

DEPARTMENT OF THE ARMY  
Portland District, Corps of Engineers  
P.O. Box 2946  
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CENPP-DC  
Regulation  
No. 37-1-1

10 April 1989

Financial Administration  
ADMINISTRATIVE CONTROL OF APPROPRIATED FUNDS

1. PURPOSE. This regulation establishes local policy and procedures for the control of funds for Civil Works activities.

2. APPLICABILITY. This regulation applies to all elements of the Portland District (NPP).

3. REFERENCES.

a. Required Publications.

(1) Title 31, United States Code, "Money and Finance" (31 USC). Cited in paragraph 5b.

(2) AR 37-21 (Establishing and Recording Commitments and Obligations). Cited in paragraph 9k.

(3) NPPR 37-1-9 (Work Performed by Others and for Others). Cited in paragraph 8b.

b. Related Publications.

(1) AR 37-20 (Administrative Control of Appropriated Funds) and USACE Suppl 1 thereto.

(2) ER 11-2-101 (Civil Works Activities).

(3) ER 11-2-201 (Civil Works Activities - Funding, Work Allowances and Transfers).

(4) ER 11-2-220 (Civil Works Activities - General Investigations).

(5) ER 11-2-240 (Civil Works Activities - Construction and Design).

(6) ER 37-2-10 (Accounting and Reporting - Civil Works Activities).

(7) ER 1125-2-301 (Revolving Fund).

(8) NPDR 37-1-1 (Administrative Control of Funds).

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\*This regulation supersedes PDR 37-1-1 dated 21 April 1978.

(9) PDR 37-2-8 (Work Orders and Completion Reports).

4. RESPONSIBILITIES. Under the supervision of the Deputy District Engineer for Project Management, the Individual Project Manager (IPM) will allocate funds to the appropriate technical divisions for assigned projects. Chiefs of divisions and separate offices are responsible for establishing those operational controls necessary to avoid exceeding obligation and expenditure of funds assigned them in the approved program of work. They are also responsible for the sub-allocations from other organizations and agencies. In the event that trends indicate the need to exceed previously approved funds, they are responsible for notifying the appropriate project manager and Programs Management Office, allowing sufficient time for securing additional funds, either through transfer of funds within the District Commander's authority or through allotment and apportionment from higher authority, as required. Responsibilities for control are:

a. Deputy DE for Project Management (DDE(PM)): The DDE(PM) provides staff leadership in establishing management processes to effectively schedule, budget, monitor, resolve or elevate issues and anticipate problems impacting on the accomplishment of assigned projects.

b. Chief, Engineering Division. All Funds assigned for Engineering Division activities for General Investigations; Construction, General; Operation and Maintenance, General; Inland Waterways Trust Fund; and any funds sub-allocated from Flood Control and Coastal Emergencies and other organizations and agencies.

c. Chief, Planning Division. All funds assigned for Planning Division activities in General Investigations, Construction General, and General Regulatory Functions appropriations.

d. Chief, Operations Division. All funds assigned for Operations Division activities on flood control, Channel and Harbor projects, and multiple purpose projects, primarily, Operation and Maintenance, General; Flood Control and Coastal Emergencies; and any funds sub-allocated under General Investigations and Construction, General. Chief, Operations Division will review and sign Work Order/Completion Reports, ENG Form 3013, for civil projects, Operation and Maintenance, General or Flood Control and Coastal Emergencies, if the estimated costs are under \$100,000. This is to ensure that the proposed work is within the approved program. Also, the Chief will review and sign Plant Replacement and Improvement Program Revolving Fund financed items.

e. Chief, Real Estate Division. All funds allocated by Programs Management Office or sub-allocated by the Engineering Division, Planning Division or Operations Division.

f. Chief, Construction Division. All funds allocated to specific contracts under Chief, CENPP-CO's jurisdiction.

g. Chief, Contracting Division. All funds allocated to specific contracts under Chief, CENPP-CT's direction.

h. Chief, Personnel Office. All funds allocated for overseas recruitment.

i. Chief, Programs Management Office. Chief, Programs Management Office will review and sign all Work Order/Completion Reports, ENG Form 3013, for civil works program activities other than those stated in 4d above, to ensure that proposed works are within the approved program. Work orders signed by the Chief of Operations Division outlined in 4d above will be routed through Programs Management Office.

j. Chief, Logistics Management Office. Chief, Logistics Management Office will review and sign Work Order/Completion Reports, ENG Form 3013, for vehicle-related and office furniture and equipment related items that are financed by Revolving Funds to ensure that costs are within the approved program.

k. Independent Project Managers (IPM). The IPM is responsible for the overall coordination of funds control for assigned projects. The role of the project manager is to develop schedules, budgets, and milestones, in coordination with functional elements to monitor projects and to effect changes so that a project progresses according to an agreed schedule for cost, manpower, and event milestones.

5. CONTROL OF OBLIGATIONS AND EXPENDITURES.

a. No obligation will be authorized or expenditure incurred (chargeable to project funds) in excess of available funds previously allotted or allocated. In addition, obligations incurred are further controlled by appropriation through apportionments issued by the North Pacific Division. Total obligations incurred against a particular appropriation will not exceed the quarterly apportionment made by the North Pacific Division.

b. Title 31 USC provides that appropriate administrative action, including (where circumstances warrant) suspension from duty without pay or removal from office, will be taken against any officer or employee who violates this title. A knowing or willful violation is a criminal offense, subjecting the offender to a fine of not more than \$5,000 or to imprisonment for not more than 2 years, or both.

6. RECEIPT OF WORK ALLOWANCES INCLUDING REIMBURSABLE WORK. The Budget Branch of the Comptroller Office will be furnished the "ACTION" copy of all Work Allowance documents received by the District, and will furnish information copies to the Programs Management Office and appropriate technical divisions. Upon receipt, the Budget Branch will document the Work Allowance on ENG Form 4480, obtain the approval signature of the Comptroller and forward the document to the Finance and Accounting Center for entry into the system. The ENG Form 4480 documentation will include the Funding Authorization Document, DA Form 1323-C (FAD) in all cases except when there is net dollar increase or decrease to the district allotment resulting from the work allowance, the

project is reimbursable, or there is a specific HQUSACE authority to transact funding without DA Form 1323-C (e.g., under Continuing Resolution Authority instructions).

7. FUNDING CHANGES.

a. Transfers within Local Authority. Transfer of funds within local authority will be made by the Programs Management Office at the request of, or in coordination with, the appropriate technical divisions and project managers. The Programs Management Office will review all transfer requests for compatibility with approved program, policy, sources of funding and transfer authorities. It will then initiate ENG Form 4480 and forward it through Budget Branch for review (including transfer authority) to the Comptroller for approval signature, and on to Finance and Accounting Center for entry into the system. The Finance & Accounting Center will mail a copy of the posted ENG Form 4480 to the Programs Management Office.

b. Revocations, Allotments and Transfers Requiring Higher Authority Approval. All letters to higher authority requesting funding changes will be signed by the District Commander or Chief, Programs Management Office, for the District Commander. Such a letter may be initiated by the Programs Management Office or the appropriate project manager or technical division depending on the circumstances involved. The letter will be reviewed by the Programs Management Office for adequacy of justification, compatibility with approved programs, policy, sources of funding, and transfer authorities. The Programs Management Office will coordinate all transfers with the appropriate project managers and technical divisions. It will then be routed through the Budget Branch for review (including transfer authority) and to the Executive Office or Programs Management Office for signature. When approved requests are returned to the District, the "ACTION" copy will be routed to the Budget Branch who will furnish information copies to the Programs Management Office and appropriate technical division. The Budget Branch will document the funding action on ENG Form 4480, obtain the approval signature of the Comptroller, forward the documents (including a FAD, if required) to the Finance and Accounting Center for entry into the system. The Finance and Accounting Center will mail a copy of the posted ENG 4480 to the Programs Management Office.

8. METHODS OF CONTROL.

a. Proposed work must be in the approved program, and sufficient funds must be on hand and available for obligation prior to execution of contracts, acceptance of options, negotiation of change orders, supplemental agreements, settlement of claims, or conclusion of other types of agreements including those with other governmental agencies. Disposition Forms or other memoranda transmitting specifications to the Contracting Division for procurement action will be routed through the Programs Management Office for certification that the item is in the approved program and through the Budget Branch for confirmation of the adequacy of quarterly apportionment ceilings.

b. All obligation documents will be routed to the Chief, Finance and Accounting Center or his/her designated assistant for determination of the propriety and availability of funds prior to release. The appropriation, project, and amount of current fiscal year funds to be obligated must be stated on the obligation document. If funds are available, a signed certificate to that effect will be placed on two copies, the file copy and the Finance and Accounting copy. The Finance and Accounting copy, with all required signatures, will support the formal recording of the obligation in the accounting system. If funds are not available, a statement to that effect will be placed on one copy of the document and all copies returned to the originator. Obligations for reimbursable services will be established in accordance with NPPR 37-1-9.

c. Obligations such as personal services, each plant operation, functional travel, reproduction, each facility account, District overhead, etc., that are of such nature that no specific document is readily available for recording as an obligation, will be documented on a Miscellaneous Obligation Document, DA Form 3717 (MOD), for the current month. This is for increase to the Government MOD. The document for the current month obligations will be initiated by an individual in each technical division who is in a position to make an accurate estimate of the amount of the obligation, by project, and will be submitted to the Finance and Accounting Center NLT the fifth calendar day of each month. MOD's will be signed by an individual who has been delegated the authority to obligate funds.

d. MOD's prepared to obligate funds for a contract must be routed through Program Management Office to assure the item is in the approved program, and through Budget Branch for confirmation of the adequacy of quarterly apportionment ceilings.

9. RECORDING AND REPORTING OF OBLIGATIONS. Obligations will be recorded in the allotment ledgers by the Finance and Accounting Center only when the provisions of 31 USC 1517, as implemented by higher authority, have been met. The criteria to be used in recording obligations in the allotment ledgers and reporting on Report on Status of Appropriations and Work Allowances, Civil Works Funds (RCS ENG-ECG-9), is as follows:

a. Purchase Orders. Obligation will be recorded when issued. "When issued" means the time the signed order is transmitted to the contractor or vendor. The signed purchase order will be processed in accordance with 8b above.

b. Construction Contracts Awarded After Formal Advertising. Obligation will be recorded upon issuance of letter of acceptance or notice of award provided authority for award is vested in the District Commander. If the contract is subject to approval of higher authority and contains a provision to that effect, the obligation will not be recorded until such approval has been obtained.

c. Continuing Contracts Awarded After Formal Advertising. The amount to be initially obligated for continuing contracts will be the amount stated in

the contract document as being available for initiation of the work; thereafter, the amount of the recorded obligation will be increased or decreased only to the extent that such increase or decrease is supported by a formal modification of the contract. Where a continuing contract is in the fiscal year of completion, with funds on hand, the contractor may be notified in writing that funds are available to complete the contract without specifying a dollar amount. At the time of such notification, an obligation should be recorded to cover the previously unrecorded portion of the basic contract, change orders, and overruns placed. Thereafter, obligations for additional change orders, overruns, etc., will be recorded, as appropriate, on the same basis as for contracts which are not continuing contracts.

d. Adjustment of 15 Digit Cost Codes to Reflect Actual Pay Estimates.

When a pay estimate is submitted on a contract which is assigned more than one 15 digit cost code, the Contract Administrator will verify that the obligation on that contract is consistent with the cost codes specified on the pay estimate. If necessary, the Contracting Officer's Representative will initiate adjustments in obligations between 15 digit cost codes so the pay estimate can be processed. DA Form 3717 will be used to adjust obligations between 15 digit cost codes within the same civil project. All other adjustments in amounts obligated will require a formal change to the contract.

e. Definite Quantity Supply Contract Awarded After Formal Advertising.

Same as b or c above.

f. Negotiated Contracts and Agreements.

An obligation will be recorded after execution by both parties, provided authorization for award is vested in the District Commander. If the contract is subject to approval of higher authority and contains a provision to that effect, the obligation will not be recorded until such approval has been obtained.

g. Contract Modifications.

(1) Non-continuing Contracts. Before entering into negotiations on a contract modification, the contract administrator (Contracting Division for Supply contracts and Construction Division for Construction Contracts) will prepare a Miscellaneous Obligation Document to obligate the estimated amount of the modification. Upon completion of negotiations, the estimated obligation will be adjusted to the actual amount of the modification by the Finance and Accounting Center.

(2) Continuing Contracts. The funding of continuing contracts is accomplished by contract modification. Modifications to contracts in final year of completion will be obligated in accordance with paragraph g(1) above.

h. Overruns and Underruns in Contract Quantities.

Obligations for contracts authorizing variation in quantities will be recorded for the price of the estimated quantities specified in the contract exclusive of the allowable variations. Thereafter, the amount of the recorded obligations will be adjusted only when an acceptable document is furnished the Finance and Accounting Center. An acceptable document for overruns in quantities will be

a receiving report for supply contracts and a contractor's payment estimate for construction contracts. For underruns in quantities, written notification by operating officials will constitute an acceptable document. It is important the Resident and Project Engineers in charge of the work promptly report anticipated overruns and underruns to appropriate project manager and/or chiefs of technical divisions named in paragraph 4 above for adjustment in program and schedules, current working estimate and/or commitment records, as appropriate.

i. Escalation and Fluctuations of Freight Rates. Certain major supply contracts contain clauses providing for adjustments in contract price based on fluctuations in freight rates and labor and material indices. Anticipated costs for these items will be obligated in the year they are earned, and letter allocating current year funds to contractors will include an amount sufficient to cover both anticipated earnings and estimated escalation. The estimated escalation amount will not be shown separately on the letter to the contractor, but will be carried separately on payment records for comparing estimated and actual escalation adjustments.

j. Indefinite Quantity Supply Contracts. Funds for the stated minimum quantity will be obligated upon acceptance of the order in writing by the contractor. Funds for other than the stated minimum quantity will be obligated upon issuance of each order.

k. Rents and Leases. Obligations will be in accordance with AR 37-21, Section II, paragraph 2-8g.

l. Communications, Services and Utility Contracts. Funds will be obligated at the beginning of each month for estimated accrued charges to end of current month for gas, water, electricity, telephone, telegraph, gage readings, etc.

m. Travel Orders. Travel orders for non-functionalized travel will be obligated on an individual basis as issued. Blanket orders and authorizations involving extended temporary duty will be obligated on a monthly basis. Where the period to be covered by the travel order extends beyond the fiscal year, the obligation will be reflected by only estimated earnings to the end of the fiscal year.

n. Transportation Requests. These will be entered as an expenditure without prior obligation as of the date of surrender to carrier.

o. Bills of Lading. Same as paragraph n above.

p. Land Acquisition. Obligation will be recorded upon acceptance of an option. In the case of condemnation proceedings, the obligation will be recorded upon receipt of request from the court for deposit of funds.

q. Resettlement Reimbursements. Obligation will be recorded upon approval of application.

r. Contractual Claims. Obligations will be recorded for contract claims on the basis of a written administrative determination of government liability for additional payment to the contractor due to the claim. The amount obligated will be the government estimate of the amount required to settle the claim.

s. Intra-Corps Inspection Requisitions. Obligations will be recorded after acceptance by servicing district of governing DA Form 2544.

t. Consultant Contracts. Obligation will be recorded for the amount stated in the contract. The obligation will be increased based upon a formal change to the contract.

u. Other Legal Obligations. The timely recording of other type obligations not included above will be on the basis of individual review and determination by the Comptroller.

FOR THE COMMANDER:



R. R. GOODELL  
Lt Colonel, Corps of Engineers  
Deputy Commander

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