stockpile items shown on OFDA's records as being on hand at each stockpile, and transmits a copy to each depot for review, adjustment, if necessary, and return. The depots return the listing to OFDA with

deletions/additions, if appropriate, and citation of the release/receipt authority. At the end of each quarter (or more often, if necessary) OFDA transmits a copy of the costed machine listing to PAD.

b. A reconciliation between the detail property records maintained by OFDA and the general ledger accounts maintained by PAD is effected at least quarterly. Immediate action, if necessary, is taken by OFDA and PAD to investigate any differences between the two records, and to adjust the records as appropriate.
Note: Under no circumstances are adjusting entries made merely to bring the detail and general ledger accounts into agreement.

4. Inventories and Adjustments

a. By agreement, the U.S. military and the commercial organizations operating the stockpile facilities are required to conduct a physical inventory annually and to report shortages and overages and actions taken to reconcile the records. Shortages and overages disclosed as a result of the inventory are documented on standard forms appropriate to each facility, e.g., the U.S. Army uses DA Form 3161, Request for Issue or Turn-in, and the U.S. Navy uses NAVSUP 154, Survey Request, Report, and Expenditure.

b. OFDA computes the cost of the shortage/overage (see paragraph 15G2e(4)(b) above), adjusts its inventory records accordingly, and sends a copy of the costed document to PAD. No adjustments are made in OFDA or PAD records in the absence of properly executed documentation.

c. Upon receipt of its copy of the costed document, PAD prepares a Journal Voucher and posts the shortage/overage costs to the appropriate general ledger accounts. (See, for example, Proforma entry No. 12.)

d. Adjustments to the inventory and general ledger accounts are made from time-to-time for property surveyed for various reasons and are documented and processed in the manner described above. Damage to the stored material may occur due to climatic and other conditions, e.g., mildew, termites, out-dated medical supplies, and the like.

5. Reporting

The Chief Program Accounting Division transmits to the FM Central Accounting Division (FM/CAD) a trial balance, as of September 30 each year, of the applicable general ledger accounts in a manner similar to that described in paragraph 15K1 below. (See also Attachment 15D.) FM/CAD consolidates the financial information provided by PAD with that submitted by other property accounting stations.

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15H. General Ledger Requirements

1. Accounting controls for all AID-owned and AID controlled property are maintained in general ledger accounts without regard to appropriation. Uniform application of the general ledger accounts prescribed below will permit and facilitate consolidation on a world-wide basis.

ASSET ACCOUNTS	A/C No.	ACCOUNT TITLES
Dr	1601	Expendable Property - Supplies, Parts, etc.
Dr	1702	Office Furniture and Furnishings
Dr	1703	Motor Vehicles
Dr	1704	Living Quarters - Furniture and Furnishings
Dr	1705	Nonexpendable Property - Excluding Motor Vehicles - Held by Contractors
Dr	1706	Nonexpendable Property - Motor Vehicles - Held by Contractors
Dr	1707	Nonexpendable Property - Excluding Motor Vehicles - Held by Grantees
Dr	1708	Nonexpendable Property - Motor Vehicles - Held by Grantees
Dr	1709	Nonexpendable Property - Not Elsewhere Classified
Dr	1710	Property in Transit
Dr	1711	Deferred Predelivery Charges - Nonexpendable Property
Dr	1712	Disaster Assistance Stockpile Property
Dr	1801	Land
Dr	1802	Buildings - Permanent
Dr	1803	Buildings - Temporary
Dr	1804	Leasehold Improvements

ASSET ACCOUNTS	A/C No.	ACCOUNT TITLES
Dr	1804	Leasehold Improvements
Dr	1805	Structures and Facilities
Dr	1806	Construction in Progress
LIABILITY A/C		
Cr	2152	Accounts Payable - AID-Owned Property
NOMINAL A/C		
Dr	3015	AID-Owned Property - Transferred & Sold
Cr	3016	Sales and Transfers of AID Owned Property
Dr	3017	Issues - Disaster Assistance Stockpile Property
Dr	4013	Property Write Offs - Reports of Survey
Cr	4014	Property Adjustments
Dr	4015	Expendable Property and Supplies Issued and Used

CAPITAL A/Cs	A/C No.	ACCOUNT TITLES
Cr	5115	Invested Capital
Cr	5125	Donated Capital
STATISTICAL A/Cs		
Dr	6012	AID Controlled (Non-AID Owned) Nonexpendable Property
Cr	6153	Property Owned by Others - in AID Custody

2. Additional general ledger accounts required for Mission or AID/W use are authorized, but for reporting purposes must be susceptible to consolidation with the above accounts. Additional, i.e., decimal property accounts in the general ledger for real property will normally coincide with the classifications of real property cited in paragraph 15C3 above. Additional accounts for office furniture may indicate classifications such as: Office Equipment; Audio-Visual and Photographic Equipment; Drafting Equipment; Duplicating Equipment; etc. to facilitate reconciliation with the subsidiary records and/or to readily provide information for internal reports at Mission or AID/W levels.

15H

3. Illustrative Proforma entries, along with the recommended posting media and explanatory remarks, are shown in attachment 15A to this Chapter. Entries are shown only for those transactions which occur with the greatest frequency. Based on the principles shown in Attachment 15A, accounting offices are expected to develop appropriate entries for unusual property transactions which may occur. The accounts are described in Attachment B.

4. Quarterly, or more often if necessary, a reconciliation is effected between the subsidiary property records maintained by the Property Management Offices and the Office of Foreign Disaster Assistance, and the Controller's general ledger accounts. The only basis for difference between the subsidiary property and general ledger central accounts is one of clerical error. If differences are found, immediate action is taken to locate the discrepancy and effect the necessary correction.

Under no circumstances are adjusting entries made merely to bring the subsidiary and general ledger control accounts into agreement.

15I. Controller Functions

1. General

In order to meet the Controller responsibilities as set forth in paragraph 15B above, responsibility for the following functions is assigned to the Mission and AID/W Office of Financial Management organizations.

a. In cooperation with AID Property Management Officers and the Office of Foreign Disaster Assistance, establishes necessary routing of property documentation to assure that the same documents where appropriate (i.e., Receiving Reports, Reports of Survey, Journal Vouchers, and the like) are used to record property transactions in the General Ledger accounts as are used by the appropriate offices in recording transactions in subsidiary property records and that synchronization of "cut-offs" for the control and subsidiary accounts is established.

b. Maintains the applicable General Ledger Accounts prescribed in paragraph 15H1 above and maintains appropriate documentation files to support the entries made in the General Ledger accounts.

c. Determines the propriety of payments for all property transactions and disposals or other transactions affecting property records insofar as the accuracy, completeness, and correctness of the documentation are concerned.

d. Assures the accuracy, completeness, and timeliness of all financial reports issued for AID-Owned and -Controlled property.

15I1

e. Participates in developing procedures to insure complete accountability for inventories of property. This includes the taking of an annual physical inventory to verify detail property records kept by the Property Management Officer or other responsible officer, the adjustment of property records for inventory losses (Reports of Survey), and the reconciliation between detailed subsidiary property records and general ledger control accounts.

f. Initiates changes in accounting techniques to meet management needs, such as having sufficient controls over (1) property of suboffices which are located at distant points in order to expedite reconciliation between the General Ledger Accounts and the Property Record Cards, and (2) property purchased from Petty Cash Funds.

g. In conjunction with Property Management Officer and when appropriate, provides technical advice and guidance to contractors/grantees relative to the establishment of adequate property accountability records for all AID-owned property in the custody of contractors and grantees. (See paragraph 15F above.)

2. Accounting Guidelines - Property Acquired for Administrative Purposes

a. Separate Purchase Orders, Requisitions, Contracts, Project Implementation Orders (PIO's), and other commodity procurement documents are prepared for AID-owned property. Property is not jointly owned by AID and the cooperating countries or other parties. The cost of property is not used for both AID-owned and non-AID-owned property, as for example, when cooperating country-owned property is (1) procured through AID as the implementing agent, or (2) consigned to the Mission in order to facilitate transportation, customs clearance, and/or delivery.

b. (1) All procurement documents which pertain to AID-owned property, including PIO's issued under Project Agreements, have the following legend distinctly indicated thereon:

AID OWNED PROPERTY

(2) Line items applicable to property on PIO's and other procurement documents which pertain to AID-owned property are prefaced with the capital letters NXP (Non-Expendable), EXP (Expendable) or REAL, as appropriate.

c. If delivery of AID-owned property is made directly to a contractor, another agency, an instrumentality of the cooperating country or other grantee, the procurement document is clearly marked at the time of issuance as required in paragraph 15I2b above and arrangements are made to have the consignee execute the Receiving Report. (See paragraph 15F above.)

d. (1) Except as provided in paragraph 15I2d(2)(b) and (c) below, property acquired by purchase is capitalized at invoice cost less discounts, whether taken or not, plus installation charges and predelivery costs (transportation, handling, packing, and storage).

(2) If a property shipment consists of two or more items:

(a) Predelivery costs are distributed on an equitable basis and posted to the property records and General Ledger accounts when the costs can be readily determined for each item.

(b) Predelivery costs are capitalized in a separate General Ledger account as a deferred charge and are not posted to the property records when such costs exceed $100 and cannot be readily determined for each item.

(c) Predelivery costs are charged as current operating expenses when the costs are $100 or less and cannot be readily determined for each item.

e. When payment precedes receipt of goods, a copy of such payment data is forwarded by the Accounting Office to the Property Management Office. Upon receipt of the goods, the value indicated on the payment document is used as the basis for recording the same property value to both property record cards and general ledger accounts and to effect transfer of controls from the Property in Transit account to the Inventory account.

f. Depreciation on all capitalized property (excluding land, leasehold improvements, and expendable property) will be recognized and reported annually at the Agency level. The following criteria and standards will be used in determining and reporting depreciation.

(1) The depreciation base is the same as the amount included in the capitalized accounts. The annual depreciation allowance does not affect (reduce) the cost recorded in the General Ledger or subsidiary property records. (Residual value is taken into consideration in establishing the depreciation rate.)

(2) The following rates of depreciation have been established:

(a) <u>Real Property - A/C Nos. 1802, 1803, & 1805 (Excluding Land (A/C No. 1801) & Leasehold Improvements (A/C No. 1804))</u>

20 years, depreciated over 19 years at 5% a year or fraction thereof, with residual value of 5%.

15I2f(2)

(b) Nonexpendable Property - A/C Nos. 1702, 1704, 1705, 1707, & 1709 (Excluding Vehicles (A/C No. 1703, 1706, & 1708))

10 years, depreciated over 9 years at 10% a year or fraction thereof, with residual value of 10%.

(c) Vehicles - A/C No. 1703, 1706, & 1708

5 years, depreciated over 4 years at 20% a year or fraction thereof, with residual value of 20%.

(3) Capitalized transportation and other predelivery costs, i.e., costs exceeding $100 which cannot be identified with a discrete property item (A/C No. 1711), are amortized annually at the accounting station level over a period of ten years. The annual amortization allowance affects (reduces) the cost recorded in the General Ledger and the subsidiary property records. See Proforma entry No. 26.

(4) Leasehold improvements (A/C No. 1804) are amortized annually at the accounting station level either over the estimated period of occupancy or the life of the improvement which ever is less. The annual amortization allowance affects (reduces) the cost recorded in the General Ledger and the subsidiary property records. See Proforma entry No. 27.

g. All property acquisitions are recorded in the accounts during the period in which acquisitions occurred.

h. Property acquired under installment contracts is capitalized at the time of receipt or acceptance by the Government rather than periodically as payments are made or when title passes to the Government. The amount capitalized includes the purchase price plus related costs.

i. Property acquired under lease purchase contracts is capitalized at the time the option to purchase is exercised. The amount capitalized will normally be the purchase price stipulated in the contract less any cumulative allowances.

j. Repair and maintenance costs incurred to keep buildings and structures and nonexpendable property in satisfactory operating condition are accounted for as current operating costs.

k. Policies and procedures for occupancy of surplus space in AID-owned or -leased overseas real property by other Government agencies and for sharing the costs of such property are contained in Handbook 23, Chapter 5. The person who has been properly

delegated responsibility for administering AID real property is also responsible for keeping the Mission Controller currently and fully informed when such arrangements are made. The Mission Controller, in turn, is responsible for assuring that the occupying agency pays its proportionate share of the total costs, and that the revenues therefrom are promptly collected and properly accounted for.

1. To facilitate mutual understanding between the Property Management Office maintaining detailed property records and the Controller's Office maintaining the related General Ledger accounts, accountants must be thoroughly conversant with the provisions of Handbooks 20 and 23* as they pertain to the preparation, maintenance and distribution of the following:

Form FS-512	--	Real Property Record
Form OF-127	--	Receiving and Inspection Report
Form OF-128	--	Composite Property Record Card
Form OF-129	--	Individual Property Record Card
Form OF-130	--	Personal Custody Property Receipt
Form OF-131	--	Stock Control Card
Form AID 5-197	--	Motor Vehicle Record
Form OF-132	--	Property Disposal Authorization and Survey Report
Form AID 5-73	--	Nonexpendable Personal Property Disposal Record

3. Property Receipt Control Registers

a. Each accounting office maintains a Property Receipt Control Register (PRCR) to assure that all AID-owned and -controlled property for which procurement action has been intiated, either with or without reimbursement, has been received. In substance, Property Receipt Control Registers are Books of Original Entry fulfilling the purpose of specialized Journals from which Journal Vouchers are prepared for posting to the General Ledger.

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* The basic principles of management and accounting for AID-owned and AID-controlled property are the same for both AID/W and the Missions. These are, however, minor variations in forms used and major groupings of the subsidiary records.

b. Local reproduction and variation in the columnar arrangements or content of the Property Receipt Control Register are authorized, provided that the basic principles are retained and that all transactions pertaining to the receipt of AID-owned and controlled property are shown on the Property Receipt Control Register. (See Attachment 15C.) Where monetary accounting for expendable property is required (see paragraph 15E3d above) one PRCR is maintained for expendable property and one for nonexpendable property.

c. Detailed procedures for maintenance of the Property Receipt Control Register provide for:

(1) Recording Property in Transit at value shown on Bills of Lading received prior to receipt of Receiving Reports;

(2) Recording property in the Inventory Account based on values shown on Receiving Reports and crediting: Property in Transit if applicable to items previously recorded from bills of lading or Accounts Payable if applicable to Receiving Reports only.

(3) Recording of adjustments due to differences in Receiving Reports vs. Bills of Lading, etc.

(4) Recording of transfers-in with and without reimbursement.

(5) A monthly Journal Voucher, Form SF 1017-G, is the posting medium used to record the balances of the Property Receipt Con-Control Register in the applicable general ledger account.

d. Receiving Reports pertaining to AID-owned property are numbered consecutively beginning with number 1 each fiscal year. If Receiving Reports are prepared at more than one place, identifying prefixes and a separate series of numbers may be used for each initiating office or unit. It is essential that the receiving report indicate whether the order received is a full or partial shipment. A control procedure must be adopted to ensure that all partial orders received are connected with the appropriate purchase order or other implementing document. Receiving Reports are routed through the section or unit responsible for maintaining property record cards to the Accounting Unit in the Office of the Controller. Such action as is necessary is taken to insure prompt receipt of all Receiving Reports by the Accounting Unit following the receipt of property and the preparation of the Receiving Report. Receiving Report date and other information deemed appropriate are entered in the Property Receipt Control Register.

e. In order to assure that all AID-owned property which was paid for or on which procurement action was initiated has been received, obligating and implementing action documents (PIO's, Purchase orders, Contracts and other implementing documents) applicable to AID-owned property are plainly identified as such and have the date of receipt of the Receiving Report, applicable to such property, noted therein. These documents are not removed from the unliquidated obligation file unless such document has the annotation, "Receiving Report Received on (date)," affixed thereon. A periodic review of the documents in the unliquidated obligations folder is made to assure that proper followup is made on all property for which payment has been made, but which has not been received in a reasonable time.

4. Payments and Advices of Charge Applicable to AID-Owned Property

a. Supplier's invoices or other claims for payment by the accounting office for property are matched with the applicable Receiving Report and payment vouchers are plainly marked "AID-owned property."

b. When property is acquired by AID/W or a Mission for delivery to another Mission, the "Advice of Charge" procedures are observed. All supporting documentation to Advices of Charge is reviewed with care to assure whenever payments for AID-owned property are involved, such fact is clearly noted thereon. Care must also be exercised to assure that the Advice of Charge is ultimately matched with a Receiving Report.

c. In all cases the debits to Accounts Payable (resulting from vouchers, Advices of Charge, and adjustments for differences between payment and original amount of a payable) are in the exact amount of the credits originally established for the particular transaction involved. At any time, therefore, the sum of the amounts shown on the documents in the Accounts Payable file is in agreement with the balance of the Accounts Payable Account in the General Ledger.

5. Sales, Transfers Out, and Other Dispositions of Property

a. General

(1) Copies of all documents covering sales of AID-Owned property, transfers to other governments or agencies (as well as between Missions), and otherwise disposed of, with or without reimbursement, are furnished the Controller's Office immediately after preparation for certification of financing and disposal of proceeds, if appropriate, and entry in the appropriate General Ledger Accounts.

(2) Documents covering sales, transfers and other disposals of property bear a statement by the office or unit maintaining the subsidiary property records to the effect that the value shown for the property being sold or transferred is exactly that shown on the applicable subsidiary property records.

(3) Whenever there is uncertainty as to the actual cost of the particular item being disposed of, the average value method of costing such disposals is applied. That is, the average unit cost to be applied is obtained by dividing the last inventory value balance by the last inventory quantity balance.

(4) Property retired from service but not immediately disposed of is classified separately to disclose its status.

(5) Property transferred to a cooperating government as a project contribution or grant-in-aid is recorded at book value as part of the U.S. contribution to the country program.

(6) The book value of property transferred to other Federal agencies without reimbursement is accounted for as a reduction of the investment of the U.S. Government.

(7) Removal costs incurred and amounts realized from sale, reimbursable transfer, or salvage, in addition to accumulated depreciation, are considered in determining the loss or gain on the disposal of property. Accounting stations: (a) record the amount of these losses or gains on property disposed of by sale, reimbursable transfer, or salvage in a separate account as realized; and (b) report annually (or more frequently if required by AID/W) the net loss or gain during the fiscal year on property disposal transactions as a footnote to the year end Trial Balance of the General Ledger Accounts (see paragraph 15K), in order to have this information available for management purposes.

b. Deposit and Utilization of Proceeds of Sale of AID-Owned Property

(1) Property which has general usage throughout AID, and for which there is a continuing need, is considered to be replacement property. Generally, replacement property is disposed of by sale or by transfer with reimbursement so that the proceeds from such disposals may be utilized for the purchase of similar property for any AID establishment as the need exists on a worldwide basis. These proceeds are deposited to a special account established therefor, regardless of the funds from which the property was initially purchased, and are available during the fiscal year in which the sale was made and for one fiscal year thereafter, pursuant to subparagraph 15I5b(2)(d) below.

15I5b

(2) Collections from sales of AID-Owned property are classified and deposited as follows:

(a) All proceeds from the sale of real property are Otherwise Classified."

(b) Proceeds from sales of nonexpendable property that is not considered replacement property and proceeds from sales of expendable property are deposited to receipt account 722649 - "Proceeds from Sale of Equipment and Other Personal Property, Not Otherwise Classified." Exceptionally, if the nonexpendable or expendable property qualifies as surplus, the proceeds of sales in the U.S. are deposited to receipt accout 722637 - "Net Proceeds from Surplus Property in the U.S." If sold overseas, receipt account 722633 - "Net Proceeds from Surplus and Excess Property in Foreign Areas" is used.

(c) Proceeds from Sales of Scrap or Salvage are deposited to Miscellaneous Receipt Account 722650 - "Sales of Scrap and Salvage Materials."

(d) Proceeds from Sales of replacement property as defined in paragraph 15I5b(1) above are deposited to Budget Clearing Account 72F3845 - "Proceeds of Sales Personal Property, Agency for International Development."

(3) Collection documents reflecting these transactions are prepared to show the correct account citation and must contain a clear and adequate description of the personal property sold to indicate the following:

(a) Date of Sale of property.

(b) Description of the property.

(c) Total amount collected and deposited, expressed in U.S. dollars, and distribution of this total amount to one or more of the following codes:

Subobject Class Code

310 Office Furnishings and Equipment
311 Residential Furnishings
312 Automobiles
319 Other

(d) Reference to the related form SF 1036, Statement and Certificate of Award, and the Sales Agreement or Contract.

15I5b(3)(d)

(In the case of sales by Missions the above collection documents, supported by a copy of form AID-5-73, Nonexpendable Personal Property Disposal Record - Mission, are incorporated with other documents and forwarded to AID/W in the monthly Mission submission.)

(4) Collections received as proceeds of sale may not be automatically used by the collecting office and are for deposit only in accordance with this Chapter. The Office of Financial Management in AID/W maintains a register of deposits to applicable accounts by subobject class, (see paragraph 15I5b(3) above) as reflected in the collection documents and Statement of Transactions forwarded by Missions and from AID/W collection documents. These data are maintained on a cumulative to-date basis and are the source of information furnished to the Support Planning Division (FM/SPD) in AID/W.

(5) The Office of Financial Management reviews estimates received from Mission and from the Office of Management Operations (SER/MO) for AID/W, projecting their planned acquisition of replacement personal property, by subobject class, for the fiscal year as part of the normal annual budget review and approval process. To the extent feasible, the Office of Financial Management schedules the utilization of proceeds of sale on the basis of Mission and AID/W estimates and periodically transfers via form SF 1081 Voucher & Schedule of Withdrawals and Credits, from the Budget Clearing Account 72F3845 as a reimbursement to the applicable appropriation which finances the similar replacement property. Where the proceeds of sales deposits have not been obligated within the established time limit, unused balances are cleared from the Budget Clearing Account 72F3845 to Miscellaneous Receipt Account 722649. This action is taken by AID/W.

6. Reports of Survey - Property Acquired for Administrative Purposes

a. All AID-owned or -controlled property which has been lost, stolen, destroyed, or damaged beyond economical repair, is covered by form OF-132, Property Disposal Authorization and Survey Report. Similarly, any shortages on the subsidiary property records which are revealed as the result of a physical inventory are covered by a Report of Survey.

b. When there are significant differences between the quantities determined by physical inspection and those shown in the accounting records, representatives of the Controller's Office and the Property Management Office jointly investigate to (1) determine the causes of the differences, and (2) identify necessary improvements to prevent errors, losses and irregularities. Prompt remedial action, if appropriate, should be taken to insure adequate control.

c. In order to insure necessary internal financial control over AID-owned and controlled property, copies of all Reports of Survey (signed by the Mission Director or the Director of Management Operations in AID/W or their designees indicating approval of the Board's recommendation) are routed through the Accounting Office for entry in the appropriate General Ledger Accounts.

15J. Inventory - Property Acquired for Administrative Purposes

1. A physical inventory of all categories of AID-Owned and -Controlled property acquired for administrative purposes and in the custody of AID must be taken at least annually. Inventories may be scheduled over the year, but a total physical inventory must have been completed by June 30 each year and reconciled with the acoounting records by September 30. Detailed procedures for property management (including inventory requirements) are contained in Handbook 23 (Overseas Support) for Missions, and in Handbook 20 (Office Services) for AID/Washington.

2. In the best interests of internal control and to facilitate the need for improved procedures, and/or reconciliations as necessary between detailed property records and the general ledger control accounts, Controller Office representatives should be fully aware of the physical inventory process.

3. Overages disclosed as a result of physical inventory (not attributable to errors in bookkeeping or in taking the inventory) are documented by the Property Management Officer on OF-127, Receiving and Inspection Report, giving full explanation of all circumstances involved, and stating that such overage is the result of physical inventory. The Property Management Office forwards a copy of the Receiving and Inspection Report to the Accounting Unit in the Controller's Office for adjustment of the applicable general ledger accounts.

15K. Reporting - Property Acquired for Administrative Purposes

1. Mission Controllers and the Chief Support Services Division transmit to FM/CAD, AID/W, trial balances (original copy only), as of September 30 each year, of the applicable General Ledger Accounts prescribed in 15H1 above. The trial balances are due in AID/W not later than October 31. The following statement is shown thereon over the signature of the Mission Controller: (Note: The Chief, Support Services Division, signs the Trial Balance of the General Ledger accounts maintained for AID/W property.)

15K1

"I certify that this trial balance reflects the balances shown in the General Ledger Accounts maintained at this installation and that the above indicated inventory account balances are in agreement with the detailed property records maintained at this installation." In the event there are differences between the total of the stock record cards and the applicable General Ledger Accounts the foregoing statement is modified by adding the phrase - "except as follows -- (indicate the extent and nature of the difference and whether or not such differences have been identified to permit reconciliation)".

2. In order to complete AID's annual report (No. W-252) to the Department of Treasury the following values are entered at the bottom of the trial balance:

a. Prepaid Rents

Prepaid rents are defined as expenditures of AID funds for office, warehouse, storage space, residential quarters, etc., that are applicable to accounting periods subsequent to the close of the year.

b. Expendable Property not included in the General Ledger

Where expendable property (spare parts, materials and supplies) is stored at central points for subsequent issue to operating units or other activities and the monetary equivalent thereof is not included in the General Ledger because the value is less than $25,000 (see paragraph 15E3d above) an estimate of the value of the central stock is shown. Supplies withdrawn from central stock and held as cupboard stock for day-to-day needs are excluded.

3. The foregoing Trial Balances (prepared in format shown in Attachment 15D) have been assigned Report Control No. U-754/1. The list of nonexpendable property and property inventory certification statement required by Handbook 23, Chapter 4, should be attached to the General Ledger Trial Balance. In addition to the listing and certification, the estimated average age of each of the asset accounts shown in 15I2f above is submitted. It is recognized that an arithmetic average age of property provides only a rough indicator for one element in the formula used in computing depreciation on AID property; however, it is considered that on a world-wide basis an informed approximation of the average age of property is sufficiently accurate to permit AID to make an overall world-wide evaluation of the depreciated value of AID-owned property.

4. a. The Central Accounting Division of AID/W reviews all trial balances received for the purpose of identifying abnormal account balances, i.e., amounts that indicate a possible misunderstanding or amounts not generally comparable with those shown for similar installations. Requests for explanations and/or validation of abnormal balances are promptly despatched during the review process.

b. The Central Accounting Division computes increases or decreases of the prior year's depreciation accounts based on the property aging information submitted pursuant to 15K3 above, and the depreciation schedule shown in 15I2f.

c. The reporting station number, accounts numbers and all amounts shown on the trial balances are entered into the agency's computer directly via terminals. Print-outs are by station number for verification purposes and by various subgroupings of general ledger account (e.g. by domestic & overseas totals by subgrouping of general ledger accounts, etc.). The print-outs provide data, including depreciation, to serve as accounting support to AID's financial statements.

ATTACHMENT 15A

Illustrative Pro Forma Entries for AID-Owned & AID-Controlled Property

	TRANSACTION	Debit Account	Credit Account
1. a.	To record receipt of claims for payment, with B/L or other evidence that AID-owned nonexpendable or expendable[1/] property is in transit, prior to receipt of property. Multi-item shipment of nonexpendable property. Predelivery charges can be readily determined for each item. Note: AID-owned property received without cost, i.e., donated, etc., and AID-controlled property, i.e., property for which AID has custodial responsibility but not title, are generally not recorded in the property records until the property is received. Posting Media Monthly Journal Voucher - supported by PRCR (Property Receipt Control Register) Column 7 and the document involved.	A/C 1710 Property-in-Transit	A/C 2152 A/C Payable
1. b.	To record receipt of claims for payment, with B/L or other evidence that AID-owned nonexpendable property is in transit, prior to receipt of property. Multiitem shipment of property. Predelivery charges exceed $100 and cannot be readily identified with discrete item. Posting Media Monthly Journal Voucher - supported by PRCR Column 7 and the document involved.	A/C 1710 Property-in-Transit and A/C 1711 Deferred Predelivery Charges - NXP	A/C 2152 A/C Payable

Illustrative Pro Forma Entries for AID-Owned & AID-Controlled Property

	TRANSACTION	Debit Account	Credit Account
2.	To record issuance of Receiving Report for purchased AID-Owned nonexpendable and/or expendable[1] property when B/L or other evidence of shipment was previously reported. Posting Media Monthly Journal Voucher - supported by PRCR Column 10 and Receiving Report.	Asset A/C's 1601, 1702 1703, 1704 & 1709 as applicable	A/C 1710 Property in-Transit
3.	To record issuance of Receiving Report for purchased AID-owned nonexpendable and/or expendable[1] property that is received prior to evidence of shipment. (Includes purchases under installment contracts.) Posting Media Monthly Journal Voucher supported by PRCR Column 9 & Receiving Report.	Asset A/C's 1601, 1702 1703, 1704 & 1709 as applicable	A/C 2152 A/C Payable
4.	To record issuance of Receiving Report for AID-controlled nonexpendable property. (See 15D2c)[2] Posting Media Monthly Journal Voucher supported by PRCR Column 13 and Receiving Report.	A/C 6012 AID-Controlled Nonexpendable Property	A/C 6153 Property Owned By Others - in AID Custody
5.	To record issuance of Receiving Report for AID-owned nonexpendable property received without payment by AID, i.e., transfer-without-cost, donation or devise. Posting Media Monthly Journal Voucher supported by PRCR Column 11 or 12 and Receiving Report.	Asset A/C's 1702, 1703 1704 & 1709	Capital A/C 5115[3] or 5125
6.	To record payment of vouchers for AID-Owned property.	A/C 2152 A/C Payable	A/C 5115 Invested Capital

Illustrative Pro Forma Entries for AID-Owned & AID-Controlled Property

TRANSACTION	Debit Account	Credit Account
Note: Minor amounts (less than $50 per line item) between amounts shown on vouchers and amounts shown on Receiving Reports need not require adjustments of detail property record cards. The entry in the PRCR may be made for the amounts shown on the Receiving Reports in these cases.		
Posting Media Monthly Journal Voucher supported by Column 14 of PRCR.		
7. To record acquisition by AID via purchase of real property.	Asset A/C's 1801, 1802 1803 & 1805 as appropriate	A/C 5115 Invested Capital
Posting Media Journal Voucher prepared based on payment of individual vouchers supported by Form FS-512. If FS-512 is executed prior to receipt of voucher for payment, JV is prepared to show credit to A/C 2152, Accounts Payable - AID-owned Property.		
8. To record acquisition by AID of real property without cost, i.e., donation or devise.	Asset A/C's 1801, 1802 1803 & 1805 as appropriate	A/C 5125 Donated Capital
Posting Media Journal Voucher prepared supported by Form FS-512.		
9. To record payments for leasehold improvements or for buildings being constructed for AID.	A/C 1804 or 1806 as appropriate	A/C 5115 Invested Capital
Posting Media Journal Voucher prepared supported by payment vouchers.		

Illustrative Pro Forma Entries for AID-Owned & AID-Controlled Property

TRANSACTION	Debit Account	Credit Account
10. To record termination of lease on building for which costs were previously reported under A/C 1804, Leasehold Improvements. Posting Media Journal Voucher supported by termination or other notice from Property Management Office.	A/C 5115 Invested Capital	A/C 1804 Leasehold Improvements
11. To record completion of construction of buildings for which costs were previously recorded under A/C 1806, Construction in Progress. Posting Media Journal Voucher prepared following final payment. Upon issuance of Form FS-512 at time of completion of construction, care is taken to assure agreement between total of payments for construction and the total shown on Forms FS-512. No entry is required per se on Forms FS-512 in these cases.	A/C 1802, 1803 or 1805 Buildings-Permanent or Temporary or Structures and Facilities	A/C 1806 Construction in Progress
12. To record approved Reports of Survey for property lost, stolen, destroyed, or damaged beyond economical repair. Posting Media Journal Vouchers prepared as individual Reports of Survey are received.	A/C 4013 Property Write Offs and A/C 5115 or 5125 Capital Accounts as applicable	Applicable Asset Account and A/C 4014 Property Adjustments
13. To record value of expendable property issued.	1/A/C 4015 Expendable Property Issued/Used	A/C 1601 Expendable Property

Illustrative Pro Forma Entries for AID-Owned & AID-Controlled Property

TRANSACTION	Debit Account	Credit Account
Posting Media Quarterly Journal Vouchers supported by adding machine tapes of detailed stock record cards for expendable property when required.1/		
14. To relieve inventory and capital accounts of book value of AID-owned property traded in for new - similar property.	A/C 5115 or 5125 Capital Accounts	Asset A/C's 1702, 1703 1704,& 1709 as applicable
Posting Media Journal Voucher Prepared based on report of property exchange from Property Management Office. See pro forma #1, 2, and 3 above for receipt of new property. See also paragraph 15D3b for valuation criteria.		
15. To record return of AID-controlled property to owner/lessor. (Contra Transaction #4.)2/	A/C 6153 Property Owned by Others - In AID Custody	A/C 6012 AID Controlled Non-expendable Property
Posting Media Journal Voucher prepared, based on report of property return prepared by Property Management Office.		
16. To record transfer to AID/W, other USAID's or other recipients of AID-owned property without reimbursement.3/	A/C 3015 AID-Owned Property Transferred/ Sold and A/C 5115 or 5125 Capital A/C's	Applicable Asset Account and A/C 3016 Sales/ Transfers AID/Owned Property
Posting Media Journal Voucher prepared, based on the Nonexpendable Personal Property Disposal Record - form AID 5-73 or other disposal document from Property Management Office.		

Illustrative Pro Forma Entries for AID-Owned & AID-Controlled Property

TRANSACTION	Debit Account	Credit Account
17. To record sale of AID-owned property. Posting Media Journal Voucher prepared based on report of sale by Property Management Office.	A/C 3015 AID-Owned Property Transferred/ Sold and A/C 5115 or 5125 Capital A/C's	Applicable Asset Account and A/C 3016 Sales/ Transfers AID-Owned Property
18. a. To record Issuance of Receiving Report for AID-controlled non-expendable property delivered under a lease-purchase agreement, i.e., with AID-option to purchase. Posting Media Monthly Journal Voucher supported by PRCR Column 13 and Receiving Report.	A/C 6012 AID-Controlled Nonexpendable Property	A/C 6153 Property Owned by Others - In AID Custody
18. b. To record change in status from AID-controlled to AID-owned non-expendable property at the time the option to purchase is exercised. Posting Media Journal Voucher supported by notice of execution of option to purchase from Property Management Office.	A/C 6153* and Asset A/C 1702, 1703, 1704, or 1709 as applicable.**	A/C 6012* and A/C 2152 A/C Payable**

* Same as the amount shown in 18.a. above.

** Purchase price stipulated in the contract less any cumulative allowances.

Illustrative Pro Forma Entries for AID-Owned & AID-Controlled Property

	TRANSACTION	Debit Account	Credit Account
19.	To record contractor's or grantee's acquisition by purchase of AID-owned nonexpendable property. Posting Media Journal Voucher prepared on the basis of a Receiving Report or other evidence that contractor or grantee has assumed custody of property.	Asset A/C 1705, 1706, 1707, or 1708 as applicable.	A/C 5115 Invested Capital
20.	To record transfer to contractor's or grantee's custody of AID-owned nonexpendable property (with title retained by AID). Posting Media Journal Voucher prepared, supported by a Personal Custody Property Receipt or other evidence that contractor or grantee has assumed custody of property.	Asset A/C 1705, 1706, 1707, or 1708 as applicable.	Asset A/C 1702, 1703, 1704, or 1709 as applicable
21.	To record return to AID of AID-owned nonexpendable property previously purchased by the contractor or grantee. Posting Media Journal Voucher prepared, based upon report from Property Management Office that property has been returned to AID.	Asset A/C 1702, 1703, 1704, or 1709, as applicable.	Asset A/C 1705, 1706, 1707, or 1708 as applicable
22.	To record return to AID of AID-owned nonexpendable property previously on loan to contractor or grantee. Posting Media Journal Voucher prepared, based upon report from Property Management Office that property has been returned to AID.	Asset A/C 1702, 1703, 1704, or 1709 as applicable.	Asset A/C's 1705, 1706, 1707, or 1708 as applicable

Illustrative Pro Forma Entries for AID-Owned & AID-Controlled Property

TRANSACTION	Debit Account	Credit Account
23. To record authorized (1) transfer, with or without reimbursement, to approved recipient, or (2) sale by contractor or grantee of AID-owned property previously in the contractor's or grantee's custody. Posting Media Journal Voucher prepared, based on report of transfer/sale by Property Management Office.	A/C 3015 AID-Owned Property Transferred/ Sold and A/C 5115 Invested Capital.	Asset A/C's 1705, 1706, 1707, or 1708 as applicable and A/C 3016 Sales/Transfers AID-Owned Property
24. To record transfer to contractor or grantee, with or without reimbursement, of title to AID-owned property held in the contractor's/grantee's custody. Posting Media Journal Voucher prepared, based on report of transfer/sale by Property Management Office.	A/C 3015 AID-Owned Property Transferred/ Sold and A/C 5115 Invested Capital	Asset A/C's 1705, 1706, 1707, or 1708 as applicable and A/C 3016 Sales/Transfers AID-Owned Property.
25. To record value of Disaster Assistance property issued by stockpile depot for shipment to designated disaster area. Posting Media Journal Voucher prepared based upon and supported by notice (costed telegram or other issue document) of property released from the stockpile depot.	A/C 3017 Issues - Disaster Assistance Stockpile Property	A/C 1712 Disaster Assistance Stockpile Property
26. To record annual amortization of capitalized transportation and other predelivery costs. (Amortization period is ten years.) Posting Media Journal Voucher prepared at year's end.	A/C 5115 Invested Capital	A/C 1711 Deferred Predelivery Charges - Non-expendable Property

Illustrative Pro Forma Entries for AID-Owned & AID-Controlled Property

TRANSACTION	Debit Account	Credit Account
27. To record annual amortization of capitalized leasehold improvements. (Amortization period is lesser of estimated occupancy period or life of improvement.) Posting Media Journal Voucher prepared at year's end.	A/C 5115 Invested Capital	A/C 1804 Leasehold Improvements
28. To close out nominal accounts at the end of the fiscal year. Posting Media Journal Voucher prepared at year's end.	Nominal A/C's 3016, 4014 A/C 5115 Invested Capital	Nominal A/C's 3015, 4013, 4015

Footnotes:

1/ These entries for expendable property are used only when central inventories (excluding small cupboard stocks) exceed a monetary value of $25,000.

2/ Excludes Trust Fund Property.

3/ Account Number 5115 is usually used for transfers of property within AID. Transferring station must indicate on transfer documents if property was acquired by donation.

ATTACHMENT 15B

ACCOUNT DESCRIPTIONS[1]

Asset Accounts

Account 1601 - Expendable Property - Supplies, Parts, etc.

This is a debit balance account maintained to show the value of expendable property in central distribution points. [Note: This account is maintained only when expendable property on hand at large central supply points, excluding small cupboard stocks, exceeds a monetary value of $25,000.] The account is debited for receipts of expendable property and credited for expendable property issued/used as evidenced by adding machine tapes of the issues recorded on the applicable stock record cards.

Debits	Credits
2. Issuance of Receiving Report for purchased AID-owned expendable property when Bill of Lading or other evidence of shipment was previously reported. P.M.[2] Monthly JV prepared, supported by PRCR, Column 10, and Receiving Report. Contra Entry: A/C 1710 - Property-in-Transit	12. Issuance of approved Reports of Survey for AID-owned expendable property lost, stolen, destroyed, or damaged beyond economical repair. P.M.: JV prepared as individual Reports of Survey are received. Contra Entry: A/C 4013, Property Write Offs.
3. Issuance of Receiving Report for Purchased AID-owned expendable property that is received prior to evidence of shipment. P.M.: Monthly JV prepared, supported by PRCR Column 9 and Receiving Report. Contra Entry: A/C 2152, Accounts Payable	13. Issuance of expendable property for use. P.M.: Quarterly JV prepared, supported by adding machine tapes of detailed stock record cards for expendable property when required. Contra Entry: A/C 4015, Expendable Property Issued/Used.

1/ The number shown for illustrative Pro Forma entries are those shown in Attachment A.
2/ PM - Posting Media.

A/C 1601 - Continued

Debits	Credits
	16. Transfer to AID/W, other USAID's, or other government agencies of AID-owned expendable property without reimbursement. P.M.: JV prepared based on disposal report from Property Management Office. Contra Entry: A/C 3015, AID-owned Property Transferred & Sold. 17. Sale of AID-owned property. P.M.: JV prepared based on report of sale by Property Management Office. Contra Entry: A/C 3015, AID-owned Property Transferred & Sold.

Account 1702 - Office Furniture and Furnishings

This is a debit balance account maintained to show the value of AID-owned nonexpendable property classified as Office Furniture and Furnishings. The account is debited for receipts of Office Furniture and Furnishings owned by AID regardless of how acquired, i.e. purchase, donation, transfer, treaty, construction, lease purchase contract, trade-in, foreclosure, devise, forfeiture, confiscation, etc. The account is credited for trade-in, transfers out, sales and write offs (by Reports of Survey) of AID-owned office furniture and furnishings.

Debits	Credits
2. Issuance of Receiving Report for purchased AID-owned nonexpendable property (OF&F) when Bill of Lading or other evidence of shipment was previously reported.	12. Issuance of approved Reports of Survey for AID-owned nonexpendable property (OF&F) lost, stolen, destroyed, or damaged beyond economical repair.

A/C 1702 - Continued

Debits	Credits
P.M.: Monthly JV prepared, supported by PRCR Column 10 and Receiving Report. Contra Entry: A/C 1710, Property-in-Transit	P.M.: JV prepared as individual Reports of Survey are received. Contra Entry: A/C 4013, Property Write Offs.
3. Issuance of Receiving Report for purchased AID-owned nonexpendable property (OF&F) that is received prior to evidence of shipment. P.M.: Monthly JV prepared, supported by PRCR Column 9 and Receiving Report. Contra Entry: A/C 2152, Accounts Payable	14. Relieve asset account of book value of AID-owned nonexpendable property (OF&F) traded in for new, similar property. P.M.: JV prepared, based on report of property exchange from Property Management Office. Contra Entry: A/C 5115, Invested Capital, or A/C 5125, Donated Capital, depending upon method of acquisition of property.
5. Issuance of Receiving Report for AID-owned nonexpendable property (OF&F) received without payment by AID through transfer (excludes donation or devise). P.M.: Monthly JV prepared, supported by PRCR Column 11 and Receiving Report. Contra Entry: A/C 5115, Invested Capital	16. Transfer to AID/W, other USAID's or other government agencies of AID-owned nonexpendable property (OF&F) without reimbursement. P.M.: JV prepared based on report form 5-73 from Property Management Office. Contra Entry: A/C 3015, AID-Owned Property Transferred & Sold.
5. Issuance of Receiving Report of AID-owned nonexpendable property (OF&F) received by AID through donation or devise (excludes transfers between AID entities or from other government agencies).	17. Sale of AID-owned nonexpendable property (OF&F).

A/C 1702 - Continued

Debits	Credits
P.M.: Monthly JV prepared, supported by PRCR Column 12 and Receiving Report. Contra Entry: A/C 5125, Donated Capital	P.M.: JV prepared based on report of sale by Property Management Office. Contra Entry: A/C 3015, AID-Owned Property Transferred & Sold
18.b. Change in status from AID-controlled to AID-owned non-expendable property (OF&F) at the time option to purchase is exercised P.M.: JV prepared, supported by notice of execution of option to purchase from Property Management Office. Contra Entry: A/C 2152, A/C Payable (for purchase price stipulated in contract less any cumulative allowances).	
21. Return to AID of AID-owned non-expendable property (OF&F) previously purchased by contractor or grantee. P.M.: JV prepared on the basis of report from Property Management Office that property has been returned to AID. Contra Entry: A/C 1705 or 1707, as applicable.	20. Transfer to contractor's or grantee's custody of AID-owned nonexpendable property (OF&F) with title retained by AID. P.M.: JV prepared on basis Personal Custody Property Receipt or other evidence that contractor or grantee has assumed custody of property. Contra Entry: A/C 1705 or 1707, as applicable.

Account 1702 - Continued

Debits	Credits
22. Return to AID of AID-owned non-expendable property (OF&F) previously on loan to contractor or grantee. P.M.: JV prepared on the basis of report from Property Management Office that property has been returned to AID. Contra Entry: A/C 1705 or 1707, as applicable.	

Account 1703 - Motor Vehicles

This is a debit balance account maintained to show the value of AID-owned motor vehicles. The account is debited for receipts of motor vehicles owned by AID regardless of how acquired. The account is credited for trade-in, transfers out, sales, and write offs (by Reports of Survey) of AID-owned motor vehicles.

Debits	Credits
2. See pro forma for A/C 1702.	12. See pro forma for A/C 1702.
3. See pro forma for A/C 1702.	14. See pro forma for A/C 1702.
5. See pro forma entries for A/C 1702.	16. See pro forma for A/C 1702.
18.b. See pro forma for A/C 1702.	17. See pro forma for A/C 1702.
21. Return to AID of AID-owned non-expendable property (motor vehicle) previously purchased by contractor or grantee. P.M.: JV prepared on the basis of report from Property Management Office that property has been returned to AID. Contra Entry: A/C 1706 or 1708, as applicable.	20. Transfer to contractor's or grantee's custody of AID-owned nonexpendable property (motor vehicle) with title retained by AID. P.M.: JV prepared on the basis of Personal Custody Property Receipt or other evidence that contractor or grantee has assumed custody of property. Contra Entry: A/C 1706 or 1708, as applicable.

Account 1703 - Continued

Debits	Credits
22. Return to AID of AID-owned non-expendable property (motor vehicle) previously on loan to contractor or grantee. P.M.: JV prepared on the basis of report from Property Management Office that property has been returned to AID. Contra Entry: A/C 1706 or 1708, as applicable.	

Account 1704 - Living Quarters - Furniture and Furnishings

This is a debit balance account maintained to show the value of AID-owned nonexpendable property classified as Living Quarters - Furniture and Furnishings. The account is debited for receipts of living quarters furniture and furnishings owned by AID regardless of how acquired. The account is credited for trade-in, transfers out, sales, and write-offs (by Reports of Survey) of AID-owned living quarters furniture and furnishings.

Debits	Credits
2. See pro forma for A/C 1702.	12. See pro forma for A/C 1702.
3. See pro forma for A/C 1702.	14. See pro forma for A/C 1702.
5. See pro forma entries for A/C 1702.	16. See pro forma for A/C 1702.
18.b. See pro forma for A/C 1702.	17. See pro forma for A/C 1702.
21. See pro forma for A/C 1702.	20. See pro forma for A/C 1702.
22. See pro forma for A/C 1702.	

Account 1705 - Nonexpendable Property - Excluding Motor Vehicles - Held by Contractors

This is a debit balance account maintained to reflect the value of AID-owned nonexpendable property, excluding motor vehicles, purchased by or for contractors or otherwise furnished to the contractors under the terms of AID-financed contracts.

The account is debited to show that the property has come into the contractors' possession and is credited when the property is returned to AID or otherwise properly disposed of with AID concurrence.

Account 1705 - Continued

Debits	Credits
19. Contractor's acquisition by purchase of AID-owned non-expendable property. P.M.: JV prepared on the basis of a Receiving Report or other evidence that contractor has assumed custody of property. Contra Entry: A/C 5115, Invested Capital.	21. Return to AID of non-expendable property acquired by contractor through purchase. P.M.: JV prepared on the basis of report from Property Management Office that property has been returned to AID. Contra Entry: Asset Accounts 1702, 1704, or 1709 as appropriate.
20. Transfer to contractor's custody of AID-owned nonexpendable property (with title retained by AID). P.M.: JV prepared on the basis of Personal Custody Property Receipt or other evidence that contractor has assumed custody of property. Contra Entry: Asset Accounts 1702, 1704, or 1709 as applicable.	22. Return to AID of non-expendable property previously on loan to contractor. P.M.: JV prepared on the basis of report from Property Management Office that property has been returned to AID. Contra Entry: Asset Accounts 1702, 1704, or 1709 as appropriate.
	23. Authorized transfer to approved recipient, with or without reimbursement, or sale by contractor of AID-owned property previously in the contractor's custody. P.M.: JV prepared, based on report of transfer/sale by Property Management Office. Contra Entry: A/C 3015, AID-Owned Property-Transferred & Sold.

Account 1705 - Continued

Debits	Credits
	24. Transfer to Contractor, with or without reimbursement, of title of AID-owned property held in contractor's custody. P.M.: JV prepared, based on report of transfer/sale by Property Management Office. Contra Entry: A/C 3015. AID-Owned Property-Transferred & Sold.

Account 1706 - Nonexpendable Property - Motor Vehicles - Held by Contractors

This is a debit balance account maintained to reflect the value of AID-owned Motor Vehicles purchased by or for contractors, or otherwise furnished to the contractors under the terms of AID-financed contracts.

The account is debited to show that the property has come into the contractors' possession and is credited when the property is returned to AID or otherwise property disposed of with AID concurrence.

Debits	Credits
19. Contractor's acquisition by purchase of AID-owned motor vehicle(s). P.M.: JV prepared on the basis of a Receiving Report or other evidence that contractor has assumed custody of property. Contra Entry: A/C 5115, Invested Capital.	21. Return to AID of motor vehicle(s) acquired by contractor through purchase. P.M.: JV prepared on the basis of report from Property Management Office that property has been returned to AID. Contra Entry: A/C 1703, Motor Vehicles.
20. Transfer to contractor's custody of AID-owned motor vehicle(s) (with title retained by AID).	22. Return to AID of motor vehicle(s) previously on loan to contractor.

Account 1706 - Continued

Debits	Credits
P.M.: JV prepared on the basis of Personal Custody Property Receipt or other evidence that contractor has assumed custody Contra Entry: A/C 1703, Motor Vehicles.	P.M.: JV prepared on the basis of report from Property Management Office that property has been returned to AID. Contra Entry: A/C 1703, Motor Vehicles. 23. See pro forma for A/C 1705. 24. See pro forma for A/C 1705.

Account 1707 - Nonexpendable Property - Excluding Motor Vehicles - Held by Grantees

This is a debit balance account maintained to reflect the value of AID-owned nonexpendable property, excluding motor vehicles, purchased by or for grantees or otherwise furnished to the grantees under the terms of AID-financed grants.

The account is debited to show that the property has come into the grantees' possession and is credited when the property is returned to AID or otherwise properly disposed of with AID concurrence.

Debits	Credits
19. Grantee's acquisition by purchase of AID-owned nonexpendable property. P.M.: JV prepared on the basis of a Receiving Report or other evidence that grantee has assumed custody of property. Contra Entry: A/C 5115, Invested Capital.	21. Return to AID of nonexpendable property acquired by grantee through purchase. P.M.: JV prepared on the basis of report from Property Management Office that property has been returned to AID. Contra Entry: Asset Accounts 1702, 1704, or 1709 as appropriate.
20. Transfer to grantee's custody of AID-owned nonexpendable property (with title retained by AID). P.M.: JV prepared on the basis of Personal Custody Property Receipt or other evidence that grantee has assumed custody of property.	22. Return to AID of nonexpendable property previously on loan to grantee. P.M.: JV prepared on the basis of report from Property Management Office that property has been returned to AID.

Account 1707 - Continued

Debits	Credits
Contra Entry: Asset Accounts 1702, 1704, or 1709 as applicable.	Contra Entry: Asset Accounts 1702, 1704, or 1709 as appropriate.
	23. See pro forma for A/C 1705.
	24. See pro forma for A/C 1705.

Account 1708 - Nonexpendable Property - Motor Vehicles - Held by Grantees

This is a debit balance account maintained to reflect the value of AID-owned motor vehicles purchased by or for grantees or otherwise furnished to the grantees under the terms of AID-financed grants.

The account is debited to show that the property has come into the grantees' possession and is credited when the property is returned to AID or otherwise properly disposed of with AID concurrence.

Debits	Credits
19. Grantee's acquisition by purchase of AID-owned motor vehicles. P.M.: JV prepared on the basis of a Receiving Report or other evidence that grantee has assumed custody of property. Contra Entry: A/C 5115, Invested Capital.	21. Return to AID of motor vehicles acquired by grantee through purchase. P.M.: JV prepared on the basis of report from Property Management Office that property has been returned to AID. Contra Entry: A/C 1703, Motor Vehicles.
20. Transfer to grantee's custody of AID-owned motor vehicles (with title retained by AID). P.M.: JV prepared on the basis of Personal Custody Property Receipt or other evidence that grantee has assumed custody of property. Contra Entry: A/C 1703, Motor Vehicles.	22. Return to AID of motor vehicle previously on loan to grantee. P.M.: JV prepared on the basis of report from Property Management Office that property has been returned to AID. Contra Entry: A/C 1703, Motor Vehicles.

Account 1708 - Continued

Debits	Credits
	23. See pro forma for A/C 1705.
	24. See pro forma for A/C 1705.

Account 1709 - Nonexpendable Property - Not Elsewhere Classified

This is a debit balance account maintained to show the value of AID-owned nonexpendable property which does not fall within the descriptions for account Nos. 1702 through 1708. The account is debited for receipts of nonexpendable property not elsewhere classified which is owned by AID regardless of how acquired. The account is credited for trade-in, transfers out, sales, and write offs (by Reports of Survey) of AID-owned property falling into this category.

Debits	Credits
2. See pro forma for A/C 1702.	12. See pro forma for A/C 1702.
3. See pro forma for A/C 1702.	14. See pro forma for A/C 1702.
5. See pro forma entries for 1702.	16. See pro forma for A/C 1702.
18.b. See pro forma for A/C 1702.	17. See pro forma for A/C 1702.
21. See pro forma for A/C 1702.	20. See pro forma for A/C 1702.
22. See pro forma for A/C 1702.	

Account 1710 - Property in Transit

This is a debit balance account maintained to reflect the acquisition value of AID-owned nonexpendable and expendable property which has not been received. The account is debited upon receipt of claims for payment with Bill of Lading or other evidence that property is in transit. The account is credited upon issuance of a Receiving Report recording arrival of the property.

Debit	Credit
1. Receipt of claims for payment, with B/L or other evidence that AID-owned nonexpendable or expendable property is in transit, prior to receipt of the property.	2. Issuance of Receiving Report for purchased AID-owned non-expendable and/or expendable property when B/L or other evidence of shipment was previously reported.

Account 1710 - Continued

Debits	Credits
P.M.: Monthly JV supported by PRCR Column 7 and the document involved. Contra Entry: A/C 2152, Accounts Payable.	P.M.: Monthly JV supported by PRCR Column 10 and Receiving Report. Contra Entry: A/C 1601, 1702, etc. (asset accounts) as applicable.

Account 1711 - Deferred Pre-Delivery Charges - Non-Expendable Property

This is a debit balance account maintained to reflect the deferred pre-delivery charges, i.e., transportation, handling, packing, and storage costs, which (1) are applicable to nonexpendable property, (2) exceed $100, and (3) cannot be readily identified with a discrete property item. The account is debited upon receipt of claims for payment with Bill of Lading or other evidence of shipment, and is credited annually to record the amount amortized.

Debits	Credits
1.b. Receipt of claims for payment, with B/L or other evidence that AID-owned nonexpendable property is in transit, prior to receipt of property. Multi-item shipment, Predelivery charges exceed $100 and cannot be readily identified with discrete item. P.M.: Monthly JV supported by PRCR Column 7 and the document involved. Contra Entry: A/C 2152, Accounts Payable.	26. Record annual amortization of capitalized transportation and other predelivery charges. P.M.: Journal Voucher prepared at year's end. Contra Entry: A/C 5115, Invested Capital.

Account 1712 - Disaster Assistance Stockpile Property

The accounts under this caption are debit balance accounts maintained to show the value of AID's owned property, classified as Disaster Assistance property and located in prepositioned stockpiles outside the United States. The property consists of supplies, materials, and equipment purchased and available for rapid release and air delivery to disaster sites.

Account 1712 - Continued

A subaccount is maintained for each stokpile location.

The accounts are debited for receipts of Disaster Assistance property at the stockpile depot and are credited for issues, write offs (by Reports of Survey), and other dispositions of Disaster Assistance property.

Debits	Credits
2. Receipt of Notice (receiving Report, telegram, or other bona fide document) that Disaster Assistance property has been received by the stockpile depot. P.M.: Monthly JV prepared, supported by PRCR, Column 10, and arrival notice. Contra Entry: A/C 1710, Property-in-Transit.	25. Value of Disaster Assistance issued by stockpile depot for shipment to designated disaster area. P.M.: JV prepared based upon and supported by copy of notice (costed telegram or other issue document) of property released from the stockpile depot. Contra Entry: A/C 3017, Issues-Disaster Assistance Stockpile Property.
3. See pro forma for A/C 1702.	12. Approved Survey Report for Disaster Assistance property lost or destroyed by or stolen from stockpile depot. P.M.: JV prepared as costed Survey Report is received and supported by copy of the Report. Contra Entry: A/C 4013, Property Write Offs.
5. See pro forma for A/C 1702.	

Account 1712.1 - Disaster Assistance Stockpile Property (Panama)

This is a debit balance inventory account maintained to show the value of AID-owned property, classified as disaster assistance property and located in the prepositioned stockpile at Fort Clayton, Panama Canal Zone.

Account 1712.1 - Continued

Debits	Credits
2. See pro forma for A/C 1712.	25. See pro forma for A/C 1712.
3. See pro forma for A/C 1712.	12. See pro forma for A/C 1712.
5. See pro forma for A/C 1712.	

Account 1712.2 - Disaster Assistance Stockpile Property (Guam)

This is a debit balance inventory account maintained to show the value of AID-owned property, classified as disaster assistance property and located in the prepositioned stockpile at Naval Supply Depot, Guam.

Debits	Credits
2. See pro forma for A/C 1712.	25. See pro forma for A/C 1712.
3. See pro forma for A/C 1712.	12. See pro forma for A/C 1712.
5. See pro forma for A/C 1712.	

Account 1712.3 - Disaster Assistance Stockpile Property (Italy)

This is a debit balance inventory account maintained to show the value of AID-owned property, classified as disaster assistance property and located in the prepositioned stockpile at Camp Darby, Livorno, Italy.

Debits	Credits
2. See pro forma for A/C 1712.	25. See pro forma for A/C 1712.
3. See pro forma for A/C 1712.	12. See pro forma for A/C 1712.
5. See pro forma for A/C 1712.	

Account 1712.4 - Disaster Assistance Stockpile Property (Singapore)

This is a debit balance inventory account maintained to show the value of AID-owned property, classified as disaster assistance property and located in the prepositioned stockpile at Crown Pacific, Singapore.

Account 1712.4 - Continued

Debits	Credits
2. See pro forma for A/C 1712.	25. See pro forma for A/C 1712.
3. See pro forma for A/C 1712.	12. See pro forma for A/C 1712.
5. See pro forma for A/C 1712.	

Account No. 1801 - Land

This is a debit balance account maintained to reflect the value of AID-owned land acquired by purchase, donation, or other means. The account is debited at the time the land is acquired by AID. The account is credited when the land is sold or otherwise disposed of.

Debits	Credits
7. Acquisition of real property (land) by AID by purchase. P.M. JV prepared on the basis of payment of individual vouchers supported by Form FS-512. Contra Entry: A/C 5115, Invested Capital	16. Transfer of AID-owned real property (land) to other government agencies without reimbursement. P.M.: JV prepared based on report of transfer from Property Management Office. Contra Entry: A/C 3015, AID-owned Property Transferred & Sold.
8. Acquisition of real property (land) without cost, i.e. by donation or devise (excludes transfers from other government agencies). P.M.: JV prepared supported by Form FS-512. Contra Entry: A/C 5125, Donated Capital	17. Sale of AID-owned real property (land). P.M.: JV prepared based on report of sale by Property Management Office. Contra Entry: A/C 3015, AID-owned Property Transferred & Sold.

Account No. 1802 - Buildings - Permanent

This is a debit balance account maintained to reflect the value of AID-owned permanent buildings and subsequent improvements, additions, and betterments (see 15C3b). The account is debited at the time of acquisition by purchase, donation, or other means. The account is credited when the buildings are sold or otherwise disposed of.

Debits	Credits
7. See pro forma for A/C 1801.	16. See pro forma for A/C 1801.
8. See pro forma for A/C 1801.	17. See pro forma for A/C 1801.
11. Completion of construction of permanent building previously recorded under A/C 1806 as Construction in Progress. P.M.: JV prepared following final payment. Contra Entry: A/C 1806, Construction in Progress.	

Account No. 1803 - Buildings - Temporary

This is a debit balance account maintained to reflect the value of AID-owned temporary buildings and subsequent improvements, additions, and betterments (see 15C3b). The account is debited at the time of acquisition by purchase, donation, or other means. The account is credited when the buildings are sold or otherwise disposed of.

Debit	Credit
7. See pro forma for A/C 1801.	16. See pro forma for A/C 1801.
8. See pro forma for A/C 1801.	17. See pro forma for A/C 1801.
11. See pro forma for A/C 1802.	

Account No. 1804 - Leasehold Improvements

This is a debit balance account maintained to reflect the value of easements, rights-of-way, and leasehold improvements to land, buildings, structures and facilities occupied by AID as leasee. The account is debited when the payment is made for services rendered. The account is credited (1) annually to record the amount amortized, and (2) upon termination of a lease on a building, structure, etc., to relieve the account of the unamortized balance for an individual lease.

Debit	Credit
9. Payments for leasehold improvements to AID-leased real property. P.M.: JV prepared, supported by payment vouchers. Contra Entry: A/C 5115, Invested Capital	10. Termination of lease for real property for which costs were previously reported under A/C 1804, Leasehold Improvements. P.M.: JV prepared, supported by termination or other notice from Property Management Office. Contra Entry: A/C 5115, Invested Capital. 27. Annual amortization of capitalized leasehold improvements. (Amortization period is lessor of estimated occupancy period or life of improvement.) P.M.: JV prepared at year's end. Contra Entry: A/C 5115, Invested Capital.

Account No. 1805 - Structures and Facilities

This is a debit balance account maintained to reflect the value of AID-owned utility systems serving more than one AID-owned building or serving AID-leased buildings (see 15C3d). The account is debited when at the time of acquisition by purchase, donation, or other means. The account is credited when the structures and facilities are sold or otherwise disposed of.

Account No. 1805 - Continued

Debits	Credits
7. See pro forma for A/C 1801.	16. See pro forma for A/C 1801.
8. See pro forma for A/C 1801.	17. See pro forma for A/C 1801.
11. See pro forma for A/C 1802.	

Account No. 1806 - Construction in Progress

This is a debit balance account maintained to reflect the value of construction of AID-owned buildings (permanent or temporary) and structures and facilities prior to completion of construction and transfer of the costs to a fixed asset account. The account is debited at the time progress payments are made. The account is credited at the time the final payment is made.

Debits	Credits
9. Payments for buildings, structures and facilities being constructed for AID. P.M.: JV prepared, supported by payment vouchers. Contra Entry: A/C 5115, Invested Capital.	11. Completion of construction of building, structures and facilities previously recorded under A/C 1806 as Construction in Progress. P.M.: JV prepared following final payment. Contra Account: A/C 1802, 1803, or 1805 as appropriate.

Liability Account

Account No. 2152 - Accounts Payable - AID-Owned Property

This is a credit balance liability account maintained to reflect the value of AID-owned expendable, nonexpendable, and real property for which unpaid bills are on hand or for which a Receiving Report has been issued prior to receipt of the bill.

The account is credited upon receipt of (1) a claim for payment, with Bill of Lading or other evidence of shipment, or (2) a Receiving Report issued prior to receipt of the claim for payment. The account is debited when the voucher payment is made to settle the claim.

Account 2152 - Continued

Debits	Credits
6. To record payment of vouchers for AID-owned property. P.M.: Monthly JV prepared, supported by Column 14 of PRCR. Contra Entry: A/C 5115, Invested Capital	1. Receipt of claims for payment, with B/L or other evidence that AID-owned nonexpendable or expendable property is in transit, prior to receipt of the property. P.M.: Monthly JV prepared, supported by PRCR Column 7 and the document involved. Contra Entry: A/C 1710, Property-in-Transit, and 1711, Deferred Predelivery Charges--Nonexpendable Property, if appropriate.
	3. Issuance of Receiving Report for purchased AID-owned nonexpendable and/or expendable property that is received prior to evidence of shipment. P.M.: Monthly JV prepared, supported by PRCR Column 9 and Receiving Report. Contra Entry: A/C 1601, 1702, etc. (asset accounts) as applicable.
	18.b. Change in status from AID-controlled to AID-owned nonexpendable property at the time option to purchase is exercised. P.M.: JV prepared, supported by notice of execution of option to purchase from Property Management Office. Contra Entry: Asset A/C 1702, 1703, 1704, or 1709, as applicable.

Nominal Accounts

Account No. 3015 - AID-Owned Property - Transferred & Sold

This is a debit balance nominal account maintained to reflect the value of AID-owned property (1) transferred to other AID entities (AID/W or USAID's) or other recipients without reimbursement, or (2) sold. The account is debited when the property has been transferred or sold. The account is credited at the end of the fiscal year to close the account.

Debits	Credits
16. Transfer to AID/W, other USAID's, or other recipients of AID-owned property without reimbursement. P.M.: JV prepared, based on disposal report from Property Management Office. Contra Entry: Appropriate asset account.	28. Close out nominal account at the end of the fiscal year. P.M.: JV prepared at year's end. Contra Entry: A/C 3016, Sales and Transfers of AID-owned property.
17. Sale of AID-owned property. P.M.: JV prepared based on report of sale by Property Management Office. Contra Entry: Appropriate Asset Account.	
23. Authorized transfer, with or without reimbursement, to approved recipient or sale by contractor or grantee of AID-owned property previously in the contractor's or grantee's custody. P.M.: JV prepared, based on report of transfer/sale by Property Management Office. Contra Entry: Asset A/C's 1705, 1706, 1707, or 1708, as applicable.	

Account 3015 - Continued

Debits	Credits
24. Transfer to contractor or grantee, with or without reimbursement, of title to AID-owned property held in the contractor's/grantee's custody. P.M.: JV prepared, based on report of transfer sale by Property Management Office. Contra Entry: Asset A/C's 1705, 1706, 1707, or 1708, as applicable.	

Account No. 3016 - Sales and Transfers of AID-Owned Property

This is a credit balance nominal account maintained to reflect the value of AID-owned property (1) transferred to other AID entities (AID/W or USAID's) or other recipients without reimbursement, or (2) sold. The account is credited when the property has been transferred or sold. The account is debited at the end of the fiscal year to close the account.

Debits	Credits
28. Close out nominal account at the end of the fiscal year. P.M.: JV prepared at year's end. Contra Entry: A/C 3015, AID-owned Property - Transferred & Sold.	16. Transfer to AID/W, other USAID's, or other recipients of AID-owned property without reimbursement. P.M.: JV prepared based on report 5-73 or other appropriate transfer report from Property Management Office. Contra Entry: A/C 5115, Invested Capital, or A/C 5125, Donated Capital, depending upon method of acquisition of property.

Account No. 3016 - Continued

Debits	Credits
	17. Sale of AID-owned property. P.M.: JV prepared based on report of sale by Property Management Office. Contra Entry: A/C 5115, Invested Capital, or A/C 5125, Donated Capital, depending upon method of acquisition of property.
	23. Authorized transfer, with or without reimbursement, to approved recipient or sale by contractor or grantee of AID-owned property previously in contractor's or grantee's custody. P.M.: JV prepared, based on report of transfer/sale by Property Management Office. Contra Entry: A/C 5115, Invested Capital.
	24. Transfer to contractor or grantee, with or without reimbursement, of title to AID-owned property held in the contractor's/grantee's custody. P.M.: JV prepared, based on report of transfer/sale by Property Management Office. Contra Entry: A/C 5115, Invested Capital.

Account 3017 - Issues - Disaster Assistance Stockpile Property

The accounts under this caption are debit balance nominal accounts maintained to reflect the value of AID-owned Disaster Assistance property issued by stockpile depots for shipment to disaster sites.

A subaccount is maintained for each stockpile location.

The accounts are debited for issues of property from the stockpiles, and are credited at the end of the fiscal year to close the accounts.

Debits	Credits
25. Value of Disaster Assistance property issued by stockpile depot for shipment to designated disaster area. P.M.: JV supported by copy of notice (costed telegram or other issue document) of property released from the stockpile depot. Contra Entry: A/C 1712, Disaster Assistance Stockpile Property.	28. Close out account at the end of the fiscal year. P.M.: JV prepared at year's end. Contra Entry: A/C 5115, Invested Capital.

Account 3017.1 - Issues-Disaster Assistance Stockpile Property (Panama)

This is a debit balance nominal account maintained to show the value of AID-owned Disaster Assistance property released from the stockpile at Fort Clayton, Panama Canal Zone.

Debits	Credits
25. See pro forma for A/C 3017.	28. See pro forma for A/C 3017.

Account 3017.2 - Issues-Disaster Assistance Stockpile Property (Guam)

This is a debit balance nominal account maintained to show the value of AID-owned Disaster Assistance property released from the stockpile at Naval Supply Depot, Guam.

Debits	Credits
25. See pro forma for A/C 3017.	28. See pro forma for A/C 3017.

Account 3017.3 - Issues-Disaster Assistance Stockpile Property (Italy)

This is a debit balance nominal account maintained to show the value of AID-owned Disaster Assistance property released from the stockpile at Camp Darby, Livorno, Italy.

Debits	Credits
25. See pro forma for A/C 3017.	28. See pro forma for A/C 3017.

Account 3017.4 - Issues-Disaster Assistance Stockpile Property (Singapore)

This is a debit balance nominal account maintained to show the value of AID-owned Disaster Assistance Property released from the stockpile at Crown Pacific, Singapore.

Debits	Credits
25. See pro forma for A/C 3017.	28. See pro forma for A/C 3017.

Account No. 4013 - Property Write Offs - Reports of Survey

This is a debit balance nominal account maintained to reflect the value of AID-owned property written off as a result of an approved Report of Survey covering property lost, destroyed, etc. The account is debited when an approved Report of Survey is received. The account is credited at the end of the fiscal year to close the account.

Debits	Credits
12. Issuance of approved Reports of Survey for AID-owned property lost, stolen, destroyed, or damaged beyond economical repair. P.M.: JV prepared as individual Reports of Survey are received. Contra Entry: Appropriate asset account.	28. Close out nominal account at the end of the fiscal year. P.M.: JV prepared at year's end. Contra Entry: A/C 4014, Property Adjustments.

Account No. 4014 - Property Adjustments

This is a credit balance nominal account maintained to reflect the value of AID-owned property written off as a result of an approved Report of Survey covering property lost, destroyed, etc. The account is credited when an approved Report of Survey is received. The account is debited at the end of the fiscal year to close the account.

Debits	Credits
28. Close out nominal account at the end of the fiscal year.	12. Issuance of approved Reports of Survey for AID-owned property lost, stolen, destroyed, or damaged beyond economical repair.
P.M.: JV prepared at year's end.	P.M.: JV prepared as individual Reports of Survey are received.
Contra Entry: A/C 4013, Property Write Offs	Contra Entry: A/C 5115, Invested Capital or A/C 5125, Donated Capital, depending upon method of acquisition.

Account No. 4015 - Expendable Property and Supplies - Issued and Used

This is a debit balance nominal account maintained to show the value of expendable property issued. Generally, expendable property issued for use or to replenish small cupboard stocks is considered used at the time of issue. [Note: This account is maintained only when central inventories, excluding small cupboard stocks, exceed a monetary value of $25,000.] The account is debited when the expendable property is issued. The account is credited at the end of the fiscal year to close the account.

Debits	Credits
13. Issuance of expendable property for use.	28. Close out nominal account at the end of the fiscal year.
P.M.: Quarterly JV prepared, supported by adding machine tapes of detailed stock record cards for expendable property when required.	P.M.: JV prepared at year's end.
Contra Entry: A/C 1601, Expendable Property.	Contra Entry: A/C 5115, Invested Capital.

Capital Accounts

Account 5115 - Invested Capital

This is a credit balance capital account maintained to reflect the total investment of the U.S. Government in AID-owned property, acquired by purchase or transfer without cost from other AID entities or other U.S. Government agencies. The account also reflects AID's investment in leasehold improvements for AID-leased property. The account is credited upon (1) issuance of a Receiving Report for AID-owned property acquired by transfer without cost from another AID entity or another U.S. Government agency, (2) payment of a voucher for part or all of the cost of AID-owned property acquired by purchase or construction, or (3) payment of a voucher covering costs of leasehold improvements.

The account is debited when the property is (1) sold, (2) transferred out without reimbursement, or (3) a leased building for which the lease has been terminated and for which costs were previously recorded for leasehold improvements.

Debits	Credits
10. Termination of lease for real property for which costs were previously reported under A/C 1804, Leasehold Improvements. P.M.: JV prepared, supported by termination or other notice from Property Management Office. Contra Entry: A/C 1804, Leasehold Improvements.	5. Issuance of Receiving Report for AID-owned nonexpendable property received without payment by AID through transfer (excludes donation or devise). P.M.: Monthly JV prepared, supported by PRCR Column 11 and Receiving Report. Contra Entry: Asset A/C's 1702, 1703, 1704, or 1709 as applicable.
12. Issuance of approved Reports of Survey for AID-owned property lost, stolen, destroyed, or damaged beyond economical repair, and which was (1) received without payment by AID through transfer (excludes donation or devise), or (2) acquired by purchase.	6. Payment of vouchers for AID-owned property.

Account 5115 - Continued

Debits	Credits
P.M.: JV prepared as Reports of Survey are received. Contra Entry: A/C 4014, Property Adjustments.	P.M.: Monthly JV supported by Column 14 of PRCR. Contra Entry: A/C 2152 A/C Payable
14. Relieve capital account of book value of AID-owned property, which was (1) originally received without payment by AID through transfer (excludes donation or devise) or (2) acquired by purchase, and which is traded in for new similar property.	7. Acquisition by AID of real property by purchase.
P.M.: JV prepared, based on report of property exchange from Property Management Office. Contra Entry: Asset A/C's 1702, 1703, 1704, or 1709 as applicable.	P.M.: JV prepared, based on payment of individual vouchers supported by Form FS-512. Contra Entry: Asset A/C's 1801, 1802, 1803, or 1805 as applicable.
16. Transfer to AID/W, other USAID's, or other recipients without reimbursement of AID-owned property originally acquired by purchase or transfer (excludes donation or devise.	9. Payment for (1) leasehold improvements or (2) buildings being constructed for AID.
P.M.: JV prepared based on report form 5-73 or other appropriate transfer report from Property Management Office. Contra Entry: A/C 3016, Sales & Transfers of AID-owned Property.	P.M.: JV prepared, supported by payment vouchers. Contra Entry: A/C 1804 Leasehold Improvements, or A/C 1806, Construction in Progress, as applicable.

Account 5115 - Continued

Debits	Credits
17. Sale of AID-owned property originally acquired by purchase or transfer (excludes donation or devise). P.M.: JV prepared based on report of sale by Property Management Office. Contra Entry: A/C 3016, Sales & Transfers of AID-owned Property.	
23. Authorized transfer, with or without reimbursement, to approved recipient or sale by contractor or grantee of AID-owned property previously in contractor's or grantee's custody. P.M.: JV prepared, based on report of transfer/sale by Property Management Office. Contra Entry: A/C 3016, Sales and Transfers of AID-Owned Property.	19. Contractor's or grantee's acquisition by purchase of AID-Owned nonexpendable property. P.M.: JV prepared, supported by a Receiving Report or other evidence that contractor or grantee has assumed custody of property. Contra Entry: Asset A/C's 1705, 1706, 1707, or 1708 as applicable.
24. Transfer to contractor or grantee, with or without reimbursement, of title to AID-owned property held in contractor's/grantee's custody. P.M.: JV prepared, based on report of transfer/sale by Property Management Office. Contra Entry: A/C 3016, Sales and Transfers of AID-Owned Property.	
26. Annual amortization of capitalized transportation and other pre-delivery costs. (Amortization period is ten years.)	

Account 5115 - Continued

Debits	Credits
P.M.: JV prepared at year's end. Contra Entry: A/C 1711, Deferred Predelivery Charges - Nonexpendable Property.	
27. Annual amortization of capitalized leasehold improvements. (Amortization period is lesser of estimated occupancy period or life of improvement.) P.M.: JV prepared at year's end. Contra Entry: A/C 1804, Leasehold Improvements.	
28. Close out Expendable Property Account at end of fiscal year. P.M.: JV prepared at year's end. Contra Entry: A/C 4015, Expendable Property and Supplies - Issued and Used.	

Account 5125 - Donated Capital

This is a credit balance capital account maintained to reflect the total investment in AID-owned property acquired by donation or devise. The account is credited upon issuance of a Receiving Report reflecting the receipt of property acquired by AID through donation or devise. The account is debited upon (1) issuance of an approved Report of Survey for property lost, destroyed or damaged beyond economical repair, or (2) disposal of the property by sale, trade-in, or transfer out.

Debits	Credits
12. Issuance of approved Reports of Survey for AID-owned property lost, stolen, destroyed, or damaged beyond economical repair, and which was originally received by AID through donation or devise (excludes transfers between AID entities or from other government agencies).	5. Issuance of Receiving Report for AID-owned nonexpendable property received by AID through donation or devise (excludes transfers between AID entities or from other government agencies).

Account 5125 - Continued

Debits	Credits
P.M.: JV prepared as Reports of Survey are received. Contra Entry: A/C 4014, Property Adjustments.	P.M.: Monthly JV prepared, supported by PRCR Column 12 and Receiving Report. Contra Entry: Asset Accounts 1702, 1703, 1704, or 1709 as applicable.
14. Relieve capital account of book value of AID-owned property which was originally received by AID through donation or devise (excludes transfers between AID entities or from other government agencies), and which is traded in for new, similar property. P.M.: JV prepared based on report of property exchange from Property Management Office. Contra Entries: Asset A/C's 1702 1703, 1704, or 1709 as applicable.	8. Acquisition of real property by AID through donation or devise (excludes transfers from other government agencies.) P.M.: JV prepared, supported by Form FS-512. Contra Entry: Asset A/C's 1801, 1802, 1803 or 1805 as appropriate.
16. Transfer without reimbursement to AID/W, other USAID's or other recipients of AID-owned property which was originally received by AID through donation or devise (excludes transfers between AID entities or from other government agencies). P.M.: JV prepared based on report form AID 5-73 or other appropriate transfer report from Property Management Office. Contra Entry: A/C 3016, Sales and Transfers of AID-owned property.	

Account 5125 - Continued

Debits	Credits
17. Sale of AID-owned property originally acquired by donation or devise (excludes transfers between AID entities or from other government agencies). P.M.: JV prepared based on report of sale by Property Management Office. Contra Entry: A/C 3016, Sales and Transfers of AID-owned Property.	

Statistical Accounts

Account No. 6012 - AID Controlled (Non AID Owned) Non-Expendable Property

This is a debit balance statistical account maintained to reflect the value of AID-controlled nonexpendable property owned by others for which AID has custodial responsibilility. The account is debited upon issuance of a Receiving Report for AID-controlled nonexpendable property. The account is credited upon return of the property to its owner or lessor.

Debits	Credits
4. Issuance of Receiving Report for AID-controlled nonexpendable property. P.M.: Monthly JV prepared, supported by PRCR Column 13 and Receiving Report. Contra Entry: A/C 6153, Property Owned by Others in AID Custody.	15. Return of AID-controlled property to owner/lessor. P.M.: JV prepared, based on report of property return prepared by Property Management Office. Contra Entry: A/C 6153, Property Owned by Others in AID Custody.
18.a. Issuance of Receiving Report for AID-Controlled non-expendable property delivered under a lease-purchase agreement, i.e., with AID-option to purchase.	18.b. Change in status from AID-controlled to AID-owned non-expendable property at the time the option to purchase is exercised.

Account 6012 - Continued

Debits	Credits
P.M.: Monthly JV prepared, by PRCR Column 13 and Receiving Report.	P.M.: JV prepared, supported by notice of execution of option to purchase from Property Management Office.
Contra Entry: A/C 6153, Property Owned by Others - In AID Custody.	Contra Entry: A/C 6153, Property Owned by Others - In AID Custody.

Account No. 6153 - Property Owned by Others in AID Custody

This is a credit balance statistical account maintained to reflect the value of AID-controlled nonexpendable property owned by others for which AID has custodial responsibility. The account is credited upon issuance of a receiving report for AID-controlled nonexpendable property. The account is debited upon return of the property to its owner or lessor.

Debits	Credits
15. Return of AID-controlled property to owner/lessor.	4. Issuance of Receiving Report for AID-controlled non-expendable property.
P.M.: JV prepared, based on report of property return pepared by Property Mangement Office.	P.M.: Monthly JV prepared, supported by PRCR Column 13 and Receiving Report.
Contra Entry: A/C 6012, AID Controlled (Non-AID Owned) Nonexpendable Property.	Contra Entry: A/C 6012, AID Controlled (Non-AID Owned) Nonexpendable Property.
18.b. Change in status from AID-controlled to AID-owned non-expendable property at the time the option to purchase is exercised.	18.a. Issuance of a Receiving Report for AID-controlled non-expendable property delivered under a lease-purchase agreement, i.e., with AID-option to purchase.
P.M.: JV prepared, supported by notice of execution of option to purchase from Property Management Office.	P.M.: Monthly JV prepared, supported by PRCR Column 13 and Receiving Report.
Contra Entry: A/C 6012, AID-Controlled (Non-AID Owned) Non-expendable Property.	Contra Entry: A/C 6012, AID-Controlled (Non-AID Owned) Nonexpendable Property.

ATTACHMENT 15C

PROPERTY RECEIPT CONTROL REGISTER

PROPERTY RECEIPT CONTROL REGISTER
(For AID-Owned & Controlled Property)1/

						BILL OF LADING DATA			RECEIVING REPORT DATA				
			Bill of Lading or Receiving Report							OTHER PROPERTY TRANSACTIONS Receiving Rpt. For:			
										Property Rcd. at No Cost			
						B/L Rec'd prior to Rec. Rpt.	Rec. Rpt. rec'd prior to B/L	Rec. Rpt. received prior to B/L; or no B/L Involved	Rec. Rpt. Received - or Bill of Lading previously rec'd and recorded	Intra-U.S.G. 2/	Other	AID-Controlled	Payment of Vouch.
No.	Date of Entry	Identification of Items and Citation to PIO/C & P.O. Number, etc.	No.	Date	Quantity	Dr 1710 Dr 1711 Cr 2152	Cross Reference to Receiving Report Entry	Dr Asset A/C Cr 2152	Dr Asset A/C Cr 1710	Dr Asset A/C Cr 5115	Dr Asset A/C Cr 5125	Dr 6012 Cr 6153	Dr 2152 Cr 5115 Amount
(1)*	(2)	(3)*	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
1	9/1/77	Recd. Claim for payment w/B/L prior to Receiving Report	802	1977 8/3	70	1000							
2	9/3/77	Rec. Rpt. rcd. - B/L previously reported.	501	9/1	70				1100				
	9/3/77	Adjust due to difference between Rec. Rpt and B/L	6908	8/9	34	100	459						
3	9/5/77	Rec. Rpt. rcd. prior to B/L	502	9/1	16			750					
4	9/6/77	Rec. Rpt. rcd. - AID Controlled Property	503	9/2	1							500	
5	9/8/77	Rec. Rpt. rcd. No Cost Property : (a) Intra-AID (b) Other	504	9/3	19					(a)400	(b)300		
6	9/9/77	Voucher Payment	501	7/1	70								1100
-	9/30/77	Totals for Sept.	-			1100		750	1100	400	300	500	1100

1/ Maintain separate PRCR's for Expendable Property when applicable. See 15E3d.
2/ Intra-U.S.G. -- Transfers between AID entities and/or between AID and other U.S. Government Agencies.
* Columns (1) and (3) relate to pro forma entries. In practice, Column (1) should reflect the transaction numbers and Column (3) should reflect Procurement document data.

ATTACHMENT 15D

AID-OWNED AND CONTROLLED NON-EXPENDABLE AND
REAL PROPERTY REPORT
6 FAM 220 (EXHIBIT 229.2)
AID-OWNED AND CONTROLLED PROPERTY
A. GENERAL LEDGER TRAIL BALANCE 1/
as of September 30, 19__

USAID_____ Report Control Symbol U-754/1

ACCOUNT		DEBIT	CREDIT
NUMBER	TITLE	$	$
1601	Expendable Property - Supplies, Parts, etc.		
1702	Office Furniture & Furnishings		
1703	Motor Vehicles		
1704	Living Quarters - Furniture & Furnishings		
1705	Non-Expendable Property - Excluding Motor Vehicles - Held by Contractors		
1706	Non-Expendable Property - Motor Vehicles - Held by Contractors		
1707	Non-Expendable Property - Excluding Motor Vehicles - Held by Grantees		
1708	Non-Expendable Property - Motor Vehicles - Held by Grantees		
1709	Non-Expendable Property - Not Elsewhere Classified		
1710	Property in Transit		
1711	Deferred Pre-Delivery Charges - Non-Expendable Property		
1712	Disaster Assistance Stockpile Property		
1713	ADP Equipment - Non-Expendable Property		
1801	Land		
1802	Buildings - Permanent		
1803	Buildings - Temporary		
1804	Leasehold Improvements		
1805	Structures and Facilities		
1806	Construction in Progress		
2152	Accounts Payable - AID-Owned Property		
3015	AID-Owned Property - Transferred & Sold		
3016	Sales and Transfers of AID-Owned Property		
3017	Issues-Disaster Relief Stockpile Property		
4013	Property Write-offs - Reports of Survey		
4014	Property Adjustments		
4015	Expendable Property and Supplies - Issued & Used		
5115	Invested Capital		
5125	Donated Capital		
6012	AID Controlled (Non AID-Owned) Non-Expendable Property		
6153	Property Owned by Others in AID Custody		
	TOTALS	$	$

B. PROPERTY INVENTORY CERTIFICATION

I certify that this trail balance reflects the balances shown in the General Ledger Accounts maintained at this installation and that the above indicated inventory account balances are in agreement with the detailed property records maintained at this installation, except as follows: 2/

_____
Mission Controller 3/

* I certify that a physical inventory was taken of all AID-owned NXP and real property in the Mission's custody, as required by regulation. The inventory has been verified with the property records and all overages and shortages reconciled or surveyed, or otherwise accounted for as of _____.

_____
Mission Director (or)
Property Management Officer

C. SUPPLEMENTAL INFORMATION 5/

Value of Expendable Material and Supplies (Not Included in the General Ledger) 4/ as of September 30, 19__ $_____

Amount of Prepaid Rents as of September 30, 19__ $_____

1/ List only accounts that have balances.

2/ Delete: "Except as follows" if not applicable.

3/ Chief, Financial Management/Accounting Division (FM/A) for AID/W.

4/ See Paragraph 15E3d and Attachment 15B, Account 1601 description. *

5/ Not applicable to Disaster Assistance Stockpile Property.

Attachments: Nonexpendable property list and property inventory certification statement required by HB 23, Ch. 4.

* REVISED

ATTACHMENT 15E

ANNUAL REPORT OF GOVERNMENT PROPERTY IN CONTRACTOR'S CUSTODY
(Name of Contractor)
As of (End of Contract Year), 19xx

	Motor vehicles	Furniture and furnishings Office	Living Quarters	Other nonexpendable property
A. Value of property as of last report.				
B. Transactions during this reporting period.				
1. Acquisitions (add):				
a. Purchased by contractor 1/				
b. Transferred from AID 2/				
c. Transferred from others - without reimbursement 3/				
2. Disposals (deduct):				
a. Returned to AID				
b. Transferred to AID-Contractor Purchased				
c. Transferred to other Government agencies 3/				
d. Other Disposals 3/				
C. Value of property as of reporting date.				
D. Estimated average age of contractor held property	Years	Years	Years	Years

1/ Property which is complete in itself, does not lose its identity or become a component part of another article when put into use; is durable, with an expected service life of two years or more; and which has a unit cost of more than $500.

2/ Government furnished property listed in this Contract as non-expendable.

3/ Explain if transactions were not processed through or otherwise authorized by AID.

PROPERTY INVENTORY VERIFICATIONS

I attest that (1) physical inventories of Government property are taken not less frequently than annually; (2) the accountability records maintained for Government property in our possession are in agreement with such inventories; and (3) the total of the detailed accountability records maintained agrees with the property value shown opposite line C above, and the estimated average age of each category of property is as cited opposite line D above.

Authorized Signature."

CHAPTER 16 - AUDIT FOLLOW-UP AND RESOLUTION

CHAPTER 16

POLICY AND PROCEDURES FOR AUDIT FOLLOW-UP AND RESOLUTION

16A. Scope and Purpose

1. This chapter sets forth AID policy for the resolution and follow-up of audit findings and recommendations issued by either the Office of the Inspector General (IG) or the General Accounting Office (GAO) excluding those audits applicable to contract price proposals.

2. These policies and procedures are applicable throughout the Agency.

16B. Policy and Procedures

AID policy and procedures are set forth in Attachment 16A of this Chapter.

16C. Agency Follow-up Official

The Assistant to the Administrator, Bureau for Personnel and Financial Management has been designated responsibility to serve as the AID Follow-up Official.

ATTACHMENT 16A
(TM 19:127)

Agency for International Development

Audit Follow-up and Resolution

Policy and Procedures

December 30, 1989

AUDIT FOLLOW-UP AND RESOLUTION POLICY AND PROCEDURES

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13. Collection of Disallowed Costs.....20

1. PURPOSE

This Notice describes the responsibilities of the Agency and Bureau Follow-up Officials, the Office of the Inspector General, and the Agency's management officials in establishing procedures for follow-up actions on findings and recommendations of audit reports. These revised procedures are designed to ensure compliance with Public Law 96-304, the Supplemental Appropriation and Rescission Act of 1980; Public Laws 95-452 and 96-452, Inspector General Act of 1978; Public Law 100-504, the Inspector General Act Amendments of 1988; and Office of Management and Budget Circular A-50, Audit Follow-up.

This Notice applies to all audit findings and recommendations contained in audit reports issued by or under the auspices of the Inspector General, or the General Accounting Office, except those applicable to contract price proposals. Audits include external audits of contracts or grants and internal audits of A.I.D. programs.

2. SCOPE

These policies and procedures are applicable throughout the Agency.

3. BACKGROUND

Public Law 96-304, the Supplemental Appropriation and Rescission Act of 1980, which was effective on July 8, 1980, requires that audits involving questioned expenditures arising after October 9, 1980, shall be resolved within 6 months of completing the final audit report.

House Report No. 97-279, issued October 20, 1981, by the Committee on Government Operations recommends that all audits with reported findings or recommendations (not just those involving questioned expenditures) be included in agency tracking and control systems and elevated for resolution when there are delays or disagreements between auditors and program officials.

Public Law 100-504, the Inspector General Act Amendments of 1988, requires agency heads to report to the Congress the completion status of all open audit recommendations over 1 year old; that is, all resolved recommendations where corrective actions had not been completed within 1 year from the date of resolution.

Office of Management and Budget (OBM) Circular No. A-50, Audit Follow-up, revised September 29, 1982, requires that each agency establish systems to assure the prompt and proper resolution and implementation of audit recommendations. It specifies the role of the designated follow-up official and strengthens the procedures for resolution of audit findings and corrective action on recommendations contained in audit reports issued by the Inspector General, the General Accounting Office, and other audit organizations.

Follow-up is a continuous process to ensure that prompt and responsive action is taken on findings and recommendations contained in final reports. The system of follow-up control starts when the final report is issued and continues until all the findings have been resolved and corrective actions completed.

4. DEFINITIONS

AUDIT REPORT: This term refers to either a draft or final report. A draft report contains draft findings and recommendations which may be changed or omitted in the final report. A final report contains the final findings, recommendations and, to the extent possible, the comments and actions taken or planned by the management official. Audit reports include audits made by the Inspector General, external audits made by private accounting firms or contractors and certified by the Inspector General, audits made by other Government agencies such as Health and Human Services and Defense Contract Audit Agency, and audits made by the General Accounting Office.

AGENCY FOLLOW-UP OFFICIAL: The Agency Follow-up Official is the Assistant to the Administrator, Bureau for Personnel and Financial Management.

BUREAU FOLLOW-UP OFFICIAL: Assistant Administrators shall be the follow-up officials in each Bureau. The Assistant Administrator may designate another Bureau official to assist in fulfilling this responsibility. The Bureau Follow-up Official shall be the single point of contact appointed by the Assistant Administrator in each Bureau and shall be the counterpart to the Agency Follow-up Official.

INDEPENDENT OFFICE FOLLOW-UP OFFICIAL: Heads of independent offices shall be the follow-up officials in each Office. The head of an independent office may designate another official to assist in fulfilling this responsibility. The

independent office Follow-up Official shall be the single point of contact appointed by the head of an independent office and shall be the office's counterpart to the Agency Follow-up Official. Functions are analogous with those of the Bureau Follow-up Official.

MISSION FOLLOW-UP OFFICIAL: Mission Directors shall be the Follow-up Official at the Mission level. The Mission Director may designate another Mission official to assist in fulfilling this responsibility. The Mission Follow-up Official has the primary responsibility to ensure an effective follow-up system in the respective Mission, and to provide this information to the Bureau Follow-up Official.

MANAGEMENT ACTION OFFICIAL: A Management Action Official is either the official to whom the audit report is addressed, or the Agency head who is ultimately responsible for the program or activity being audited. The management official has primary responsibility for ensuring the implementation of corrective actions.

RESOLVED RECOMMENDATIONS: For most audits, recommendations are resolved at the time that the management official and the Inspector General agree on the action to be taken on reported findings and recommendations. In the event of disagreement, audit resolution occurs when the Agency Follow-up Official determines the matter to be resolved. In some instances, however, disagreements may require resolution by the Administrator. A recommendation may be considered resolved despite the right of persons outside the Agency to negotiate, appeal, or litigate. Agreement on a finding by parties outside the Government neither precludes further consideration of issues in the finding by Agency management, nor is such agreement to be considered resolution of the issues.

CLOSED RECOMMENDATIONS: Recommendations are closed when the corrective actions are satisfactorily accomplished, including the recovery of the unsupported portion of questioned costs, substantiation of unsupported costs, or management action to implement the management efficiency. As part of the close-out process, Bureaus and independent Offices shall document the completion of corrective actions and shall advise the Inspector General that completion has in fact been satisfactorily accomplished.

TYPES OF AUDIT FINDINGS: The types of findings contained in the Inspector General's and other audit reports may be classified as follows:

(1) Questioned Costs Finding: These findings identify costs which the auditor considers to be potentially unallowable because of the following: (a) an alleged violation of a provision of a law, regulation, contract, grant, cooperative agreement, other agreement or document governing the expenditure of funds; (b) a finding that, at the time of audit, such cost was not supported by adequate documentation; or (c) a finding that the expenditure of funds for the intended purpose may be unnecessary or unreasonable.

(2) Management Efficiency Finding: These findings identify cost avoidances which include reductions or eliminations of payments, costs, or expenses that would have been made or incurred by the Federal Government. Estimate rather than precise determinations may be used for these findings . This category also includes savings from such items as reprogramming or recapture of unliquidated obligations, and more effective contract negotiations.

(3) Procedural or Internal Control Finding: These findings identify a weakness or breakdown in procedures or internal controls. The findings include recommendations for making A.I.D. programs and operations more effective. In many instances, these findings are more significant in terms of long-range impact than cost recoveries. The Inspector General audit reports shall indicate which of these findings meet the criteria for materiality, in connection with reporting pursuant to the Federal Managers' Financial Integrity Act.

(4) Unsupported Costs Finding: These findings identify costs for which the auditor, at the time of the audit, is unable to gather sufficient, competent, or relevant evidence to determine their allowability. Examples of these costs are unaudited third party contracts or costs unsupported by adequate documentation. The audit follow-up process will assure the recovery of unsupported costs if the cost cannot be documented within a reasonable period of time, as agreed upon by the Inspector General and management.

SPECIAL DEFINITIONS: Special definitions are to be used in semiannual reports required by Congress pursuant to Public Law 100-504. Special definitions are:

(1) Disallowed cost: This term means a questioned cost that management, in a management decision, has sustained and agreed should not be charged to the Government.

(2) Recommendation that funds be put to a better use: This term is synonymous with "Management Efficiency Finding" and means a recommendation by the Inspector General that funds could be used more efficiently if management took action to implement and complete the recommendation, including:

(2a) Reduction in outlays;

(2b) Deobligation of funds from programs or operations;

(2c) Withdrawal of interest subsidy costs on loans, loan guarantees, insurance, or bonds;

(2d) Costs not incurred by implementing recommended operational improvements;

(2e) Avoidance of unnecessary expenditures noted in preaward reviews of contracts or grant agreements;

(2f) Any other savings which can be specifically identified.

(3) Management Decision: This term means the evaluation by the responsible Agency management official of the findings and recommendations included in the Inspector General's audit report and the issuance of a final decision by management concerning its response to such findings and recommendations, including appropriate corrective actions, or a statement with supporting reasons as to why no action is considered necessary.

(4) Final Action: This term means the completion of all actions that management has concluded are necessary with respect to the findings and recommendations in the Inspector General audit report. If management concludes no action is necessary, final action occurs when a management decision has been made that no action is necessary.

5. POLICY

Audit follow-up is an integral part of good management and is a shared responsibility of management officials and the Inspector General. Corrective action by management

officials on resolved findings and recommendations is essential to improve the effectiveness and efficiency of the Agency's operations. The Assistant Administrator in each Bureau, and the Director of each independent office shall assign the necessary responsibilities and resources, and establish a process to assure prompt responses to audit reports and proper resolution and implementation of audit recommendations. These processes shall provide a complete record of actions taken on both monetary and non-monetary findings and recommendations. This record must be provided to the Administrator and the Agency Follow-up Official in a timely and uniform manner in order that the Agency may meet information and reporting requirements. It is A.I.D.'s policy that all findings contained in a final audit report be resolved within six months after the report issuance date. Further, it is A.I.D.'s policy that corrective actions on resolved audit findings will be completed as quickly as possible in accordance with the management official's commitment, and reported to the Inspector General upon completion. A reasonable effort shall be made to complete corrective actions within one year from audit resolution.

6. RESPONSIBILITIES OF THE AGENCY FOLLOW-UP OFFICIAL

Designation of the Agency Follow-up Official. The Agency Follow-up Official has been designated by the Administrator as having responsibility for the Agency's follow-up system and for ensuring that this system is given a high priority. The function includes oversight, reporting, establishing Agency policy, and active involvement in all aspects of the follow-up process.

a. Assuring Compliance with the Office of Management and Budget's (OMB) Circular A-50: The Agency Follow-up Official shall assure that each Bureau and Office's system of audit follow-up is documented, in place, and in accordance with the provisions of OMB Circular A-50, and that necessary information is provided regarding corrective actions on each audit recommendation, with estimated and actual completion dates.

b. Resolving Audit Disagreements: The Agency Follow-up Official is normally the highest management level for determining the resolution of audit findings and recommendations when the Inspector General and management officials disagree. This responsibility for resolving recommendations does not apply to contract audits discussed in paragraph 7g. Contracting officers are responsible for negotiating the settlement of contract audit recommendations

except for disputes referred to an appropriate board of contract appeals for decision. (41 U.S.C. 601-613, as implemented in FAR Part 33, and as provided in FAR 1.6 and Subpart 701.6 of the AIDAR.)

c. Coordinating the Audit Resolution Effort: The Agency Follow-up Official shall coordinate the resolution effort to assure that final audit reports are resolved within 6 months after their issuance, and where appropriate, will make final resolution determinations during a 90-day period following the Inspector General's referral of unresolved recommendations.

d. Processing Quarterly Corrective Action Status Reports: The Agency Follow-up Official shall process quarterly corrective action status reports furnished by the Inspector General by providing the reports to the Bureau Follow-up Official and furnishing updated information to the Inspector General.

e. Disagreements between the Inspector General and the Agency Follow-up Official: As suggested above, the Agency Follow-up Official's decision will normally be final in resolving disputed audit findings and recommendations. In exceptional cases, however, such as those involving large amounts of money or the setting of significant precedent, the Inspector General may choose to appeal the Agency Follow-up Official's decision to the Administrator. In such cases, the Inspector General shall take the lead in processing such an appeal, including obtaining statements from Agency management, for decision by the Administrator. It is the intention that such documentation will be read for decision by the Administrator within forty-five days after the decision by the Agency Follow-up Official.

f. Reporting the Results of Completed Corrective Action: Pursuant to P.L. 100-504, the Inspector General's Act Amendments of 1988, the Agency Follow-up Official shall, on a semiannual basis, report to the Administrator and to the Congress the results of completed corrective actions contained in management decisions made on audit reports issued by the Inspector General. The Agency Follow-up Official shall coordinate with the Inspector General and the follow-up officials to assure that the information to be included in the report is accurate and collected in a timely manner. The first report shall be furnished after the semiannual reporting period ending March 31, 1990, and shall be entitled "Semiannual Report on Audit Recommendations." Corrective action status reports maintained by the Inspector General and audit close-out reports maintained by the follow-up officials shall comprise the primary data base for preparation of the semiannual report.

g. Semiannual Report on Audit Recommendations: The Agency Follow-up Official is responsible for preparing or providing input for A.I.D.'s Semiannual Report on Audit Recommendations. Semiannual reports of the Inspector General shall be furnished to the Agency Follow-up Official not later than April 30 and October 31 of each year, and shall be transmitted by the Agency Follow-up Official to the Administrator and to the appropriate committees or subcommittees of the Congress within 30 days after the receipt of the report, together with a report by the Agency Follow-up Official containing:

(1) any comments the Agency Follow-up Official determines appropriate;

(2) statistical tables showing the total number of audit reports and the total dollar value of disallowed costs for:

(2a) audit reports on which final action has not been taken by the commencement of the reporting period;

(2b) audit reports on which management decisions were made during the reporting period;

(2c) audit reports for which final action was taken during the reporting period, including (1) the dollar value of disallowed costs that were recovered by management through collection, offset, property in lieu of cash, or otherwise, and (2) the dollar value of costs disallowed that were written off by management; and

(2d) audit reports for which no final action had been taken by the end of the reporting period.

(3) statistical tables showing the total number of audit reports and the dollar value of recommendations that funds be put to better use by management agreed to in a management decision for:

(3a) audit reports for which final action had not been taken by the commencement of the reporting period;

(3b) audit reports on which management decisions were made during the reporting period;

(3c) audit reports for which final action was taken during the reporting period, including (1) the dollar value of recommendations that were actually completed, and (2) the dollar value of recommendations that management had subsequently concluded should not or could not be implemented or completed; and

(3d) audit reports for which no final action has been taken by the end of the reporting period.

(4) a statement with respect to audit reports on which management decisions have been made but final action has not been taken, other than audit reports on which a management decision was made within the preceding year, containing;

(4a) a list of such audit reports and the date each such report was issued;

(4b) the dollar value of disallowed costs for each report;

(4c) the dollar value of recommendations that funds be put to better use agreed to by management for each report; and

(4d) an explanation of the reasons final action has not been taken with respect to each audit report, except audit reports that are under formal administrative or judicial appeal or those which management has agreed to pursue a legislative solution, but shall identify the number of reports in each category so excluded.

(5) Sixty days after the transmission of the semiannual report to Congress, the Agency Follow-up Official shall make copies of the report available to the public upon request and for a reasonable fee.

(6) The Inspector General shall immediately report all serious or flagrant problems, abuses, and deficiencies relating to the administration of programs and operations of A.I.D. to the Administrator. The Administrator shall transmit all such reports to the appropriate committees or subcommittees of Congress within seven calendar days, together with a report by the Agency Follow-up Official containing any comments the Agency Follow-up Official deems appropriate.

(6a) Nothing in this section shall be construed to authorize the public disclosure of information which is (1) specifically prohibited from disclosure by any other provision of law; (2) specifically required by Executive order to be protected from disclosure in the interest of national defense, of national security, or in the conduct of foreign affairs; or (3) a part of an ongoing criminal investigation except if such ongoing criminal investigation information has been included in a public record.

(7) Nothing in this section or in any other provision of the Act shall be construed to authorize or permit the withholding of information from the Congress, or from any committee or subcommittee thereof.

7. RESPONSIBILITIES OF BUREAU AND INDEPENDENT OFFICE FOLLOW-UP OFFICIALS

Designation of Bureau and Independent Office Follow-up Officials. Assistant Administrators and independent Office Directors are the responsible officers to ensure proper follow-up of audit findings in their respective areas. In carrying out this responsibility these officials shall designate an appropriate senior officer to act as the Office or Bureau's Follow-up Official for A.I.D./W. This officer shall have appropriate authority and responsibility to establish a follow-up system, assure timely resolution and implementation of corrective actions, and provide requested information to the Agency Follow-up Official. In addition, this responsibility shall include the maintenance of accurate follow-up records and the establishment of accounting controls over audit disallowances.

The Mission Director or the Mission Director's designee at each USAID Mission is accountable for the above described follow-up responsibilities at the Mission level and shall also support the Bureau Follow-up Official. However, the Bureau Follow-up Official serves as the single point of contact on all follow-up matters.

a. Taking Action on Unresolved Audits: To assure efficient control over the audit resolution process, follow-up officials shall take timely action in response to consolidated listings of unresolved audit recommendations furnished monthly by the Inspector General. Follow-up

officials shall review the listing by confirming the resolution status for each unresolved audit report contained in the listing with the appropriate Action office within the Agency.

b. Preparing Audit Close-out Reports: Once resolution has been achieved, follow-up officials shall maintain a record of corrective action taken on each resolved audit finding and recommendation. Upon completion of corrective action, the Follow-up Official shall advise the Inspector General accordingly. The close-out report shall contain the audit report number, the report title, the title of the findings, open recommendations, corrective actions agreed upon, and date completed. Further, the close-out report shall summarize any monetary amounts recovered as a result of questioned or unsupported costs, and any dollar benefits resulting from cost avoidances or other management efficiencies recommended by the Inspector General's audit recommendations. The close-out report shall be maintained by the appropriate Follow-up Official and shall be made available for review by representatives of the Inspector General and the Agency Follow-up Official.

c. Responding to Corrective Action Status Reports: To assure control over the follow-up process, follow-up officials shall respond to corrective action status reports furnished quarterly by the Agency Follow-up Official. This follow-up report shall list all resolved audit recommendations that remain open one year after the date of the audit report and a target completion date shall be entered by follow-up officals on the status report.

(1) If corrective action is completed, the date of completion shall be entered in the status report, along with any cost disallowances recovered, or monetary benefits achieved.

(2) If no corrective action has been accomplished or none is planned, the Bureau Follow-up Official shall attach a written explanation to the status report. A review of the explanation will determine whether the recommendation should be reclassified as unresolved or considered to be closed.

(3) If follow-up officials are aware of other audit recommendations that have been closed during the current quarter, but are not identified as closed in the status report for the current quarter, the status report will be updated by including the information requested in subparagraph 2, above.

(4) The status report shall be returned to the Agency Follow-up Official as soon as the update is completed.

d. Recording and Collection of Audit Related Debt: Each Bureau and independent Office shall develop implementing guidance to ensure the timely recording by the Office of Financial Management of accounts receivable generated from cost-questioned audit findings, and collection of all amounts owed the U.S. Government in accordance with Government debt collection standards and Agency policies. Development of such guidance shall be coordinated with the Bureau for Personnel and Financial Management, and copies of the final guidance will be provided to the Agency Follow-up Official.

e. Evaluation of Management Performance: Each Bureau, Office and Mission shall ensure the accomplishment of audit follow-up responsibilities. The performance standards and plans will include a description of follow-up duties and the performance appraisals/employee evaluation reports of employees assigned responsibilities under this notice will be evaluated on their effectiveness in carrying out these responsibilities.

f. Compliance with OMB Circular A-123: Each Bureau and independent Office shall ensure that the audit resolution and follow-up process is identified as a component of a Management Control Plan pursuant to OMB Circular A-123, as revised. Accordingly, each Bureau Follow-up Official shall be responsible for conducting a periodic evaluation of the audit resolution and follow-up process, as prescribed by the Circular and as implemented by Agency guidance.

g. Following-up on Contract Audits: Each contracting officer or office shall respond to requests for information contained in the Inspector General's memoranda transmitting the results of audits of contracts. Contract audits include preawards, overhead, incurred costs, close out or other special audits related to contract administration and are advisory in nature. The information to be furnished to the Inspector General to close the audits shall consist of a memorandum from the contracting official summarizing the negotiations or action taken to settle the cost reductions or avoidances included in any recommended audit adjustments. This information shall fulfill the new follow-up reporting requirements prescribed by P.L. 100-504, the Inspector General's Act Amendments of 1988. As provided by the Act, recommendations that funds be put to a better use (i.e., management efficiencies) are defined as including

the avoidance of unnecessary expenditures noted in audits of contract or grant agreements. The contract audit shall be considered as unresolved until such time as the requested information has been formally provided to the Office of Inspector General. Upon receipt of the information the Inspector General shall close out the audit with no further follow-up action necessary.

8. RESPONSIBILITIES OF THE MANAGEMENT ACTION OFFICIALS

a. Establishment of Audit Follow-up Controls: Primary responsibility for responding to, resolving, and implementing audit recommendations rests with the responsible management action official. Timely action by management officials on recommendations is an integral part of the audit follow-up system, and has a direct bearing on its effectiveness.

b. Responding to the Inspector General's Draft Reports: The management action official shall respond to the Inspector General's draft reports within 30 days by (1) setting forth their agreement or disagreement with the audit findings and each recommendation, and monetary amounts including questioned or unsupported costs, and estimates of management efficiencies, and (2) providing estimated target dates for completion of corrective actions on recommendations with which they agree. On a case-by-case basis the Inspector General shall consider limited response time extensions where clearly justified.

c. Responding to the Inspector General's Final Report: For those audits which remain unresolved at the time the final report is issued (including final reports not issued in draft), the management action official shall inform the Inspector General within 30 days as to what further or alternative action, if any, they propose. The response to the Inspector General shall include target dates for completing corrective action. If a management official disagrees with the audit findings, recommendations, questioned or unsupported costs of management efficiency estimates, the Inspector General shall be given an explanation of the reasons. On a case-by-case basis the Inspector General shall consider limited response time extensions where clearly justified.

d. Handling Audit Reports: Management officials may transmit the audit report to the grantee or host government officials requesting comments on the auditor's finding and recommendations. Management officials should provide

technical assistance to resolve deficiencies identified in audit reports and assist grantees in resolving underlying causes of reported findings. In cases of audit findings involving the application and/or interpretation of law or regulation, consideration should be given to obtaining legal opinion when a decision is made not to disallow or recover questioned costs. The audit report shall in the first instance state the prima facie basis for disallowed or recovering costs.

9. RESPONSIBILITIES OF THE OFFICE OF THE INSPECTOR GENERAL

The Office of the Inspector General shall have the following responsibilities:

a. Audit Findings: The Inspector General shall ensure that any audit finding that alleges a violation of law, regulation or other document shall state the specific provision, e.g. section 604(a) of the Foreign Assistant Act and not merely the Foreign Assistance Act.

b. Issuance of Draft Reports: The Inspector General shall formally issue a draft report which describes the audit findings and recommendations. The draft report is used to confirm the facts presented, foster understanding of the findings and recommendations; alert management to material weaknesses in underlying systems of internal control which should be reported under OMB Circular A-123; provide management with an opportunity to comment on the findings, recommendations, questioned or unsupported costs, and other potential management dollar benefits contained in the report; and request from management an outline or plan for implementing corrective actions on agreed upon recommendations. The Inspector General shall ensure that sufficient supporting criteria are included in the audit report to permit management an opportunity to evaluate whether identifiable monetary benefits associated with the audit findings and recommendations are, in fact, realizable. The response to the draft report is required within 30 days and shall be included in the final report. If a response is not received within required time frame, the final report shall be issued by the Inspector General with a statement that a response to the draft was requested but not received.

c. Issuance of Final Reports: The Inspector General's memorandum which transmits the final audit report will identify whether each audit recommendation is resolved

or unresolved. It will take into account the Agency response to the draft report and state the basis for any disagreement with the Agency response. For those findings resolved, the final report shall describe the agreed-upon action and a time frame for implementation. If findings remain unresolved or a more detailed response is needed, a formal response shall be requested and will be due within 30 days of issuance of the final report. Unresolved issues not responded to within 120 days shall be referred to the Agency Follow-up Official for appropriate action; see Section 7 above.

d. Reviewing Responses to Final Reports: The Inspector General shall review management's responses to recommendations on all final reports and will work with management action official to resolve any differences. The Inspector General shall complete action on management's response during a 45-day period following receipt of the response. Any remaining disagreements shall be referred to the Agency Follow-up Official for resolution.

e. Maintaining Audit Follow-up Data: The Inspector General shall maintain a data base of findings and recommendations on all audit reports until the findings and recommendations have been resolved and closed. The information maintained shall be as follows:

(1) Each recommendation shall be categorized as supporting a finding of a questioned cost, unsupported cost, a management efficiency, or a procedural or internal control problem;

(2) Each recommendation shall be identified as to whether it is open (unresolved or resolved) or closed;

(3) Each recommendation shall include the date for completion of corrective action agreed to by the management officials and the actual date of completion of corrective action, where applicable;

(4) Each recommendation shall reflect the amount of costs questioned or estimated dollar benefits, and the amount agreed to by management. In addition, actual recoveries of costs or benefits shall be recorded based on information contained in close-out reports furnished by the Bureau Follow-up Officials.

f. Sharing Audit Resolution Data: On a monthly basis, the Inspector General shall provide listings of all open audit recommendations to the Agency Follow-up Official

and the Bureau or Office follow-up officials for their information and necessary action. The recommendations will be listed chronologically for each Bureau and independent Office and will segregate the recommendations which will be open over six months at the end of the current semi-annual reporting period, and will identify the number of days open in each case.

g. Sharing Audit Follow-up Data: For follow-up control purposes, the Inspector General shall provide the Agency Follow-up Official with a quarterly corrective action status report. The report shall list all open recommendations that have remained open for at least a year.

h. Semiannual Reporting of Audit Results: Pursuant to Public Law 100-504, the Inspector General Act Amendments of 1988, the Inspector General shall, on a semiannual basis, furnish to the Administrator a report for transmission to the Congress. The report shall describe the results of audit activity during the period, including the resolution status of audit reports issued. Regarding audit activity the semi-annual report shall include:

(1) A detailed listing of all audit reports issued or transmitted by the Inspector General during the period, and for each audit report when applicable, the total dollar value of questioned costs,unsupported costs, and the dollar value of recommendations to put funds to a better use (i.e., management efficiency findings);

(2) A discussion of each particularly significant audit report issued by the Inspector General during the period;

(3) Statistical tables accounting for the number and dollar value of audit reports containing monetary findings. Specifically, the tables shall account for (a) audit reports without management decisions (i.e., unresolved) at the beginning of the period; (b) audit reports issued during the period; (c) audit reports on which management decisions were made (i.e., resolved) during the period; and (d) audit reports on which no management decisions were made at the end of the period. One table shall be prepared for audit reports containing questioned costs and unsupported costs, and another table shall be prepared for audit reports containing recommendations to put funds to a better use;

(4) A summary of each audit report issued in prior periods for which a management decision has not been made by the end of the current reporting period. The summary shall include a discussion explaining why a management decision has not been made, and a timetable for a achieving a management decision;

(5) A discussion of any significant management decision with which the Inspector General is in disagreement;

(6) A description and explanation of any significant revised management decision made during the period.

10. RESOLUTION OF AUDIT FINDINGS AND RECOMMENDATIONS

The management action official shall take action to resolve audit findings and recommendations. An audit report is resolved at the time that management officials and the Inspector General agree on the appropriate corrective action to be taken in response to the report recommendations; the reasonableness of the amount of questioned or unsupported costs or potential management efficiencies to be disallowed; and the estimated target dates for completion of corrective action. In the event of disagreement, resolution occurs based upon either the determination of the Agency Follow-up Official or, exceptionally, the Administrator (see Section 7 above) or acceptance by the Inspector General and management of an alternative action or dollar benefit estimate, cost disallowance, or target completion date.

11. CLOSING AUDIT FINDINGS AND RECOMMENDATIONS

The OMB Circular No. A-50 defines resolution of audit recommendations as the point at which the audit organization and Agency management or contracting officials agree on action to be taken on reported findings and recommendations or, in the event of disagreement, the point at which the Agency Follow-up Official determines the matter to be resolved. The Inspector General's standards require appropriate action to be taken to either correct, improve, or demonstrate that action is not necessary before recommendations are considered closed. The actions reported by management must provide reasonable assurance that the deficiency, as described in the finding, has been or is being corrected. A recommendation shall not be closed without satisfactory evidence or assurances from responsible management officials that corrective action has been fully implemented. (Procedures for closing audit findings and recommendations are the same as those for resolving audit recommendations, see Section 7 above.)

a. Questioned or Unsupported Cost Recommendations: When a recommendation involves a potential monetary recovery, the appropriate basis for closing is:

(1) Evidence of actual offset or monetary in-kind collection;

(2) A copy of the bill for collection; or

(3) A written statement which establishes a satisfactory legal basis for non-recovery, (i.e., appropriate documentation provided to evidence support of a claim by grantee or contractor).

This standard applies to any recommendation involving a potential monetary recovery to be accomplished by A.I.D. or by an A.I.D.-financed intermediary. All written statements concerning a legal basis for non-recovery shall be reviewed and cleared by the Regional Legal Advisor of the General Counsel's Office before issuance. In the normal case, it is expected that the opinion of the Regional Legal Advisor or the Assistant General Counsel, Washington (for the relevant bureau) will resolve the issue on legal grounds where the issue involves interpretation of the Foreign Assistance Act, or other legislation or regulations governing Agency operations. In extraordinary cases, for example, where opinions of subordinate Agency lawyers on the same generic issue differ, the Inspector General's Legal Counsel (IG/LC) may choose to seek the opinion of the General Counsel himself or herself; in such cases, the General Counsel's opinion on the legal issue(s) shall be final.

b. Procedural and Internal Control Recommendations: When a recommendation involves a procedural action that is feasible within one year of report issuance, the appropriate basis for closing is:

(1) A written report from the management action official supported by sufficient documentary evidence to demonstrate that satisfactory corrective action has been fully implemented.

(2) A written report from the management action official which sets forth satisfactory grounds for non-implementation of the recommendation.

When a recommendation involves a procedural action that will require more than one year from the time of report issuance to accomplish, the appropriate basis for closing is:

(3) A written commitment from the management action official to take satisfactory corrective action and, when appropriate, a copy of management's written implementation plan; or

(4) A written report from the management action official which sets forth satisfactory grounds for closing the recommendation without corrective action.

When recommendations are closed based on future corrective action, the management action official shall submit periodic reports which document the progress made in relation to the planned action. The frequency of reports would be dictated by the nature and projected timing of the corrective action.

When a recommendation involves a procedural action related to compliance with laws or regulations, the appropriate basis for closing is:

(5) A written report from the management action official supported by sufficient documentary evidence to demonstrate that satisfactory corrective action has been fully implemented; or

(6) A written report from the management action official to take satisfactory corrective action and, when appropriate, a copy of management's written implementation plan; or

(7) A written statement from the management action official which sets forth satisfactory legal grounds for non-implementation of the recommendation.

All written statements concerning a legal basis for non-implementation of recommendations should be reviewed by the IG/LC. As noted under Section 11 a. above, IG/LC may choose to refer the issue to the Regional Legal Advisor or to the A.I.D. General Counsel for a legal opinion.

c. Contract Audit Recommendations: When a recommendation involves contractor's costs or competence to perform, the appropriate basis for closing is:

(1) A copy of the contracting officer's "Memorandum of Negotiation" which describes the action taken on the recommendations and the reasons for any variation from the recommendations; or

(2) A written notice that the contractor was not considered for the contract or grant award.

Audit report recommendations on contract audits are generally resolved by negotiation and are not subject to the time limits or reporting requirements set forth on OMB Circular No. A-50.

d. Other: Audit closure occurs when agreement has been reached between the Inspector General and management that good reasons exist for not following the audit recommendation. For example, the conditions upon which the recommendations were made have changed to such an extent as to negate implementation, or the recommendations have become invalid due to unforeseen legislative or regulatory developments.

12. VERIFICATION AND EVALUATION OF CLOSED AUDIT RECOMMENDATIONS

a. Role of the Agency Follow-up Official. The Agency Follow-up Official shall periodically evaluate the results of follow-up reviews conducted by the follow-up officials and the Inspector General. As a result of such evaluation, the Agency Follow-up Official shall determine whether any changes to Agency audit follow-up policy and procedures are warranted. Such determinations shall be coordinated with follow-up officials and the Inspector General for necessary action.

b. Role of the follow-up officials. Each Follow-up Official shall be responsible for establishing a centralized system to ensure that agreed-upon corrective actions have, in fact, been completed and shall periodically assess the effectiveness of the system. In addition, samples of closed audit recommendations shall be selected for periodic review to determine the effectiveness of the completed corrective actions. Results of Inspector General follow-up reviews shall be furnished to the Agency Follow-up Official.

13. COLLECTION OF DISALLOWED COSTS

Accounting and collection controls shall be established by the Bureau of Personnel and Financial Management for any amounts due the U.S. Government as a result of audit.

When an audit has revealed an indebtedness of a host country or overpayment to a contractor the management official shall give the accounting station written notice of the Agency's firm claim. The accounting station shall issue a Bill for Collection (normally to be cleared with the Regional Legal

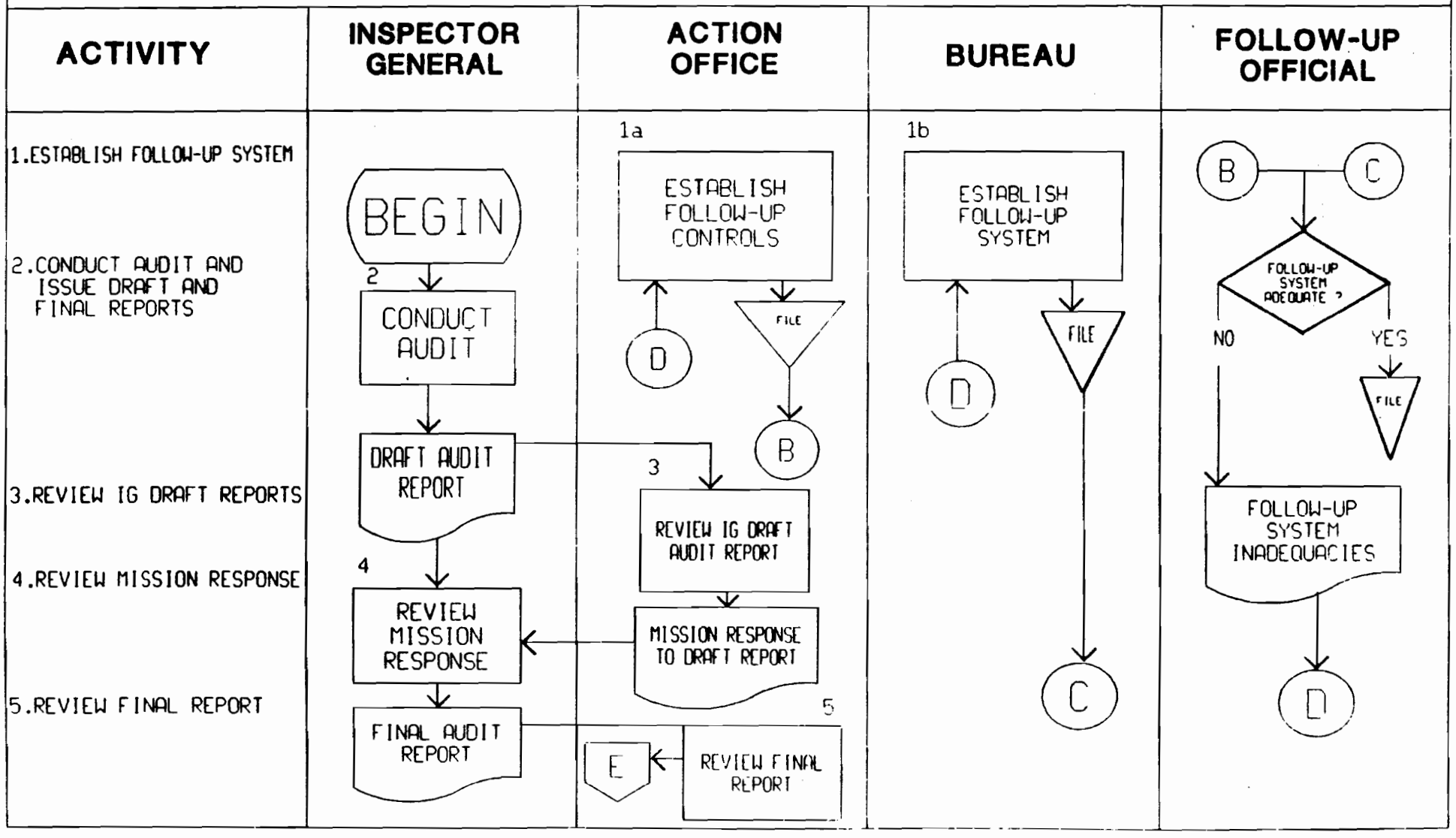
Advisor or General Counsel/Washington for legal sufficiency) and the receivable entered into the accounting system in accordance with Handbook 19, Chapter 7, and related internal Bureau of Personnel and Financial Management directives. These directives provide that audit disallowances as concurred in by Agency management shall be recorded in the financial records with in 30 days after receipt by the accounting station of record as prescribed in OBM Circular A-50.

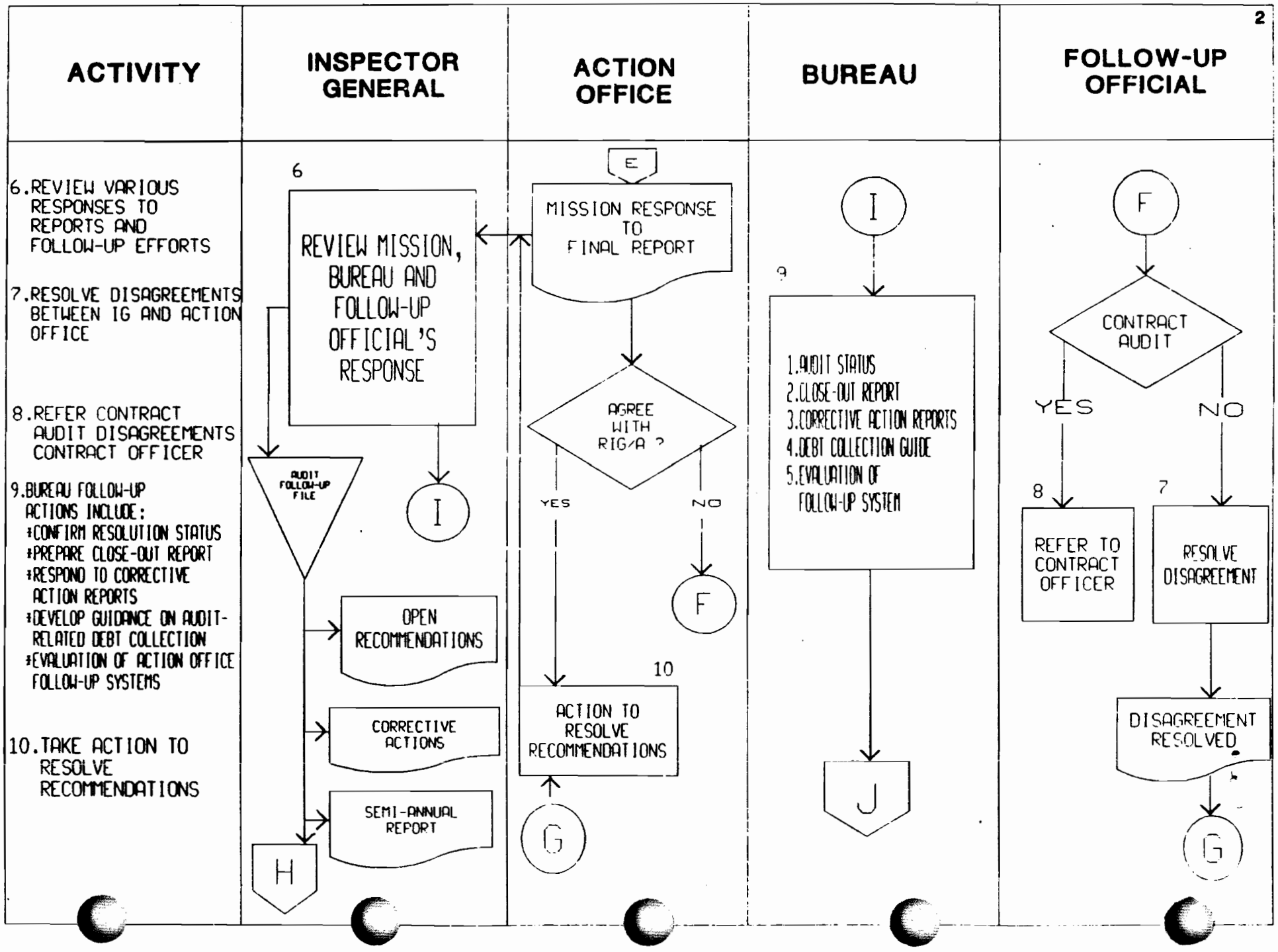
LEGEND

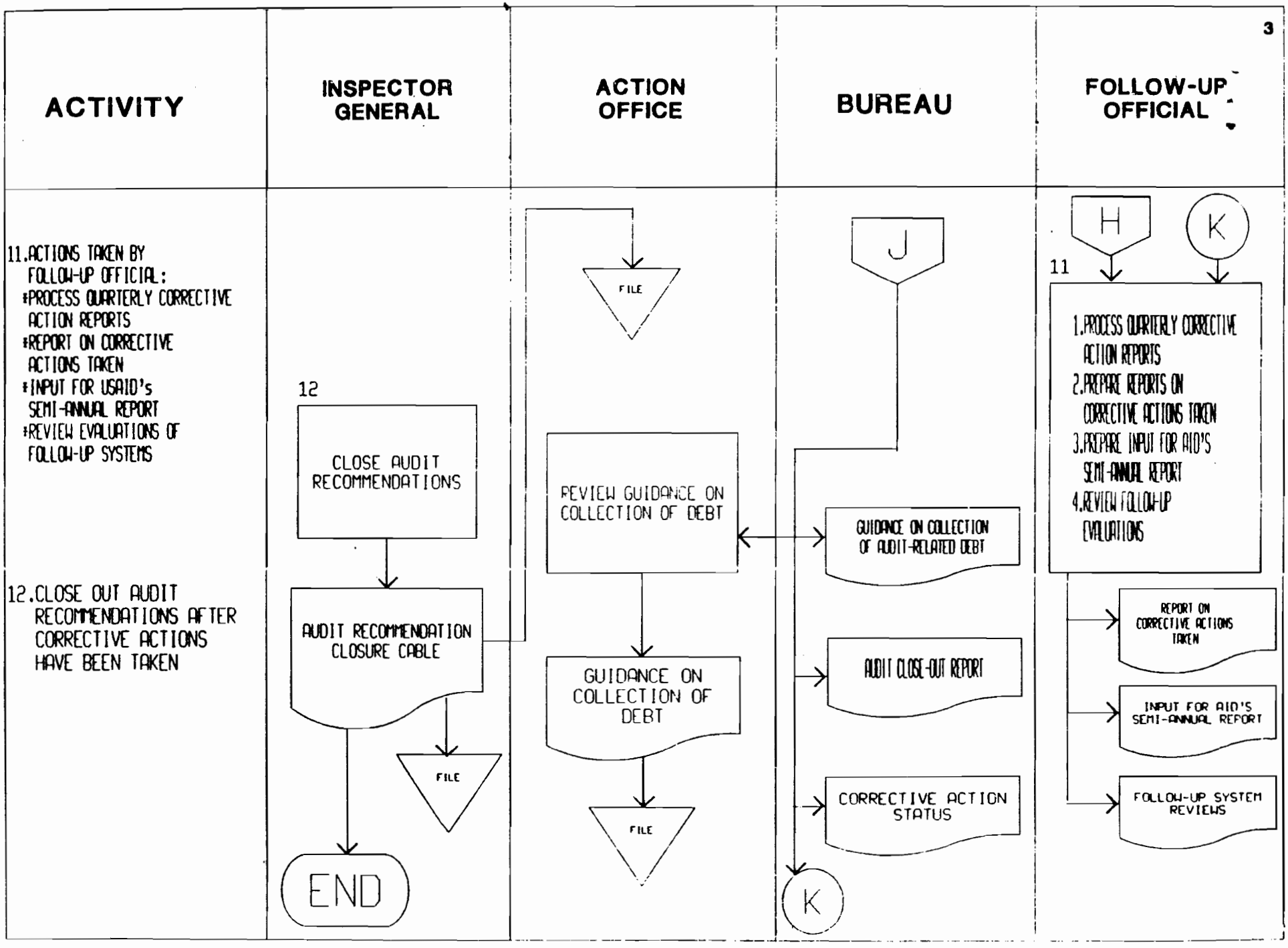
SYMBOL	DESCRIPTION
	BEGIN\END
	ACTIVITY
	DOCUMENT
	ON-PAGE CONNECTOR
	OFF-PAGE CONNECTOR
	FILE
	DECISION <YES OR NO ?>

FLOW CHART

AUDIT FOLLOW-UP AND RESOLUTION




2
ACTIVITY
INSPECTOR GENERAL
ACTION OFFICE
BUREAU
FOLLOW-UP OFFICIAL
6.REVIEW VARIOUS RESPONSES TO REPORTS AND FOLLOW-UP EFFORTS
7.RESOLVE DISAGREEMENTS BETWEEN IG AND ACTION OFFICE
8.REFER CONTRACT AUDIT DISAGREEMENTS CONTRACT OFFICER
9.BUREAU FOLLOW-UP ACTIONS INCLUDE:
*CONFIRM RESOLUTION STATUS
*PREPARE CLOSE-OUT REPORT
*RESPOND TO CORRECTIVE ACTION REPORTS
*DEVELOP GUIDANCE ON AUDIT-RELATED DEBT COLLECTION
*EVALUATION OF ACTION OFFICE FOLLOW-UP SYSTEMS
10.TAKE ACTION TO RESOLVE RECOMMENDATIONS
6
REVIEW MISSION, BUREAU AND FOLLOW-UP OFFICIAL'S RESPONSE
AUDIT FOLLOW-UP FILE
I
OPEN RECOMMENDATIONS
CORRECTIVE ACTIONS
SEMI-ANNUAL REPORT
H
E
MISSION RESPONSE TO FINAL REPORT
AGREE WITH RIG/A ?
YES
NO
F
10
ACTION TO RESOLVE RECOMMENDATIONS
G
I
9
1.AUDIT STATUS
2.CLOSE-OUT REPORT
3.CORRECTIVE ACTION REPORTS
4.DEBT COLLECTION GUIDE
5.EVALUATION OF FOLLOW-UP SYSTEM
J
F
CONTRACT AUDIT
YES
NO
8
7
REFER TO CONTRACT OFFICER
RESOLVE DISAGREEMENT
DISAGREEMENT RESOLVED
G


3
ACTIVITY
INSPECTOR GENERAL
ACTION OFFICE
BUREAU
FOLLOW-UP OFFICIAL
11.ACTIONS TAKEN BY FOLLOW-UP OFFICIAL:
*PROCESS QUARTERLY CORRECTIVE ACTION REPORTS
*REPORT ON CORRECTIVE ACTIONS TAKEN
*INPUT FOR USAID's SEMI-ANNUAL REPORT
*REVIEW EVALUATIONS OF FOLLOW-UP SYSTEMS
12.CLOSE OUT AUDIT RECOMMENDATIONS AFTER CORRECTIVE ACTIONS HAVE BEEN TAKEN
12
CLOSE AUDIT RECOMMENDATIONS
AUDIT RECOMMENDATION CLOSURE CABLE
FILE
END
FILE
REVIEW GUIDANCE ON COLLECTION OF DEBT
GUIDANCE ON COLLECTION OF DEBT
FILE
J
GUIDANCE ON COLLECTION OF AUDIT-RELATED DEBT
AUDIT CLOSE-OUT REPORT
CORRECTIVE ACTION STATUS
K
H
K
11
1.PROCESS QUARTERLY CORRECTIVE ACTION REPORTS
2.PREPARE REPORTS ON CORRECTIVE ACTIONS TAKEN
3.PREPARE INPUT FOR AID'S SEMI-ANNUAL REPORT
4.REVIEW FOLLOW-UP EVALUATIONS
REPORT ON CORRECTIVE ACTIONS TAKEN
INPUT FOR AID'S SEMI-ANNUAL REPORT
FOLLOW-UP SYSTEM REVIEWS

SUPPLEMENT A - GLOSSARY

SUPPLEMENT A

GLOSSARY OF ACCOUNTING TERMS

This glossary provides the meaning and use of accounting terminology common to the budget, fiscal, and disbursing operations of AID. It prescribes basic terms and definitions to achieve consistency and clarity in the language in regulations, correspondence, and instructions.

The terms and definitions are stated within the context of their use and significance in U.S. Government financial management operations and in accordance with regulatory requirements emanating from the Office of Management and Budget, the General Accounting Office, and the Department of the Treasury. In certain cases it has been more meaningful to relate the terminology to business-type operations. Mainly, the definitions are limited to basic and essential interpretations and meanings applicable to AID.

Terms and definitions are listed in alphabetical order. Compound terms are given in their natural order. For example, SITE AUDIT, is listed under "S" and not as AUDIT, SITE. Where a common word element is contained in several compound terms, as in the cases of INTERNAL AUDIT AND SITE AUDIT, the common word element, in this case AUDIT, is listed as a separate term and defined with reference to related compound terms in other sections of the glossary. Abbreviations appear in alphabetical order at the end of the glossary. The terms are spelled out in full beside the abbreviation. Except in a few instances, these terms do not appear in the basic glossary.

A

Acceptance Report - A document developed by AID as Form AID 780-15 evidencing the receipt and acceptance of property or services procured under an AID-direct contract. This document also serves as a notification to the designated payment office if the invoice is not proper and/or services/property cannot be accepted. A statement will be added to the form by the approving official specifically indicating the problem.

Accommodation Exchange - A function as authorized by statute performed by disbursing officers of the U.S. Government and by certain cashiers (if also authorized by the Agency and the U.S. Treasury) involving the use of official funds available for expenditure to (1) cash checks or other instruments payable in U.S. dollars or disbursing officers' checks payable in foreign currency, (2) accept U.S. currency or military pay certificates in exchange for foreign currencies, or (3) accept U.S. dollars in exchange for military pay certificates for the accommodation of certain categories of individuals when satisfactory local banking facilities are not available.

Account - (1) Generally, any one of a group of accounts maintained in a ledger for recording similar transactions expressed in money relating to a person, an item of property or other asset, a liability, capital, or to elements of revenues or expenditures for a given fiscal period. (2) A bank or Treasury account in which funds are maintained. (3) The rendering of an accounting. See also "Account Payable," "Account Receivable," "Budgetary Account," "Memorandum Account," "'M' Account," "Receipt Account," "Subsidiary Accounts," and "Suspense Account."

Accountability - (1) The condition of being answerable to higher authority in connection with the discharge of official duties, for the physical and/or monetary integrity, completeness or unimpairment of funds or property placed in one's custody, including rendering an accounting thereof. (2) The responsibility to a superior element of management for the satisfactory discharge of assigned obligations and duties, including performance in terms of cost and accomplishment as well as responsibility for quantities of cash or property entrusted to one's safekeeping.

Account Payable - An amount due to a creditor for services or property received.

Account Receivable - An amount due from a debtor on open account.

Accrual Accounting - The accounting for expense and income allocated to accounting periods, to which they are applicable, regardless of when the payment of expenses is made, or when the income is actually received.

Accured Expenditures - See Expenditures - on the accrual basis.

Accrued Income - The amount of income earned but neither received ("receipts") nor past due ("receivables").

Accrued Liabilities - See "Liabilities - Accrued."

Activity Identification and Classification System - A project coding system which allows retrieval of information on AID projects meeting current management, special reporting, and evaluation/design needs.

Administrative Approval - The initial approval of an invoice or voucher received for payment. The approving officer is an employee directly concerned with the supplies, services, etc., billed. The approval is necessary before the invoice or voucher is certified for payment by the authorized certifying officer, except as may be specifically exempted by the Agency. See "Approving Officer."

Administrative Exception - Nonapproval or objection by the authorized certifying officer or by auditing personnel within an agency with respect to vouchered items that are incorrect, incompletely stated, inconsistent, or judged to be incorrect with respect to applicable laws, regulations, or instructions.

Administrative Expense - See "Operating Expenses."

Administrative Limitation - An agency's self-imposed restriction within an appropriation or other authorized fund, or an allotment therefrom, on the amount of money that may be obligated and expended for a specified purpose.

Administrative Reservation - Funds which have been set aside to cover a specific, planned obligation during the current fiscal year.

Administrative Support Agreement - An agreement whereby one agency provides administrative support services to other agencies, pursuant to the Economy Act (31 U.S.C. 686), on a reimbursable basis.

Advance - See "Travel Advance," "Maintenance Advance," "Salary Advance," "Advances to Contractor," "Quarters Allowance Advance."

Advances to Contractors - Authorized advances of money by the Government to contractors in anticipation of, and for the purpose of facilitating performance.

Advice of Charge - An A.I.D. accounting document used to transfer expenditures or credits between accounting offices.

Agreement for Reimbursable Services - A written understanding between agencies under the provisions of the Economy Act (31 U.S.C. 686), whereby one furnishes the other, for a stated sum of money, with specified services, supplies, or equipment. The written agreement may or may not include administrative support costs. See "Administrative Suport Agreement."

Allocation - An amount set aside by an agency in a separate appropriation or fund account for use by another agency in carrying out the purpose of an appropriation. This term applies to amounts set aside in transfer appropriation accounts.

Allotment - A funding authorization by the head of an agency or other authorized official to a responsible officer of designated organizational unit making funds available for obligation for the purpose of carrying out the program of the unit.

Allotment of Pay - The payment of all or a specified portion of an employee's salary (net after mandatory deductions) to a person or institution designated by the employee.

Allotment Symbol - A six character structured alpha/numeric code used to identify allotments in AID accounting systems. The code identifies the allottee in the first position, the appropriation title in the second and third positions, the type of funds in the fourth position and the fiscal year when funds are available for obligation in the fifth and sixth positions. (See Handbook 18, Appendix D, Section I.)

Allottee - (1) The responsible officer of a designated organizational unit of an agency to whom an allotment is issued. (2) The designated recipient of an employee's allotment of pay.

Allottee Designation Code - A single character in the first position of the Allotment and Budget Plan Codes which identifies the allottee. (See Handbook 18, Appendix D, Section III, Table 4a.)

Allowance - (1) Money or equivalent value furnished or made available in addition to prescribed rates of pay to cover such items as quarters, subsistence, clothing or travel. (2) Prescribed amount of items of supply or equipment provided for an individual or organization.

Annualization - The projection of the costs or obligations for a fiscal year based on rates of costs or obligations incurred for like items during only part of the preceding fiscal year.

Anti-Deficiency Act - Refers to 31 U.S.C. 665 which requires Federal agencies and/or officials thereof not to expend or obligate the U.S. Government for the future payment of money in excess of the amount of an apportionment or reapportionment of the Office of Management and Budget.

Apportionment - A distribution made by the Office of Management and Budget of amounts of money available for obligation or expenditure in an appropriation or fund account into amounts available for specified time periods, activities, functions, projects, objects, or combinations thereof. The amounts so apportioned limit the obligations to be incurred or, when so specified, expenditures to be accrued.

Appropriation - A statutory authorization to make payments out of the U.S. Treasury for specified purposes.

Appropriation Account - An account established by the U.S. Treasury to show the amounts available and related transactions incident to accomplishing certain objectives and purposes as authorized by the Congress.

One-year Account - Available for incurring obligations only during a specified fiscal year.

Multiple-year Account - Available for incurring obligations for a definite period of time in excess of one fiscal year.

No-year Account - Available for incurring obligations for an indefinite period of time until the amount therein is expended.

Expired Account - No longer available for obligation but still available for disbursement to liquidate and/or adjust existing obligations.

Appropriation Limitation - A statutory restriction in an appropriation or other authorization of fund which establishes the maximum amount which may be used for specified purposes.

Appropriation Receipts - Collections which, pursuant to law, are deposited in the U.S. Treasury as receipts to appropriations and either immediately available or subsequently appropriated by the Congress for specific purposes.

Appropriation Reimbursements - Amounts collected or to be collected for commodities, work, or services furnished or to be furnished to other Federal or non-Federal agencies or individuals, and which by law may be credited to the AID appropriation which financed the transaction.

Appropriation Symbol - An identifying number assigned to an appropriation account by the U.S. Treasury, the components of which indicate the agency receiving the appropriation, the transferring agency (if any), the fiscal year for which the money is made available, and the major fund classification of the appropriation account.

Appropriation/Type of Appropriation Code - A three-character alpha/numeric code used to identify AID appropriation and the type of appropriation (annual, multiple-year or no-year funds). The first and second positions identify the appropriation title and the third position, the type of funds; e.g., "A" for annual funds. (See Handbook 18, Appendix D, Section III, Table 1a.)

Approved Applicant - Under the foreign assistance program administered by A.I.D. the cooperating country or any person or organization, governmental or otherwise, named as approved applicant in any letter of commitment issued to a banking institution in the United States for reimbursement for payments made by such banking institution to suppliers. An "approved applicant" includes any agent authorized to act on behalf of an approved applicant. See also "Letter of Commitment" and "Letter of Credit."

Approving Officer - (1) The officer who, having knowledge of the receipt of certain supplies or services, signs the covering voucher or invoice, thereby attesting to the receipt of the items billed or charged prior to certification by the authorized certifying officer. (2) An officer with authority to approve official travel or other type of action of an administrative nature. See "Administrative Approval."

Arrival Accounting - The system prescribed by A.I.D. to account for the arrival within the aid-receiving country of commodities which are financed by A.I.D. funds but whose title is vested in the recipient country. Arrival accounting is applicable only to commodity import assistance under the foreign assistance program.

Audit - The systematic examination of records and documents and the securing of other evidence by confirmation, physical inspection, or comparison. See "Cash Audit," "Comprehensive Audit," "Internal Audit," "Contract Audit," "End-use Audit," and "Site Audit."

Authorized Certifying Officer - An employee authorized in writing by the head of an agency, or designee, to certify vouchers for payment from the agency's appropriations or other authorized funds in attestation of the existence and correctness of the facts stated in the vouchers and supporting documents, of the legality of the proposed payments under the appropriation or fund involved, and of the correctness of the computations.

Automatic Data Processing - Data processing performed by a system of electronic or electrical machines so interconnected and interacting as to reduce to a minimum the need for human assistance or intervention.

B

Backstopping Expenses - Overhead expenditures incurred by agencies participating or assisting in carrying out operations under programs authorized by the Foreign Assistance Act of 1961, as amended. Backstopping may be payable from funds made available to A.I.D. for reimbursement to such agencies.

Book Inventory - The official property records for real and personal property record cards and in listings which show organizational element, property description and classification, quantity, cost, locations, etc., as assigned.

Budget - A financial plan serving as an estimate of and a guide over future operations.

Budget Allowance - An element of fund control used for tracking obligations and expenditures against the annual Operating Year Budget below the allotment level. The Budget Allowance is identified by a Budget Plan Code which identifies the allottee, appropriation, fiscal year of availability, organization/cost center and function code. The Budget Allowance permits AID allottees maximum flexibility to manage allotments by allocating the Operating Year Budget obligation and expenditure information for organizations and/or functional activities.

Budget Allowance Ledger - The accounting record prescribed for each budget allowance to show the amount allowed, the obligations and expenditures chargeable thereto, and the unobligated balance.

Budget Estimate - An estimated fund requirement for any specified classification included in a budget. Collectively, all estimated fund requirements for a particular operating agency or component or consolidation thereof.

Budget Plan Code - A 15 character alpha/numeric code used to identify budget allowances and to track obligations and expenditures for organizations and functional activities. The Budget Plan Code (BPC) is composed of a six character allotment code, a five character organization/cost center code and a four character function code. (See Handbook 18, Appendix D, Section I.)

Budget Plan Fund Designator - A five character alpha/numeric code used in AID's Financial Accounting and Control System (FACS). The code identifies the appropriation title in the first and second positions, the type of funds in the third position and the fiscal year of obligation in the fourth and fifth positions.

Budgetary Account - A fiscal record for control of transactions and operations that affect the status of an appropriation, including estimated and actual reimbursements, apportionments, allocations, allotments, commitments, obligations, and expenditures.

C

Cash Audit - An audit limited to the examination of cash transactions for a stated period, for the purpose of determining that all cash received has been brought into account, that all disbursements are properly authorized and vouchered, and that the balance of cash is either on hand or on deposit. A cash audit can range from a complete inquiry into all cash transactions to one involving only some of them. It is limited in scope in that it is concerned with the sources of receipts and the nature of disbursements only to substantiate their accuracy.

Cashier - An officer or employee of a Federal department, agency, or corporation who, having been recommended by the head of the activity, has been designated as a cashier by the officer responsible for making disbursements and thereby authorized to perform limited cash disbursing functions or other cash operations. Cashiers are divided into categories as follows:

Class-A Cashier - One who receives an advance from a disbursing officer for an imprest fund, is accountable in his/her own name to the disbursing officer, and has not been authorized to advance an imprest fund to another cashier except his/her alternate.

Class-B Cashier - Same as above but with authorization to advance an imprest fund to his/her own alternate and to a subcashier.

Class-D Cashier - One who receives an advance from a disbursing office solely for change-making purposes. He/she may advance funds to subcashiers for change-making purposes only upon authorization of the disbursing officer from whom he/she received the advance. He/she is accountable in his/her own name to the disbursing officer for the entire amount of the advance received.

Subcashier - An officer or employee of a Federal department, agency, or corporation who has been designated by the head of the activity to receive an imprest fund from a Class-B or -D cashier, is under the supervision of the head of the same local office as the cashier from whom he/she receives his/her advance, and is accountable to such cashier for the funds received.

Cash Inventory - The total of all cash on hand and items held by a U.S. Disbursing Officer in lieu of actual cash (checks, money orders, other negotiable instruments), receipts for unvouchered cash payments and for imprest funds advanced, and other documents necessary for the verification of a U.S. Disbursing Officer's cash accountability.

Certified True Copy - An accurate copy of a document, produced simultaneously by carbon or by subsequent reproduction, and authenticated to be in precise agreement with the original, including signature(s) which may be actual or typed where appropriate.

Chart of Accounts - A complete list of account symbols, titles, and descriptions used in recording accounting transactions for general ledger control purposes.

Claim - (1) A demand or an assertion of a right by or against the United States Government. (2) The amount of such demand or assertion.

General Claim - Claim other than one involving susceptibility to civil action by the individual or other entity against which the claim is asserted.

Tort Claim - A claim arising for or against the Government due to an act involving liability to civil action.

Commitment - A tentative transaction such as a recurring charge, a pending contract, or any other anticipated transaction that does not yet meet the documentation requirements of Section 1311, P.L. 663, 83rd Congress, for obligations, but which may constitute a future obligation, and, therefore, necessitates a reservation of funds.

Comparative Transfer - An adjustment in obligations in the past-year and current-year columns of the "program by activities" section of the "Program and Financing" schedules of the budget to place all three years on a comparable basis.

Comprehensive Audit - An examination of the activity, operations, accounts, and related financial transactions of a Government agency made in accordance with generally accepted auditing standards and procedures applicable to commercial enterprises and, to the extent necessary, to determine compliance with all applicable laws, regulations, and decisions controlling the activities of the agency.

Consolidated Working Fund - An account established to receive and subsequently disburse advance payments, pursuant to law, from other agencies or bureaus.

Contract Audit - The verification through examination (usually on a selective basis) of accounts and suporting evidence of the accuracy of a contractor's representations regarding costs incurred in the performance of a contract.

Contract Authorization - A statutory authorization under which contracts or other obligations may be entered into prior to an appropriation for the payment of such obligations.

Contributions in-Kind - A general term used to describe a United States and/or cooperating country contribution to an approved project or cooperative service entity in a form other than cash under a program authorized by the Foreign Assistance Act of 1961, as amended.

Cooperative Agreement - An assistance instrument in which substantial involvement is anticipated between AID and the recipient during performance of the proposed activity. A cooperative agreement instrument is used when: (1) the principal purpose of the relationship is the transfer of money, property, services or anything of value to the recipient in order to accomplish a public purpose of support or stimulation authorized by Federal statute, and (2) a grant would be appropriate except that substantial involvement is anticipated between AID and the recipient during performance of the proposed activity.

Cost - The financial measure of resources consumed in accomplishing a specific purpose such as performing a service, carrying out an activity, or completing a unit of work.

Cost-based Budget - A financial plan for estimating fund and other resource requirements covering the total cost of planned program and administrative operations for the next fiscal year, based on applied costs of resources consumed, work put in place and items procured or produced under similarly planned operations of the current and past fiscal-year periods.

Counterpart Funds - Foreign currency required to be deposited by a country cooperating in the foreign assistance program into a "Special Account" in the name of the cooperating country for use in jointly agreed-upon activities. Counterpart is deposited as a result of U.S. assistance and is made on a sales proceeds or commensurate basis pursuant to a bilateral agreement which sets forth general conditions for the deposit of counterpart funds.

Counterpart Release Approval - The U.S. and cooperating-country approval of a request to use counterpart funds from the "Special Account" in accordance with the provisions of the authorizing agreement.

Country Contract - A contract entered into between a host country government and a private firm or organiation for services and/or related commodities financed by AID.

Country Program Data Bank - A computer-based AID subsystem which provides a central source of current planning, budgeting, and project information through funding authorization only.

Critical Performance Indicator - A unique event, happening, or other condition essential and critical in monitoring performance against planned performance as set forth in the basic network chart. CPI's are established by dates on a basic project network chart, the date being the time when they become critical to the project. Each CPI determines the time elapsing between the project start date and the planned achievement of the indicator.

Debt Collection Act of 1982 (P.L. 97-365) - An Act to increase the efficiency of Federal Government-wide efforts to collect amounts owed the United States and to provide additional procedures for the collection of debts owed the United States. The Act provides, among other things, assessment of (1) late payment interest charge; (2) penalty charges on any portion of a debt more than 90 days past due; (3) charges to cover costs of processing and handling delinquent claims; and (4) contracting for collection services.

Denominated - As used in "Dollar Denominated" and "Foreign Currency Denominated," the term used to distinguish the type of currency in which accounts and reports are stated.

De-obligation - The reversal, reduction, or write-off of a recorded obligation.

Deposit - The amount of remittances (U.S. dollar or foreign currency instruments) forwarded to the Treasury of the United States or other authorized depositary for deposit.

Depositary Check - A check drawn on the United States Government Depositary.

Deposit Fund - A fund established to account for receipts that are either (1) held in suspense temporarily and later refunded or paid into some other fund of the Government, or (2) held by the Government as banker or agent for others and paid out at the direction of the owner. Such funds are not available for salaries, expenses, grants, or other expenditures of the Government.

Development Information Service - An automated subsystem which provides for retrieval of technical and evaluative research information based on both AID and non-AID sources and used primarily to serve project designers and evaluators.

Differential - An amount authorized in excess of a normal payment to compensate or offset unusual differences of time, place, or conditions of employment, e.g., "night differential" authorized for work beyond the normal period of day-time employment, or "post differential" designed to provide additional compensation for service at places in foreign areas where conditions of environment differ substantially from conditions of environment in the United States and warrant additional compensation as a recruitment and retention incentive.

Disallowance - (1) A General Accounting Office exception in the accounts of a U.S. Disbursing Officer when it is included as a difference in a certificate of settlement by reason of not having been removed or cleared by acceptable explanation or refund at the time the settlement is stated, (2) an item claimed, as in a travel or miscellaneous voucher, that is not approved for payment.

Disbursement - A payment in currency or by check.

Distribution Ledger - An accounting record showing an analytical distribution of an agency account as, for example, distribution of project costs, functions, activities, objects and subobject classification, as required, under an allotment account.

Due Date - The date by which AID payment to business concern or debtor's remittance to AID must be made without payment of late interest penalty.

E

Earmark - An earmark, as used under the Project Accounting Information System, is a stage of financial progress under an obligation resulting from issuance of a Project Implementation Letter (PIL) or a Project Implementation Order (PIO).

Earmarked Funds - Obligated funds which have been set aside to cover a specific, planned procurement activity (services, commodities, etc.).

Economic and Social Data Bank - An automated subsystem servicing as a single Agency-wide source of economic and social data on country and sector profiles, by functional development categories.

End-use Audit - An audit performed to determine whether or not commodities and services furnished by the United States Government to an aid-receiving country were used in accordance with applicable A.I.D. regulations and country agreements.

Exception - See "General Accounting Office Exception" and "Administrative Exception."

Excess Foreign Currency - U.S. Treasury-owned foreign currency of a country in excess of the normal requirements of U.S. Government agencies in that country.

Excess Property - Any serviceable U.S. Government-owned personal property under control of an agency which the agency no longer needs and does not expect to replace.

Exchange Rate - The value at any given time of a currency quoted in terms of another currency. The following definitions pertain to the relation of foreign currency to United States dollars, i.e., United States currency and all forms of U.S. dollar instruments payable at par in the United States.

Bank's Buying Rate - The rate at which a foreign bank will buy United States dollars in exchange for a specific foreign currency.

Bank's Selling Rate - The rate at which a foreign bank will sell United States dollars in exchange for a specific foreign currency.

Prevailing Rate - The rate that would be available to the Government for the acquisition, in the local exchange market, of foreign exchange for its official disbursements.

Official Rate - The rate established or recognized by the government of a country for certain or all types of exchange transactions.

Special (Treasury) Rate - The quarterly exchange rate prescribed by the U.S. Treasury pursuant to Section 613 of P.L. 87-195 for use at the Washington level by all U.S. Government agencies when reporting foreign currency balances and transactions to the U.S. Treasury.

Expendable Personal Property - Articles that (1) are consumed in general usage because of their relatively nondurable nature, (2) lose their identity when put into use, (3) become component parts of other articles, (4) may be of a durable nature but are of insignificant value.

Expenditure (on the Accrual Basis) - Items received, services rendered, expenses incurred, assets acquired, construction performed, and grants earned during a given period regardless of whether or not payment has been made and whether or not invoices have been received. The accrued (unpaid) portion of any such expenditures will be recorded, and, at the end of the period, reported as liabilities (accounts payable). Advances and prepayments will be classified as disbursements and as accounts receivable instead of as expenditures.

F

Federal Reserve Letter of Credit (FRLC) - An instrument certified by an authorized official of a U.S. agency that authorizes a recipient to draw funds when needed from the Treasury, through a Federal Reserve bank and the recipient's commercial bank, in accordance with the provisions of Department of the Treasury Circular No. 1075, as revised.

Fee - A charge for official service performed abroad at the rate prescribed in the Tariff of Fees, Foreign Service of the United States.

Financial Plan - (1) A plan for the use of funds for authorized operations during a specified fiscal period on the basis of obligations or expenditures to be incurred. (2) A financial plan applies to obligation or expenditure activity of an agency, a post or Mission, or of individual project.

Fiscal-serviced Post - A post for which disbursing and authorized certifying functions, the operations (some or all) pertaining to the maintenance of disbursing and allotment accounts, and the preparation of fiscal and budgetary reports are performed by a fiscal-servicing post or by a Regional Finance Center.

Fiscal-servicing Post - A post that performs disbursing and authorized certifying functions, operations pertaining to the maintenance of disbursing and allotment accounts, and the preparation of fiscal and budgetary reports for the programs of that post and some or all of the operations pertaining to the maintenance of disbursing and allotment accounts and the preparation of fiscal and budgetary reports of other designated posts of the same or other agencies. Certain of the disbursing and fiscal functions of a fiscal-servicing post may be performed by a Regional Finance Center, or certain of the disbursing functions may be performed by the U.S. Treasury Regional Disbursing Officer.

Fiscal Year - The financial year of the United States Government which covers the twelve calendar months from October 1 through September 30. The fiscal year is designated by the calendar year in which it ends. To differentiate among the fiscal years in the budget cycle, the OMB prescribes the following designations:

Budget Year - The fiscal year for which estimates are submitted.

Current Year - The fiscal year immediately preceding the budget year.

Past Year - The fiscal year immediately preceding the current year.

Foreign Affairs Administrative Support - An agreement to provide, on a reimbursable basis, needed administrative type services to U.S. Government agencies located overseas. Agencies participating in the agreement share the cost of the services provided in proportion to the amount and cost of the services each agency receives.

Foreign Currency (FT) Account - An account prescribed by the U.S. Treasury for the purpose of recording transactions in foreign currency without U.S. dollar equivalent.

Foreign Service Accountability Account - Official funds, exlcuding funds in Foreign Currency (FT) accounts and local currency deposits, which are made available to U.S. disbursing officers for disbursing and collecting operations.

Function Code - A four character alpha/numeric code used in AID's Financial Systems. The code forms the last four positions in the Budget Plan Code. The codes structure is dependent upon its relationship to the related appropriation, that is, Program, Operating Expenses, Management or Multiple Use Funds. The first position identifies the major category or function with the remaining positions identifying specific purposes. In the case of program funds, the second position is reserved for designation of loan or grant funds. (See Handbook 18, Appendix D, Section III, Table 17.)

G

General Accounting Office Exception - An advice to a U.S. Disbursing Officer or authorized certifying officer that, in the absence of a refund or adequate explanation, credit will be withheld (or a charge raised) for a questionable transaction developed in the examination of the U.S. Disbursing Officer's accounts and the vouchers paid on the certification of the certifying officer.

General Fund Receipts - Amounts received from miscellaneous sources which are required by law to be deposited into the General Fund of the Department of the Treasury and are not available for obligation or disbursement without appropriate action.

General Ledger - The official books of accounts maintained to classify all of the financial transactions of an accounting entity in summary form.

Grant - A contribution, gift, or subsidy made by the U.S. Government for specified purposes. A grant is frequently made conditional upon specified action by the grantee, such as the maintenance of certain standards or a proportional contribution of funds. A grant may be made in cash or in-kind.

I

Imprest Fund - A fixed cash or petty cash fund in the form of currency, coin, or Government check which has been advanced by an official Government appropriation or fund account, to a duly authorized cashier for cash payment or other cash requirement purposes as specified in his/her designation or authorization. The amount of cash advanced remains constant and must be accounted for at all times by the cash and/or checks on hand, paid invoices, and receipts for temporary advances made to employees.

Indirect Costs - Indirect costs (overhead-type) consist of those costs which cannot be identified or which it is inexpedient to attempt to identify, with specific substantive activities. Indirect costs normally arise through common service functions of an administrative or operating support nature.

Informal Inquiry - A request from the General Accounting Office in the course of an audit for certain information, documents, or supporting data pertaining to the propriety of charges to or payments from public funds.

Interest Charge - A charge of interest on AID loans as specified in the loan agreements; or a charge of interest on claims for refund of overpayments from the date of such overpayments if the amounts involved and the length of time during which the debtors (normally suppliers and/or contractors) had use of AID funds warrant such action.

Internal Audit - The independent appraisal activity within an organization for the review of the accounting, financial, and related operations as a basis for protective and constructive services to management. It is a type of control which functions by measuring and evaluating the effectiveness of other types of control. It deals primarily with accounting and financial matters but it may also deal with related matters of an operating nature (excluding military operations). An element of internal control.

Internal Controls - The plan of organization and all of the methods and measures adopted within an agency to safeguard its resources, assure the accuracy and reliability of its information, assure adherence to applicable laws, regulations and policies, and promote operational economy and efficiency. (See Office of Management and Budget Circular A-123.)

Inventory - A list of items on hand (property, cash, documents, vouchers, etc.). See also "Book Inventory," "Cash Inventory," "Perpetual Inventory," and "Physical Inventory."

J

Journal Voucher - A formalized document authorizing direct posting of a transaction or group of transactions to the general ledger. The voucher includes explanatory description(s), showing account(s) to be debited and account(s) to be credited.

Late Payment Charge - An additional charge imposed on the debtor for payment received after the due date shown on the AID Bill for Collection.

Letter of Commitment - Bank - An A.I.D. agreement with a U.S. bank under which A.I.D. guarantees to reimburse the bank for the account of an approved applicant for all amounts paid by the bank and chargeable to the account under the instructions of the approved applicant and in accordance with general and specific conditions established by A.I.D.

Letter of Commitment - Direct - An AID Letter of Commitment issued directly to contractors, suppliers, or carriers under which specified documents are submitted directly to AID for payment.

Letter of Credit - (1) An authorization issued by an agency to a designated representative to incur expenses for specific purposes within certain limitations. (2) An instrument of credit extended by a bank to a beneficiary guaranteeing payments to the beneficiary upon compliance with the terms and satisfaction of the conditions established by the Letter of Credit.

Liabilities - Accrued - The amounts owed for goods and services received, and other assets acquired and performance accepted, and other liabilities incurred involving the furnishing of goods and services, for which payment has not been made.

Liquidation - The process of applying payments or credits against established obligations.

Local Currency - The currency of the country in which a post is located, or any other non-U.S. currency or currencies commonly used in that country.

M

"M" Account - An account into which unliquidated obligations under an appropriation available for obligation for a definite period of time are transferred at the end of the second full fiscal year following the fiscal year or years for which the appropriation is available for obligations. The "M" (Merged) account is a successor account denoting an appropriation account available for the payment of obligations (within statutory limitations on payment of claims) chargeable to the closed or discontinued appropriation for the same general purpose.

Maintenance Advance - Advance payment to a participant in an A.I.D.-financed training program to cover living and incidental expenses for the time he/she is engaged in his/her official training program in the United States or a third country prior to receipt of his/her first allowance check.

Maintenance of Value - A provision in certain A.I.D. agreements which requires that foreign currency transactions (present and future) be made at a rate of exchange which will not cause the U.S. to incur losses due to foreign currency exchange fluctuations.

Management Fund - A working fund authorized by law to facilitate accounting for and administration of intragovernmental activities (other than a continuing cycle of operations) which are financed by two or more appropriations. Management funds include consolidated working funds.

Master Account - Account maintained by A.I.D. for any of the funds initially appropriated to the Executive Office of the President and subsequently allocated to A.I.D. and other agencies having responsibility for implementing the Foreign Assistance Act of 1961, as amended.

Master Disbursing Account - A central account established in AID/W (currently operated by M/FM/PAD) through which payment of all participant training costs in the United States is made. The account is funded by quarterly accruals from PIO/P's under which the participants are being trained in the United States. These can be financed by various appropriations. The actual payments from this account are proportionately charged to the original appropriations at the end of each month.

Memorandum Account - An account, usually stated in financial terms, which is not an integral part of the basic double-entry system of accounts. Such accounts are used for obtaining statistical data for reporting and control purposes.

Message Code - A short code for electrical transmission to identify appropriation or funds.

N

Nonexpendable Personal Property - Articles that (1) are complete in themselves, (2) do not lose their identity or become a component part of other articles when put into use, (3) are of a durable nature with a life expectancy of one year or more, (4) are not consumed in use, (5) because of their classification as items of a critical or security nature, are included in accountability records for nonexpendable property even though they do not meet the general criteria for nonexpendable property.

O

Object Classification - The classification of obligations and expenditures according to types of services, articles, or other items involved, such as personal services, supplies and materials, equipment, etc.

Obligation - A condition resulting from action taken by an authorized official of a U.S. Government agency to place orders for goods or services, to award contracts, and to make similar agreements for payment from the agency's appropriations or funds. An obligation is "unliquidated" until payment is made.

Obligation Document - A document, meeting the criteria set forth in Section 1311 (31 U.S.C. 200), which identifies an obligation. (Purchase orders, contracts, travel authorizations, project agreements, and loan agreements are examples.)

Official Funds - All funds that are appropriated, Government-owned, or held in trust for official purposes, which must be accounted for in accordance with applicable laws and regulations.

Operating Expenses - Cover salaries and support costs of direct-hire personnel and all other general support costs pertaining to the functions of policy, planning, programming, coordination, monitoring, evaluation, management and support.

Operational Year Budget - Financial plans for the fiscal year preceding the budget year.

Organizational Accounting Codes - Codes used by A.I.D. to identify obligations and related expenditures with the organizational subdivisions which authorize the obligations and expenditures.

Organization/Cost Center Code - A five digit code in AID's financial systems. The code is an integral part of the Budget Plan Code and identifies the organization/activity or cost center receiving and/or benefiting from the funds. The code is structured dependent upon its use and to the extent feasible, is identical to the first five positions of the Agency approved organization codes. (See Handbook 18, Appendix D, Section III, Table 16.)

Outlay - Expenditure of funds.

P

Participants - (1) nationals of foreign governments who have been selected by A.I.D. and the aid-receiving country to receive technical training and instruction for development of manpower requirements and upgrading skills needed to accomplish a project objective or to meet the country's requirements in furtherance of U.S. program objectives. Training may take place outside or within the participant's home country and may be conducted by private or state-owned institutions. (2) Citizens of the United States or citizens or nationals of another country who have been awarded grants for participation in the international educational exchange program of the Department of State.

Participating Agency - A term used to designate other U.S. Government agencies or bureaus which have by agreement with A.I.D. undertaken to assist in carrying out certain aspects of the foreign assistance program. The term most commonly refers to agencies providing services needed to further U.S. program objectives as, for example, training of foreign nationals, the recruitment of technicians, the supplying of technical data in connection with field projects, and the procurement of commodities.

Participating Agency Service Agreement - A contractual-type arrangement between A.I.D. and a U.S. Government participating agency which has the necessary technical staff and knowledge to accomplish a specific, limited, and defined objective in implementing project assistance under the foreign assistance program.

Payment Date - The date either placed on the payment check at time of issuance by the disbursing office or a wire transfer is made.

Penalty Charge - The charge in addition to the "Late Payment Charge" effective as of the 91st day after the due date through the payment date for failure to pay any portion of a debt.

Performance Bond - A bond executed in connection with a contract and which secures the performance and fulfillment of all the undertakings, covenants, terms, conditions, and agreements contained in the contract.

Perpetual Inventory - A system of maintaining an inventory record of items of stock in store on a continuous basis, by currently recording receipts and issues, reconciled frequently to a physical count.

Personal Property - Goods, supplies, materials, or equipment representing movable assets as contrasted with real property.

Physical Inventory - The amount of property assets on hand at any given time periodically accounted for by an actual count and listing of the kinds of items on hand.

Post Assignment Travel - Travel, transportation, and other expenses related to the movement of employees, their dependents, and their effects between duty station assignments worldwide.

Post Checking Account Symbol - A number assigned in the name of the Chief Disbursing Officer to a post that performs disbursing functions.

Premium Compensation - Additional compensation authorized by law for overtime, night, holiday, standby, charge, or hazardous duty, etc.

Proceeds of Sale - The amount of cash received from the sale of personal property.

Procurement Authorization and Purchase Requisition (PA/PR) - A document issued by A.I.D. which authorizes a designated U.S. Government agency to procure specified commodities and/or commodity-related services on behalf of the cooperating country.

Project Accounting Information System - A management information function which tracks financial progress from the signing of a project agreement to the completion of delivery of AID-financed inputs.

Project Agreement - A document, normally bilateral but sometimes executed by more than two parties, which provides a written understanding between or among the parties as to the responsibilities for and timing of actions with respect to a given project. The agreement represents the results of the planning and approval process; establishes the framework of rules for implementation; and permits the formal start of implementation of the project. It reflects the commitments agreed upon by the parties to fulfill the stated goal(s), purpose(s) and methodologies of the project. The project agreement obligates the United States to furnish up to a specified amount of assistance and clearly sets forth the terms and conditions under which such assistance is furnished, including undertakings or covenants made by the recipient country in respect to the project.

Project Assistance Completion Date - The date denoting completion of delivery of goods and related resources and performance of services required for achievement of the project whether or not final disbursements have been made. PACD does not establish the date on which the project purpose is successfully achieved as verified by the logical framework methodology.

Project Development and Support - A project to enable AID to obtain the technical expertise and ancillary goods and services needed to develop and design projects and to undertake studies and analyses on which to base strategies and project designs.

Project Elements - See Project Inputs.

Project Financial Activity Report - A computer preprinted form (form AID 750-10) used for each active project to report into the PAIS system identifying nonaccounting information and quarterly financial activity.

Project Financial Implementation Plan - A computer preprinted form (form AID 750-8) used to report into the PAIS system planned expenditures for each project.

Project Implementation Letter - A document used by AID to convey general guidance or specific information to the borrower/grantee relative to actual implementation of the project where the B/G is the implementing agent.

Project Implementation Order (PIO) - A category of forms used under both loan and grant projects to earmark funds for the procurement of AID-financed project elements which are to be implemented by AID missions or by AID/W. Separate forms are used for (a) Project Implementation Order for Commodities (PIO/C), (b) Project Implementation Order - Participants (PIO/C), and (c) Project Implementation Order - Technicians and Contract Services (PIO/T).

Project Inputs - The term used to describe the aggregation and/or categorization of resources necessary to achieve the desired outputs of a particular project.

Project Ledger - The official books of accounts maintained to classify in summary form all of the financial transactions related to a specific project.

Projected Obligations - A form (form AID 750-11) used to report into the PAIS system each funding source (loan/grant within appropriation) for which an obligation is projected for the current year.

Prompt Payment Act of 1982 (P.L. 97-177) - An act which requires Federal agencies to pay their bills on time, pay interest penalties if payments are made late, and allows the taking of discounts only when payments are made within the discount period. (See Office of Management and Budget Circular A-125.)

Property - A generic term referring to real and personal property. See "Expendable Personal Property," "Excess Property," "Nonexpendable Personal Property," "Personal Property," "Real Property," and "Surplus Property."

Property Accounting - The recording of property assets in the books of account when acquired and when disposed of.

Purchase Order - An executed document authorizing a vendor to deliver materials, equipment, or perform services, which document, upon acceptance, constitutes the purchase contract.

Purpose Code - A numerical symbol prescribed by AID to identify in the accounting classification the purpose for which funds are made available under an allotment.

Q

Quarters Allowance Advance - Advance payment of authorized temporary lodging allowance or living quarters allowance to an employee on overseas assignment where advance rental payment is required by the lessor and where local custom necessitates such advance payment.

R

Real Property - Land, buildings, or structures, including permanently attached fixtures, appurtenances, and any improvements thereof. Excluded are:

(1) Fixtures, structures, and improvement of any kind acquired or erected to serve temporary purposes such as construction requirements.

(2) Butler-type storage warehouses, house trailers (with and without undercarriages), and quonset huts.

(3) Crops, gravel, minerals, sand, stone, and timber when designated for removal from the land.

Receipt Account - An account in which are recorded collections of money for deposit into the U.S. Treasury as general, special, or trust fund receipts.

Receipt of Invoice - As defined in the IAD Prompt Payment Implementation Policy and Procedures, "receipt of invoice" means the latter of: (1) the date a proper invoice is actually received in the designated payment office, or (2) the date on which a designated AID official accepts the property or services.

Receipts:

Available Receipts - Receipts which under law or trust agreement are immediately available as appropriations to an agency for expenditure without further action by the Congress. Receipts applicable to public debt obligations and funds are not included in this category.

Unavailable Receipts - Receipts which at the time of collection are not appropriated or available because (1) congressional action is required or congressional limitation on the amount available for expenditure has been established or (2) amounts credited must be cleared to other receipt accounts before appropriation warrant action is taken.

Receiving Report - A document evidencing the receipt of goods or services ordered; generally, the receiving report copy of the obligation document, e.g., purchase order.

Refunds - Recoveries of advances and of amounts disbursed in error, which are for credit to an appropriation or fund account. These items, such as recovery of a salary overpayment or return of a travel advance, are not included as reimbursements but are treated as reductions of disbursements. Refunds also include credits to an appropriation or fund account due to accounting adjustments relating to obligations or expenditures where such procedure is permitted by law and regulation.

Regional Administrative Management Center - Regional Administrative Management Centers (RAMC) are operated under and funded by the Department of State performing disbursing, allotment accounting and payroll services for the embassies of the region. AID mission disbursing functions are performed by the RAMC's.

Registered U.S. Voluntary Agencies in Assistance Programs - Certain private nonprofit organizations, including the larger foundations supported primarily by voluntary contributions, registered with the Advisory Committee on Voluntary Foreign Aid of A.I.D., which are engaged in programs of relief, rehabilitation, and technical assistance programs and work abroad.

Reimbursed Funds - Funds reimbursed by other agencies which are apportioned and allotted in the same manner as appropriated funds.

Reimbursements - Amounts collected or to be collected for commodities, work or services furnished or to be furnished to another appropriation or fund or to an individual, firm, or corporation, which by law may be credited directly to an appropriation or fund account.

Reservation of Funds - Portion of unobligated funds which is set aside to remain unobligated until certain tentative commitments or anticipated liabilities become valid obligations as defined by Section 1311(a) of P.L. 663, 83rd Congress.

Reserve - An amount of appropriations, contract authorizations, other funds, or capital set aside for savings, contingencies, or other purposes.

Resources Support Services Agreement - A contractual type arrangement between A.I.D. and a U.S. Government participating agency to provide continuing, general assistance.

Revolving Fund - A fund authorized by specific provisions of law to finance a continuing cycle of operations with receipts derived from such operations available in their entirety for use by the fund.

S

Self-Audit - An examination or internal check performed by normal staff personnel of fiscal, financial, and related activities of an organizational unit or other integral operating entity to assure that financial management control is adequate and effective on a day-to-day basis. Includes examination of records and supporting data and related reviews to verify compliance with prescribed regulations and policies affecting all areas of financial management control, including accounting, procurement, property records, etc.

Shared Expenses - Under Department of State Salaries and Expenses appropriation, overseas expenses for shared administration such as personal service costs for the administrative division personnel at the posts and all "other object" costs not directly chargeable to the State basic program. (Superseded by Foreign Affairs Administrative Support, October 1, 1976.)

Site Audit - An audit conducted on the premises of the organization under examination.

"Special Account" Counterpart - A term used in A.I.D. to identify the account established in a foreign country bank for counterpart funds.

Special Letter of Credit - An A.I.D. financing method under which a special irrevocable letter of credit opened by a U.S. bank upon the request of A.I.D. in favor of an approved applicant serves as a basis for the advance deposit of counterpart or local currency proceeds, the advances to be liquidated by A.I.D. payments for cooperating-country imports satisying specified requirements.

Statute of Limitation - Bars every claim or demand against the United States not received by the General Accounting Office within the prescribed number of years, as provided in applicable statutes, from the date of the transaction giving rise to the claim.

Statutory - Enacted by the Congress.

Subrogated Claim - A claim that has been established by a claimant against a debtor and that has been accepted for settlement action by another.

Subsidiary Accounts - A group of detailed accounts relating to the same control classification under general ledger or allotment accounts.

Subsidiary Ledger - A supporting ledger consisting of a group of accounts the total of which is in agreement with a general ledger control account.

Subvoucher - Documentation required to support miscellaneous types of cash purchases and payments by officials or employees of the government for which reimbursement is claimed through an imprest fund or through regular disbursing channels.

Supplemental Appropriation - An appropriation increasing the amounts to be expended or modifying the language of previous appropriations, or amending the purpose to be served, under a previously enacted current appropriation.

Surplus Property - U.S. Government personal property that is determined to be no longer needed by the U.S. Government.

Suspense Account - An account used to record receipt of funds temporarily until proper disposition of funds can be determined.

Suspension - The withholding of approval of a disbursement or an account pending the removal of an exception.

T

Transfer Appropriation Account - An account established to receive (and subsequently disburse) allocations, which are treated as nonexpenditure transactions at the time the allocation is made. These accounts carry symbols identified with the original appropriation.

Travel Advance - A sum of money advanced for the express purpose of providing an employee and/or dependent(s) authorized to travel at government expense with funds to meet authorized travel expenses.

Treasury Check - A check drawn by a U.S. disbursing officer or other authorized disbursing officer on the Treasurer of the United States.

Trust Fund - A fund established to account for receipts that are held in trust for use in carrying out specific purposes and programs in accordance with an agreement or statute.

U

United States Disbursing Officer - An employee to whom authority is delegated by the Chief Disbursing Officer of the Treasury to receive, disburse, and account for all official funds in his/her custody.

United States Government Depositary - A domestic or foreign bank designated by the Secretary of the Treasury as an official depositary to hold U.S. Government funds for the account of the United States. A General Depositary is authorized to accept deposits for credit in the official checking accounts of other government officers. A Limited Depositary is authorized to accept, up to specified maximum amounts, deposits for credit to official checking accounts of government officers other than the Treasurer of the United States.

V

Voluntary Refund - Amount voluntarily repaid to A.I.D. by vendors and contractors resulting from downward price or cost adjustments.

W

Working Capital Fund - A revolving fund operating as an accounting entity in which the assets are capitalized and in which all income is in the form of receipts derived from its operations and available in their entirety to finance the fund's continuing cycle of operations without fiscal-year limitation.

Abbreviations

A

ADP	Automatic Data Processing
ADF	African Development Foundation
AICS	Activity Identification and Classification System
AID	Agency for International Development

B

B/C	Bill for Collection
BPC	Budget Plan Code
BPFD	Budget Plan Fund Designator
BY	Budget Year

C

CAMO	Consolidated Administrative Management Organization
CDO	Chief Disbursing Officer
CFR	Code of Federal Regulations
COB	Close of Business
CPDB	Country Program Data Bank
CPI	Critical Performance Indicator
CY	Calendar Year

D

DIS	Development Information Service
DLF	Development Loan Fund

E

EDP	Electronic Data Processing
EO	Executive Order
ESDB	Economic and Social Data Bank

F

FAAS	Foreign Assistance Administrative Support
FBO	Foreign Buildings Operations
FEGLI	Federal Employees Government Life Insurance Act
FEHBA	Federal Employees Health Benefits Act
FICA	Federal Insurance Contributions Act (Social Security)
FSA	Foreign Service Accountability Account
FY	Fiscal Year
FR	Federal Register
FT	Foreign Currency (FT) Account
FRLC	Federal Reserve Letter of Credit

G

GAO	General Accounting Office
GBL	U.S. Government Bill of Lading
GEBA	Government Excess Baggage Authorization
GTR	U.S. Government Transportation Request

H

HHE	Household Effects

I

IDA	International Development Association
IDCA	International Development Cooperation Agency
IPM	Interested Party Message

L

L-COM	Letter of Commitment
LSP	Lump Sum Payment

M

MAAG	Military Assistance Advisory Group
MAP	Military Assistance Program

N

NC/A Notice of Collection/Adjustment

O

OMB Office of Management and Budget
OYB Operating Year Budget

P

PAAD Program Approval Authorization Document
PACD Project Assistance Completion Date
PAIS Project Accounting Information System
PA/PR Procurement Authorization/Purchase Requisition
PASA Participating Agency Service Agreement
PC Peace Corps
PE Project Elements
PFAR Project Financial Activity Report
PFIP Project Financial Implementation Plan
PI Project Inputs
PIL Project Implementation Letter
PIO/C Project Implementation Order/Commodity
PIO/P Project Implementation Order/Participant
PIO/T Project Implementation Order/Technician (Contract Service)
PL Public Law
PO Projected Obligations
POV Privately Owned Vehicle
PY Past Year

R

RAMC Regional Administrative Management Center (U.S. Department of State)
RFC Regional Finance Center
RFMC Regional Financial Management Center (Nairobi)
RS Revised Statutes
RSSA Resource Service Support Agreement

S

SAS Shared Administrative Support
SF Standard Form
SLC Special Letter of Credit

T

TA	Travel Authorization
TDP	Trade and Development Program
TDY	Temporary Duty
TR	U.S. Transportation Request

U

USC	United States Code
USCA	United States Code Annotated
USDO	United States Disbursing Officer
USIA	United States Information Agency
USIS	United States Information Service

W

WACASC	West African Consolidated Administrative Supply Center
WAE	When Actually Employed
WCF	Working Capital Fund
WOC	Without Compensation

INDEX

INDEX TO THIS HANDBOOK

This index is derived from the Master Index to the AID Handbook series issued under TM HI:2.

The underlying approach to the Master Index is one of unity, with the series of AID Handbooks considered as a single entity in which topics may appear in one, or more than one, of the component volumes.

Each entry in the Master Index that includes a reference to this Handbook is reproduced here in its entirety, thus providing both a guide to this Handbook and useful references to other Handbooks.

The formats for location citations are intended to match their appearance on the Handbook pages. Beyond the standardized Handbook number with its following colon, the citations used in the index reflect the different formats used in the individual Handbooks themselves.

UNDERSTANDING THE CITATIONS

The standard codes and messages that appear throughout the index, and their exceptions, are defined in this section. It is recommended that all users read this section before using the index.

LOCATION CITATIONS

The location citations are grouped in the following pattern:

Handbook number, colon, Chapter number, Paragraph letter, and further breakdown where needed.

The abbreviations such as App. for Appendix; Att. for Attachment; and Sup. for Supplement are also included in the citations wherever necessary.

Special cases and cross reference messages are described on the following page.

An example of the format used is as follows:

AID Financed Export Opportunities 1B:23A2a(3); 15:10C1a(1)

where the term "AID Financed Export Opportunities" is located in Handbook No. 1B, Chapter 23, Section A2a(3); and Handbook 15, Chapter 10, Section C1a(1).

SPECIAL CASES

Although the majority of the location citations follow the pattern described previously, there are these exceptions:

- In some of the Handbooks, a majority of the text is reprinted from the Foreign Affairs Manual (FAM). All FAM citations are marked by a '#' sign before the section number.

- A major portion of Handbook 14 is composed of the Federal Acquisition Regulation (FAR). All citations to this publication are cited as 14:FAR(section number).

- Three Handbook supplements that are basically separate volumes are cited as, 1B: (Procurement Policy), 3A: and 3B: (Project Managers Guidebook).

- In Handbooks which contain both Parts as well as Chapters, the Roman numeral Part number is separated from the Arabic Chapter number by a dash (-). For example: 21:I-2A8, a citation to Chapter 2 of Part I of Handbook 21.

CROSS REFERENCES

These references provide direction for selection of index terms:-

A '<u>see</u>' reference points from an unused term to the one that is used.

'x' is the reverse of <u>see</u> (do not bother to look) and provides a guide to terms that are <u>not</u> used in the index.

'<u>see also</u>' points to terms that are closely related.

-A-

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