



U.S. Department of Justice
Federal Bureau of Prisons

PROGRAM STATEMENT

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Budget Execution Manual

/s/

Approved: Charles E. Samuels, Jr.,
Director, Federal Bureau of Prisons

1. PURPOSE AND SCOPE

To provide guidance involving the interpretation and application of budget execution concepts and requirements.

a. **Program Objectives.** The expected result of this program is to ensure that the Bureau of Prisons does not exceed obligation, workyear, and position levels prescribed by Congress in Public Law on an annual basis.

b. Summary of Changes

Policy Rescinded

P2100.03 Budget Execution Manual (3/8/2001)

Significant changes to this Program Statement include:

- Removed requirement to hold Budget and Planning Committee meetings during a Continuing Resolution (CR). Added requirement that upon receipt of CR Operating Plan CEOs or designees are notified in writing of the operating plan available – **Chapter 5, Section 4**
- Added requirement that reserve balances must never be less than zero – **Chapter 5, Section 7b(3)**
- Added that reprogramming requests are submitted by the dates established by the Budget Execution Branch – **Chapter 6, Section 8**
- Removed provision for emergency requests for reprogramming – **Chapter 6, Section 8**
- Added requirement for regions to have institution position management (PZ) updates transferred to regional files no later than the 5th working day following the close of the month – **Chapter 8, Section**

- Requires regions to review fund status of each institution as outlined in Chapter 11 – **Chapter 9, Section 2**
- Requires regions to include with their meeting minutes documentation that a review of each institution fund status was conducted as outlined in Chapter 11 – **Chapter 9, Section 8**
- Removed separation of committees – **Chapter 9, Section 9**
- Incorporated Chapter 10, Section 3; added requirement for regions to review salary status of institutions as outlined in Chapter 11 – **Chapter 10, Section 3**
- Added Chapter 11 for Regional and Central Office oversight – **Chapter 11**
- Added requirement for Cost Center Managers to list equipment needs in excess of \$5,000 on two separate lists: one for medical equipment and one for non-medical equipment – **Chapter 12, Section 5a**
- Removed requirement to research and document differences of +/- 5% in reimbursement estimates – **Chapter 12, Section 7c**
- Added sub-object classification (SOC) 1138 and removed SOCs 1125, 1129, 1148, 1149, 1191, and 1196 to the calculation of Work Year Annual Estimate – **Chapter 13, Section 3a(1)**
- Added SOCs 1211, 1244, 1246, and 1249 and removed SOCs 1200 and 1229 to the calculation of Work Year Annual Estimate – **Chapter 13, Section 3a(7)**
- Increased allowance for periodic increases from 1% to 3% – **Chapter 13, Section 3b(3)**
- Revised the minimum amount required to request a special project for unforeseen events from \$2,000 to \$5,000 – **Chapter 15, Section 4**
- Established specific projects for reoccurring events such as institution disturbances, weather-related events, and medical events – **Chapter 15, Section 4**
- Added that BOP Director will consider input and recommendations from Union during BOP Budget Development processes - **Chapter 1, Section 3**
- Added that Union will be provided data referenced in this policy in accordance with applicable laws, rules, regulations, and the Master Agreement – **Chapter 1, Section 1**
- Added Union representative participation on Budget & Planning Committee and Salary/Work Force Utilization Committee as provided in Article 10 of the Master Agreement – **Chapters 9, Section 3 and Chapter 10, Section 4**

The following changes are a result of the Reduction and Elimination of Duties Management Assessment Project (REDMAP) initiatives:

- Removed requirement to develop an Institution Supplement regarding budgeting.
- Removed requirement for the CEO to designate Cost Center Managers annually, and allowed for the designation to identify specific positions.
- Removed requirement to route monthly fund control reconciliations through the Associate Warden/Deputy Regional Director to Financial Management.
- Removed requirement to forward the BF3UP report (monthly allotment) and transaction listings to Accounting.
- Removed requirement for a formal memorandum to be submitted by Cost Center Managers when requesting deficit authority.
- Removed requirement for the first semiannual Budget Planning Committee Meeting.

- Removed requirement for Cost Center Managers to complete the semiannual Budget Requirements (BP-A0184) form (or local equivalent).
- Consolidated the annual BP-A0183 (Budget Distribution Requirements) and BP-A0184 (Budget Requirements) forms into one document.

2. ACTION REQUIRED

This directive is used primarily by Financial Management staff at institutions, Regional Offices, and the Central Office in the administration of budgeting operations. The Budget Execution Branch and the Management and Specialty Training Center (MSTC) also use this material to train staff involved in the administration of budgeting operations.

REFERENCES

Program Statements

P1221.66	Directives Management Manual (07/21/98)
P2000.02	Accounting Management Manual (5/22/87)
P2310.03	Use of Appropriations (7/23/00)
P2350.02	Accounting for Real Property, Depreciation, and B&F Projects (6/22/04)
P3000.03	Human Resource Management Manual (12/19/07)
P4100.04	Bureau of Prisons Acquisitions Policy (05/19/04)
P4200.10	Facilities Operations Manual (01/24/06)
P4400.05	Property Management Manual (05/26/04)
P4500.09	Trust Fund/Deposit Fund Manual (01/13/14)
P4700.06	Food Service Manual (09/13/11)
P5330.11	Psychology Treatment Programs (3/16/09)

Other Policy

DOJ Order 2030.4G	Control of Funds Under Apportionment (04/12/10)
OMB Circular A-11	Preparation, Submission, and Execution of the Budget (07/26/13)
OMB Circular A-123	Management's Responsibility for Internal Control (12/21/04)

ACA Standards

- 4th Edition Standards for Adult Correctional Institutions: 4-4025, 4-4028, 4-4029, 4-4030, and 4-4040
- 4th Edition Performance-Based Standards for Adult Local detention Facilities: 4-ALDF-7D-10, and 7D-13
- 2nd Edition Standards for Administration of Correctional Agencies: 2CO-1B-01, 1B-02, 1B-03, and 1B-04

Records Retention

For guidance on records and information applicable to this program, see the Records and Information Disposition Schedule (RIDS) on Sallyport.

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Chapter 1. Overview

1. **Purpose.** This chapter provides information to facilitate understanding of the budget requirements addressed in this Manual. The Union will be provided data referenced in this policy in accordance with applicable laws (including, but not limited to, Title 5 U.S.C. § 7114 (b) (4), and the Freedom of Information Act), rules, regulations, policy, and the Master Agreement.
2. **Background.** The budget is much more than a legally binding financial plan. Since funds are always limited, budgeting is a process of choosing among alternative expenditures, which entails political decision-making as well as financial and economic analyses. The federal budget is the result of the interaction between the Executive Branch (with its many departments and agencies) and Congress (with its system of committees and subcommittees).
3. **Bureau of Prisons (BOP) Budget Process.** Although budgeting is a continuous process, it is best understood in terms of four phases: Budget Development, Congressional Approval, Budget Execution, and Review.

The BOP's budget development phase begins about 18 months before the beginning of the fiscal year. During this time, management identifies initiatives (major projects, new programs, estimated costs, workyears, etc.) that should be included in the BOP's budget request. This process includes the Director considering any input and recommendation(s) provided by the President, Council of Prison Locals 33. Once the initiatives are consolidated, reviewed, and approved by the Director, the Budget Development Branch adds their projected cost to a "base" (the prior year budget plus annualization and other uncontrollable costs), resulting in the BOP's proposed operating budget.

The Budget Development Branch compiles this data, along with detailed descriptions and justifications for the array of consolidated budget activities, into a document known as the Spring Planning Submission. After approval by the Director, the Spring Planning Submission is forwarded to the Department of Justice (DOJ) in May. Final Office of Management and Budget (OMB) figures (allowances) are set during November or December; an appeal process is available where DOJ can argue its case for any deleted or reduced items. After resolution of appeals, the BOP prepares the budget for the President's final review and it is submitted to Congress in January.

Once the President's budget has been submitted to Congress, BOP staff track the budget as it makes its way through the committee process. The Director is called to provide testimony regarding the BOP's budget submission.

During this time, usually in May, the field (institutions, Regional Offices, Management and Specialty Training Center [MSTC], Staff Training Academy [STA], and Central Office, including the National Institute of Corrections) begins the process of identifying its budget requirements. The Budget and Planning Committee and the Salary/Work Force Committee meet to review and approve Cost Center Managers' budget submissions for the upcoming fiscal year.

Regional Offices review, approve, and consolidate institution and Regional Office submissions and forward them to the Budget Execution Branch (BEB), Central Office. The BEB, using the financial management system, begins to develop operating plans based on proposed spending levels (“marks”) received from Congress during the appropriations process. Those operating plans, distributed to the sub-budget activity level based on equity formulas and regional submissions, are continually revised to reflect the most current anticipated spending level. By October, either the appropriations bill or a Continuing Resolution has been passed and the fiscal year begins.

If an appropriations bill has been passed by Congress and signed by the President, the allotment procedure begins. Once operating plans are revised to reflect approved spending levels, the BEB transmits operating plans via the financial management system to the regional level, which transmits them to the institutions. As the fiscal year progresses, obligations are monitored at each level to ensure they are within established plans.

The field, through the Budget and Planning Committee, the Salary/Work Force Committee, and other committees, approves and recommends adjustments to established plans due to operational requirements. The BEB may modify operating plans based on recommendations from the field and may request reapportionment or reprogramming of the BOP’s budget authority to reflect anticipated obligation and reimbursable trends for the rest of the fiscal year. As the fiscal year draws to a close, the BEB scrutinizes obligations to ensure that the BOP does not exceed spending levels authorized and, therefore, does not violate the Anti-Deficiency Act.

The BOP has its own internal review system coordinated by the Program Review Division. This entails, in part, an operational review process and a program review process.

The operational review allows individual program areas at all organizational levels to assess their operations using national guidelines to determine if deviations noted in previous program reviews have been corrected and if program areas are functioning according to policy.

A program review is conducted by reviewers from the Program Review Division and staff selected from institutions, Regional Offices, Training Centers, and Central Office as subject matter experts. The reviewers, using national guidelines established during the management assessment process, identify deviations from, and exemplary compliance to, the guidelines.

All BOP programs are subject to review from the Office of Inspector General (OIG), the Government Accountability Office (GAO), and OMB at any time.

4. Delineations of Authority. Unless specified otherwise, the title of Chief Executive Officer (CEO), with the exception of the Director, BOP, is used to identify the executive who oversees operations at a particular organizational level, as follows:

- Institutions – Warden.
- Regional Offices – Regional Director.

- National Training Centers – Director, MSTC.
- Central Office – Deputy Assistant Director, Administration.

5. **Equity Formulas.** To facilitate establishing funding bases for Salaries and Expenses sub-budget activities, Central Office program managers, with input from field staff, have created unique formulas that provide the ability to automatically establish equitable funding bases at the sub-budget activity level. Creation or modification of equity formulas is coordinated between the Central Office program manager and the Chief, BEB.

Factors associated with each equity formula are complex and attempt to identify elements (e.g., climate, security level) that are common to all facilities and have a tangible effect on operations. However, equity formulas cannot realistically identify every element that has an impact on every facility.

CEOs at the regional level, absent any restrictions imposed, retain authority to distribute funds to the institution level in any manner deemed equitable. Disparities in the computation of equity formulas are brought to the attention of the Chief, BEB, prior to approval of the current year budget.

For areas that do not use equity formulas, Central Office program managers and the BEB distribute funding according to their established guidelines.

Disparities in funding levels are addressed with the appropriate Central Office program manager.

6. **Trust Fund Budgeting.** See the Program Statement **Trust Fund/Deposit Fund Manual**.

7. **Local Budget Requirements.** Requirements addressed in this Manual are *minimum* requirements. The field may require specific formats, procedures, and meetings deemed necessary by the CEO. Those requirements must not conflict or detract from requirements in this manual.

CEOs at the regional level may specify in writing requirements and due dates for their office operations and institutions. One copy of that document is forwarded to the Chief, BEB; one copy is kept locally for Program and Operational Reviews.

CEOs at the institution level may specify requirements for their institutions.

8. **Central Office Budgeting.** Unless specifically stated otherwise, the level of overall controls and responsibilities for monitoring operational (non-salary) obligations and funding is encumbered at the division level. However, requirements pertaining to reprogramming and deficit variances must be consistent with provisions in Chapters 5 and 6.

The Salary/Workforce Utilization Committee monitors salary obligations and funding at the budget activity and sub-budget activity level.

Deputy Assistant Directors serve as Budget Committee members and approve funding levels for their divisional cost centers based on the divisional distribution the Central Office Business Office provides. Final fund distributions in the financial management system are made in accordance with funding levels approved by the Deputy Assistant Directors.

Central Office Cost Center Managers execute their cost center plans as outlined in Chapter 4 (fund control), Chapter 5 (deficit variances), and Chapter 12 (Budget Development and Execution Requirements).

9. Buildings and Facilities Budgeting. Requirements in this manual apply to the Buildings and Facilities appropriation unless stated otherwise. Special procedures that are required but not addressed in this Manual are issued by the Chief, BEB, or the Chief, Facilities Management.

10. Drug Abuse Program Budgeting. Funding and positions allocated for the Drug Abuse Program, regardless of the appropriation, are strictly for meeting the mandates of this program and may not be reprogrammed or supplemented from other sources unless otherwise provided for. The use of staff who occupy positions in this program for purposes other than those specified by policy is restricted. For additional guidance, see the Program Statement **Psychology Treatment Programs**.

11. Use of Appropriations. For guidance, see the Program Statement **Use of Appropriations**.

Chapter 2. Requirements and Penalties of Law

1. **Purpose.** This chapter presents legal requirements that must be satisfied in incurring, recording, and reporting obligations.

2. Incurring Obligations

a. **Requirements of Law.** The Revised Statutes (31 U.S.C.) prescribe that every officer or employee of the United States is strictly prohibited from performing certain acts:

- Creating or authorizing an obligation under, or making or authorizing an expenditure from, any appropriation or fund in excess of the amount legally available under that appropriation (Section 1341).
- Involving the government in any contract or other obligation for payment of money for any purpose in advance of an appropriation, unless an individual contract or obligation is specifically authorized by law (Section 1341).
- Accepting voluntary service for the United States, or employing personal service in excess of that authorized by law, except in emergencies involving the safety of human life or the protection of property (Section 1342).
- Creating or authorizing any obligation, or making any disbursement in excess of an apportionment or reapportionment or in excess of the amount permitted by regulations (Section 1517).

b. **Penalties for Violation of Law.** Any officer or employee of the United States who violates the law is subject to the penalties prescribed under 31 U.S.C., §1519:

- Administrative discipline, including, when circumstances warrant, suspension from duty without pay or removal from office.
- Upon conviction, a fine not to exceed \$5,000 or imprisonment not to exceed two years, or both.

Violations of Section 1517 must be reported through the Director of the Office of Management and Budget (OMB), the President of the United States, and Congress.

(1) **Report to the Director.** The CEO (the “allottee”) with management responsibility for the Central Office (including National Institute of Corrections [NIC]), National Training Centers (MSTC and STA), or a region (Regional Office and institutions in that region) reports immediately, in writing, to the Director of the BOP all real violations exceeding one-half dollar and all pertinent facts of the violation.

(2) **Report to the Regional Director.** The CEO (the “allottee”) with management responsibility for an institution reports immediately, in writing, to the Regional Director all real violations exceeding one-half dollar and all pertinent facts of the violation.

3. Recording and Reporting Obligations

a. **Requirements of Law.** Requirements governing the recording and reporting of financial transactions as obligations are prescribed in Section 1311 of the Supplemental Appropriations Act of 1955, codified in 31 U.S.C. §1501(a), as follows:

(1) No amount is recorded as an obligation of the government of the United States unless it is supported by documentary evidence of:

- A binding agreement in writing between the parties for a purpose authorized by law executed before the expiration of the period of availability for obligation of the fund or appropriation concerned for specific goods to be delivered, real property to be purchased or leased, or work to be performed.
- A valid loan agreement, showing the amount of the loan to be made and the terms of repayment.
- An order required by law to be placed with a government agency.
- An order issued pursuant to a law authorizing purchases without advertising when necessitated by public exigency, for perishable subsistence supplies, or within specific monetary limitations.
- A grant or subsidy payable from appropriations made for payment of, or contributions toward, sums required to be paid in specific amounts fixed by law or in accord with formulas prescribed by law, or pursuant to agreement authorized, or plans approved in accordance with and authorized by law.
- A liability that may result from pending litigation brought under authority of law.
- Employment or services of persons or expenses of travel in accordance with law, and services performed by public utilities.
- Any other legal liability of the United States against an appropriation or fund legally available.

(2) Title 31 of the United States Code also prescribes:

- The head of each federal agency report that any statement of obligations furnished to OMB or to Congress consists only of valid obligations as defined in section 3.a.(1) above (Sections 1108, 1501).
- Each report to OMB is certified and supported by records evidencing the amounts that are reported as having been obligated. Certifications and records are retained in the agency for audit and reconciliation. Officials designated by the agency head to make certifications may not redelegate that responsibility (Section 1108).
- Any appropriation or fund limited for obligation purposes to a definite period of time is not available for expenditure after the period expires, except for the liquidation for amounts obligated in accordance with 31 U.S.C. §1108 (Section 1502).

Chapter 3. Concept of Obligations Incurred

1. **Purpose.** This chapter concerns the application of the concept of obligations incurred to various transactions as set forth in Office of Management and Budget (OMB) Circular No. A-11.

2. **Background.** Circular A-11 defines obligations incurred as amounts of transactions during a given period which require payments during the same or a future period. Such amounts include disbursements not preceded by the recording of obligations (except advances for travel) and reflect adjustments for differences between obligations previously recorded and actual disbursements.

3. Application of the Concept of Obligations Incurred

a. **Personal Services and Benefits.** As a general rule, personal services and benefits include amounts earned by employees and others during the reporting period. Charges based on salaries and wages (such as living and quarters allowances, equalization allowances under 5 U.S.C. §3373, the employer's share of contributions to the retirement fund, insurance premiums, and FICA taxes) are obligations at the time they are earned. Other allowances (such as uniform allowances, incentive awards) are obligations when they become payable to the employee.

(1) **Severance pay** is reported as an obligation of the pay period covered, on a pay period-by-pay period basis, as it is earned.

(2) **Authorized reimbursable expenses** estimated to be paid to employees for real estate, temporary subsistence, and other expenses incident to relocation at the request of the federal government, are reported as an obligation when the individual travel orders are approved. These obligations are reviewed periodically and updated to reflect actual requirements.

(3) **Annual leave** is not reported as an obligation until it becomes due and payable as terminal leave or taken in lieu of a lump sum payment. However, transfers of people from revolving to non-revolving funds are accompanied by transfers of budgetary resources in the amount of any funded annual leave; the resources must be credited to miscellaneous receipts.

b. **Travel and Transportation.** In general, include amounts for travel and transportation that are needed during the reporting period and:

- For which a valid contract for services has been made, or
- For which travel and transportation expenses have been incurred.

A valid contract is a binding agreement for specific services. Transportation requisitions, Government Bills of Lading (GBL), and shipping orders are not binding agreements for specific goods or services.

Travel and transportation expenses incident to dislocation at the request of the federal government are reported as an obligation on the basis of individual travel orders. The reasons

specified in 3.a., above, for the treatment of personal benefits incident to dislocation at the request of the federal government apply.

c. Communications, Utilities, and Rents. Include amounts for services received or amounts owed for the use of property during the reporting period. If bills are rendered for a period beginning in one month and ending in the following month, services received after the latest billing date need not be included.

An obligation for communication services and utilities is entered for the part of the month not covered by a billing. The obligation is based on the best information available (meter reading when practical).

Under 31 U.S.C. §1308, in making payments for utilities where the quantity is based on meter readings, the entire payment for a billing period that begins in one fiscal year and ends in another is chargeable to appropriations current at the end of the billing period.

If the charge covers several fiscal years, 31 U.S.C. §1308 does not apply. A charge covering several fiscal years is prorated so that the charge to any one fiscal year appropriation does not exceed the cost of the service for a one-year period ending in that fiscal year.

Generally, for contracts involving recurring services (such as rent), contracts cover only the period funded; obligations are recorded for the full amount of the contract for these services.

d. Printing and Reproduction, Other Contractual Services, Supplies and Materials, and Equipment. Include orders placed and contracts awarded. 31 U.S.C. §1501 requires documentary evidence of binding agreements, orders, or other legal liabilities before an amount may be recorded as an obligation.

In reporting orders for supplies and services, the general rule for lawfully obligating a fiscal year appropriation is that the supplies or services are intended to meet a bona fide need of the fiscal year in which the need arises or to replace stock used in that fiscal year.

The head of an executive agency may enter into a contract for severable services for a period that begins in one fiscal year and ends in the next, provided that the contract period does not exceed one year.

Administrative commitments in the form of requisitions within an agency, invitations for bids, or any other action short of a binding contract, order, or similar agreement are not reported as obligations. For specific types of contracts and orders, observe the following procedures:

(1) Cost-Plus-Fixed-Fee and Other Types of Contracts Without a Fixed Price. Include obligations on the basis of the total estimated costs of contracts (including fixed fees). This figure is reported for the month during which the contract is let; adjustments upward or

downward in the estimated cost (or fixed fee) are reflected in subsequent reports. If a maximum price is stated, the maximum amount is reported at the time the contract is let.

(2) **Fixed Price Contract With Escalation, Price Redetermination, and Incentive Provisions.** Report the fixed price stated in the contract, or the target or billing price in the case of a contract with an incentive clause.

(3) **Continuing Contracts Subject to the Availability of Appropriations.** Report as an obligation the federal government's total estimated liability, such as the amount the contractor has been notified is available for payment under the particular contract, and any potential federal government cancellation or termination costs. The reported amount is modified based on any subsequent agreements.

(4) **Letters of Intent.** Where such letters constitute binding agreements under which the contractor is authorized to proceed, obligations cover the maximum liability indicated in the letters. If the letters merely indicate the federal government's intention to enter a contractual relationship at a later date, the amounts are not treated as obligations. The maximum liability under a letter of intent is the amount necessary to cover expenses the contractor is authorized to incur before the execution of a definitive contract.

(5) **Contracts for Variable Quantities.** When a contract cites several quantities as alternatives, report only the amount for the quantity specified for delivery, exclusive of permitted variations. On contracts which provide for delivery only when and if requested by the federal government, when the government assumes no specific obligation, only orders for delivery are reported.

(6) **Purchase Orders.** Include orders under which the federal government assumes a specific obligation for materials or services not reflected in the items described above.

(7) **Orders Required by Law to be Placed With Another Federal Government Agency.** When an agency is required by law or regulation to place certain orders with another government agency, such orders are recorded as obligations of the ordering agency at the time the order is issued. This includes orders placed with the General Services Administration (GSA) by agencies with limited exemption from procurement under the Federal Property and Administrative Services Act of 1949, as amended.

(8) **Orders Involving Deliveries of Stock From Other Appropriations or Funds.** The inclusion of an amount as an obligation where an order is placed for deliveries of stock from other appropriations or funds (other than those covered by (7) above) depends largely on the capacity in which the supplying activity functions with respect to the particular transaction:

- Where an order involves common-use standard stock items that the supplying agency has on hand or on order for prompt delivery at published prices, the obligation is incurred at the time the order is placed by the requisitioning agency.

- Where an order involves stock items (other than those covered above), the obligation is incurred by the requisitioner at the time of issuance of a formal notification from the supplier that the items are on hand or on order and will be released for prompt delivery.
- Where an order involves execution of a specific contract, the obligation is incurred by the requisitioner at the time the contract is entered into by the supplier. Agencies may record the obligations for such orders at the time the order is placed with the supplier. In those cases, adjustments are made at the end of the fiscal year so that the only obligations that remain recorded are those for which contracts have been entered into by the supplier.

(9) **Other Intra-Government Orders.** Include orders placed and accepted under 41 U.S.C. § 23, pursuant to the Economy Act (31 U.S.C. § 1535) and similar legislation. Note that amounts obligated pursuant to orders under the Economy Act are available for obligation by the receiving agency only for the same period as the account from which the amounts are withdrawn.

e. **Land and Structures.** Include contracts entered into for procuring land and interest in land, buildings and other structures, additions to buildings, nonstructural improvements, and fixed equipment.

An estimated amount is included for the price of the land when the Attorney General is requested to start condemnation proceedings, adjusted to the amount of the payment to be held in escrow, where there is a declaration of taking.

For lease-purchase contracts, obligations are recorded in the amount of the lease payments' present value, discounted using the Treasury interest rate used to calculate the budget authority provided for the purchase. During the lease period, report obligations equal to the imputed interest costs (i.e., the financing costs Treasury would have incurred if it had issued the debt to acquire the asset).

f. **Claims.** No tort claim is considered an obligation until it has been approved for payment. Approved torts are payable from current appropriations. Where it is believed claims are meritorious, reserve administratively sufficient amounts to cover the liability.

g. **Interest and Dividends.** Include the amount of interest owed or dividends declared during the reporting period.

h. **Investments in U.S. Securities.** U.S. securities consist of public debt securities and securities issued by federal government agencies. When authorized by law, balances may be invested in these securities to earn interest income. Because cash does not leave the Treasury, for budget execution purposes the portion of the balance used to purchase U.S. securities continues to be shown as balances.

(1) **When Funds are Invested in a U.S. Security.** The principal transaction is treated as an exchange of assets as follows: no obligation is recorded, the levels of unobligated and obligated balances of budgetary resources do not change, cash balances are reduced by the purchase price and holdings of U.S. securities are increased by the par (face or nominal) value of the security

acquired, and amounts invested are reported, without distinction, as part of the balances reported on apportionment and reporting forms.

(2) **When a U.S. Security is Sold or Redeemed.** The principal transaction is treated as follows: no obligation or outlay is recorded, the levels of unobligated and obligated balances of budgetary resources do not change, and holdings of U.S. securities are decreased by par (face or nominal) value of the security acquired and cash balances are increased by the par value of the security.

(3) **Interest, Earned Discounts, and Premiums.** Recorded as increases and decreases, as appropriate, in the receipts of special and trust funds, and are combined and recorded on a net basis as interest on investments:

- When a security is purchased for less than the par value, the difference is recorded as a negative adjustment to par value.
- When a security is purchased for greater than the par value, the difference is recorded as a negative adjustment to earnings.
- When a security is sold for less than par value, the difference is recorded as a positive amount if it is a gain and a negative amount if it is a loss.
- When a security is sold for greater than par value, the difference is recorded as a positive amount if it is a gain and a negative amount if it is a loss.
- Nominal or stated amount of interest received or anticipated during the year is recorded as a positive amount.

Chapter 4. Controlling, Recording, and Reporting Obligations

1. **Purpose.** This chapter presents designations of responsibilities and duties for controlling, recording, and reporting obligations for the month-end financial management system closeout. Control is maintained through a systematic designation of responsibilities and assignment of duties for the execution of specific actions that incorporate elements and features of management control over funds.

2. Responsibilities

a. **The CEO**, who is the allottee of each institution or Regional Office (including the Central Office and the National Training Centers), ensures that obligations are accurately controlled, recorded, and reported as required in Chapters 2 and 3. This responsibility cannot be delegated.

The CEO ensures that all obligating documents (contracts, purchase orders, travel authorizations, etc.) are validated under the supervision of the Business Administrator/Comptroller to indicate that funds are available in the applicable account before the creation of a legal obligation.

The Business Administrator/Comptroller designates specific positions as Cost Center Managers. For the Central Office, the designation of Cost Center Managers is made with the Deputy Assistant Director from each division. This designation is in writing and is updated as needed.

The Business Administrator/Comptroller maintains a current list of Cost Center Managers.

b. **The Business Administrator/Comptroller** ensures that obligation documents are certified (signed) and assigned fund control numbers by Cost Center Managers, indicating funds are available in the applicable account before creation of obligations. The BOP Fund Control Program must be used by all Cost Center Managers.

In addition, the Business Administrator/Comptroller ensures that obligation and operating status reports are made available to Cost Center Managers to help them reconcile fund control records to financial management system records.

c. **Cost Center Managers** assign fund control numbers to obligation documents and certify that funds are available before the creation of obligations. Specifically, Cost Center Managers are responsible for:

(1) Fund control records are maintained and updated to reflect funds availability on an “up-to-the minute” basis to avoid over obligation of funds available.

(2) The system used to maintain fund control records consists of individual fund control logs for each project in the Buildings and Facilities (B&F) Appropriation, and for each cost center for all other appropriations unless otherwise stated. The automated BOP Fund Control Program is used for this purpose.

(3) All obligation documents are certified and assigned fund control numbers prior to procurement action. This allows for determination of funds availability before any action is taken, including the assignment of purchase request numbers. Obligation documents for the purchase of Trust Fund resale items may be entered into fund control to generate fund control numbers but do not require reconciliation with the financial management system.

(4) Each source document pertaining to a cost center must contain an accurate accounting classification code; Central Office, Regional Office, and National Training cost centers are supported by documentation authorizing obligation against those cost centers; and a National Programs cost center must contain the proper project number and be certified to indicate that the obligation is valid and proper.

(5) Source documents must be certified and assigned fund control numbers prior to obligation. Source documents include: Government Bills of Lading, transportation requests, travel authorizations, purchase requests, government purchase card purchases, etc.

(6) Journal Vouchers (JVs) for reposting that affect budgetary resources of individual cost centers are certified and assigned fund control numbers by the Cost Center Manager.

(7) Adjusting entries are required when the estimated amount on the source document is different from the confirmed or actual amount. Discounts are deducted when making adjustments to the fund control logs. This includes vendor payment transactions and cash purchases.

(8) Buildings and Facilities obligations are charged to the appropriate project and sub-budget activity for which an operating plan has been established and must not exceed funds available unless approved, in writing, by the Regional Facilities Administrator or the Chief, Facilities Management. Obligations charged to a project at or by multiple locations are handled per the Program Statement **Accounting for Real Property, Depreciation, and B&F Projects**. Employee relocation expenses chargeable to the B&F appropriation are obligated by the Consolidated Relocation Section.

(9) Differences between Cost Center Manager records and Financial Management records must be researched and reconciled by Cost Center Managers within 5% or \$500, whichever is less (5% or \$25,000, whichever is less for B&F new construction (sub-budget activity 2 projects)), to the month-end financial management system fund status report(s).

Cost Center Managers must submit monthly reconciliations to the Business Administrator/Comptroller within 10 working days after the close of the monthly accounting cycle.

Financial Management must provide a list of outstanding reconciliations to Executive Staff by the 20th calendar day of the month (for the previous month-end reconciliation).

3. **Review of Obligations.** At the close of each monthly accounting cycle, the Business Administrator/Comptroller ensures that obligations are reviewed for common errors by executing the required Accounting and Budget reports identified in the Budget Execution Technical Reference Manual (TRM). Coding errors are identified and appropriate action initiated to correct them.

The required monthly budget reports (noted in the Budget Execution TRM) must be maintained, along with supporting documentation identifying errors and corrective actions.

Chapter 5. Receiving and Accounting for Funds

1. **Purpose.** This chapter delineates responsibilities for receiving and accounting for funds in the BOP.

2. **Background.** The BOP obtains initial spending authority through appropriations authorized by Congress. The appropriations under which the BOP is financed are:

- a. 15_1060 Salaries and Expenses(S&E)
 15X1060 Salaries and Expenses(S&E – No Year)
 15_/_1060 Salaries and Expenses(S&E Carryover/Multi-Year)

 _ = insert last digit of applicable fiscal year(s) (2018=8)

- b. 15X1003 Buildings and Facilities (B & F)
- c. 15X8408 Trust Fund (TF – Revolving Fund)

3. **Budget Authority.** Budget authority is provided by law to enter into obligations that result in immediate or future outlays involving federal government funds. The basic forms of budget authority are appropriations, authority to borrow, and contract authority. Budget authority may be classified by period of availability (1-year, multiple-year, no-year) or by the manner of determining the amount available (definite, indefinite).

a. **Forms of Budget Authority.** An appropriation is an authorization by an act of Congress that permits federal agencies to incur obligations and make payments out of the U.S. Treasury for specified purposes. An appropriation should follow enactment of authorizing legislation. Appropriations represent limitations of amounts that agencies may obligate during the period specified in the appropriations acts.

The authority to borrow, also referred to as borrowing authority or authority to spend debt receipts, is statutory authority that permits a federal agency to incur obligations and make payments for specified purposes out of borrowed monies.

Contract authority permits obligations to be incurred in advance of appropriations or in anticipation of receipts to be credited to a revolving fund or other account. By definition, contract authority is unfunded and is subsequently funded by an appropriation to liquidate obligations incurred under the contract authority, or by the collection and use of receipts.

b. **Period of Availability.** One-year (annual) authority is budget authority that is available for obligation only during a specified fiscal year and expires at the end of that time.

Multiple-year authority is budget authority available for a specified period in excess of one fiscal year. This authority generally takes the form of 2-year, 3-year, etc., availability, but may cover periods that do not coincide with the start or end of a fiscal year.

No-year authority is budget authority that remains available for obligation for an indefinite period, usually until the objectives for which the authority was made available are attained.

c. **Determination of Amount.** Definite authority is budget authority that is stated as a specific sum at the time the authority is granted. This includes authority stated as “not to exceed” a specified amount.

Indefinite authority is budget authority for which a specific sum is not stated and is determined by other factors, such as receipts from a certain source or obligations incurred.

4. **Continuing Resolutions.** A continuing resolution (CR) is legislation enacted by Congress to provide budget authority for federal agencies to continue operations until regular appropriations are enacted. The CR allows agencies to incur obligations at a specified level, usually the lower of the prior year level, the House “mark,” or the Senate “mark.”

If a CR is enacted by Congress, the Senior Deputy or Deputy Assistant Director for Administration notifies the field that the BOP will be operating under a CR and specifies the period of the CR and guidelines to be followed.

If required, the Budget Execution Branch (BEB) establishes and distributes operating plans to the regional level based on guidelines stipulated in the CR or mandated by OMB or DOJ.

Operating plans are established by the regional level for the period of the CR and distributed to the institutions in the same manner as regular operating plans. As periods of the CR change, so do operating plans to provide funding through the affected period.

Upon receipt of the CR operating plan(s), CEOs or designees are notified in writing. Obligations, receivables, etc., are prorated for the period of the CR only.

If operating plans are not issued by the BEB during the CR, Budget and Planning Committee meetings need not be held. However, absence of operating plans during the CR does not relieve staff from maintaining sound financial management.

Upon notification by the BEB of the enactment of a CR, the field, through appropriate means (memorandum, email, Budget and Planning Committee meeting) notifies program areas of the CR and any guidelines to be followed.

5. **Appropriations Warrant.** Following the enactment of appropriations, the Treasury Department, upon approval of the Comptroller General, issues an Appropriation Warrant (TFS-6200) to the Department of Justice (DOJ). The Appropriation Warrant reflects the appropriation symbol and individual amounts appropriated by Congress.

6. **Apportionment.** After receipt of the Advice of Allotment from DOJ, the BEB, through the Director, submits an Apportionment and Reapportionment Schedule (SF-132) to request apportionments per OMB Circular A-11.

An SF-132 is prepared for each appropriation authorized by Congress and reflects budgetary resources (budget authority, unobligated balances, reimbursements, recoveries of prior year obligations, portion not available pursuant to public law, and any restorations or write-offs) and distribution of budgetary resources by quarter (including pending rescissions, deferrals, and unapportioned balances of revolving funds).

Completed SF-132s are submitted to OMB through DOJ for approval. Upon approval, the BOP receives authority to incur obligations against the appropriation.

7. **Operating Plans.** After receipt of apportionment, the Director, through the Chief, BEB, provides obligational authority to each Regional Director by means of operating plans. Operating plans are controlled and accounted for at national, regional (including the Central Office and Training Centers), and institution levels.

a. **Operating Plan Holder (OPH).** Operating Plan Holders control obligational authority at their levels. At the institution, Regional Office, Training Center, and Central Office levels, the CEO is the OPH; at the agency level, the Director is the OPH. Each OPH is responsible for violations under 31 U.S.C. §1517.

b. **Distribution Process.** Operating plans and adjustments (allotments) are distributed using accounting and budgeting procedures developed for the financial management system.

(1) The BEB distributes operating plans and adjustments to the regional level by region, sub-budget activity, and object class code and to the Central Office, Training Center, and National Programs levels by region, institution, sub-budget activity, and object class code.

(2) Regional Offices distribute operating plans and adjustments to the institution level by institution, sub-budget activity, and object class code. Amounts distributed to institutions are placed into cost center “undistributed”.

- For the B&F appropriation, the Regional Budget Analyst provides a transaction listing for B&F allotments to the Regional Facilities Administrator for signature before the allotments are distributed.
- Regional Offices, Central Office, Training Center, National Programs, and institutions distribute amounts from cost center “undistributed” to the appropriate cost centers.

(3) Amounts held in reserves are placed into the appropriate “reserves” project code. Obligations may not be made to “reserves” project codes. Under no circumstances may reserve account balances be less than zero by budget activity at the end of the month (i.e., no negative balances). Negative balances may exist by sub-budget activity but should be realigned prior to the quarter/fiscal year end accounting cycle.

(4) The Budget Analyst signs the transaction listing as a result of the distribution of funds in section 7.b.(2). The Budget Analyst ensures that transactions for operating plans and adjustments are entered into the financial management system within the time frames specified in the Program Statement **Accounting Management Manual**. The Budget Analyst maintains a copy of the transaction listing to support the required financial system entries.

(5) At the end of each month, the Budget Analyst executes the monthly Allocation of Funds report from the financial management system. The amounts contained are verified to ensure agreement with the total transaction listings processed during the month. This report is numbered by institution or Regional Office designation, numerical sequence, and fiscal year (e.g., P0614-01-5).

For updates to the operating plan, the monthly Allocation of Funds report is supported by copies of the transaction listings stipulated in section 7.b.(4). Reasons for updates are provided in the “Remarks” section of the report. The report is signed by Budget and Planning Committee members, excluding Cost Center Managers. For the Central Office, the report is signed by Budget and Planning Committee members, excluding Deputy Assistant Directors. The Budget Analyst maintains a copy, along with supporting transaction listings.

c. **Deficit Variances.** At the quarter-end and fiscal year-end, each appropriation, whether current by budget activity or expired (total overall), must reflect operating plans equal to or in excess of obligations.

Budget Activity 1 – Inmate Care and Programs:

- Sub-Budget Activity A – Food and Farm Services
- Sub-Budget Activity B – Medical Services
- Sub-Budget Activity C – Inmate Services
- Sub-Budget Activity F – Unit Management/Inmate Systems(ISM)/Drug Abuse Programs(DAP)/Reentry Affairs
- Sub-Budget Activity G – Education/Advanced Occupational Education(AOE)
- Sub-Budget Activity H – Recreation
- Sub-Budget Activity J – Religious Services/Life Connections
- Sub-Budget Activity K – Psychology Services/Sex Offender Management (SOMP)

Budget Activity 2 – Institution Security and Administration:

- Sub-Budget Activity E – Institution Security
- Sub-Budget Activity M – Institution Administration
- Sub-Budget Activity N – Employee Development
- Sub-Budget Activity P – Institution Maintenance/Utilities

Budget Activity 3 – Management and Administration:

Sub-Budget Activity X – Management and Administration

Budget Activity 4 – Contract Confinement:

Sub-Budget Activity D – State and Local Contracts

Sub-Budget Activity R – Community Corrections Management

Sub-Budget Activity S – Privately Owned and Operated Facilities

Sub-Budget Activity T – Community Corrections Centers

Sub-Budget Activity T – National Institute of Corrections

Sub-budget activity deficits within a budget activity can exist as long as the overall budget activity reflects an operating plan equal to or in excess of obligations for the quarter/fiscal year-end accounting cycle. Deficit authority requests in these cases do not need to be submitted; however, funding within the budget activity should be realigned during the next quarter to eliminate the sub-budget activity deficit variance.

The responsibility to manage salary fund variances resides with the Salary/Workforce Utilization Committee (see Chapter 10).

Individual Cost Center Managers are responsible for managing operating funds variances (see Chapter 4). Cost Center Managers, before creating a deficit in the fund control system, submit in writing or via e-mail a justification for the projected deficit and a plan of action to eliminate the deficit to the Business Administrator, who recommends approval/disapproval. If approved, the Business Administrator states in writing or via e-mail the amount approved to the nearest \$100 to the Cost Center Manager.

Deficit authority approval is required for B&F projects that are anticipated to incur deficit balances, regardless of the overall status of the sub-budget activity.

(1) **Fund Status Procedures.** At the end of each quarter and at fiscal year-end all Business Administrators and Regional Comptrollers report via memorandum on the fund status of current and expired appropriations. The quarterly/fiscal year-end fund status for current appropriations is identified by budget activity (Inmate Care and Programs, Institutions Security and Administration, Contract Confinement, and Institution Administration). The quarterly/fiscal year end status for all expired appropriations should be the overall balance for the expired accounts. The memoranda state the status of each appropriation to the nearest \$100; all accounts must be listed regardless of whether they are solvent or deficient at the end of the quarter/fiscal year-end reporting cycle.

Business Administrators at institutions forward their quarterly fund status memorandum through their Warden for submission to Regional Comptrollers. Fund Status memorandums must include a plan to resolve deficits, if any, prior to fiscal year-end. The Regional Comptrollers coordinate their responses to institution deficit authority requests in a memorandum through their Regional

Director stating the approved amount to the nearest \$100 to the institution Business Administrator. Responses on appropriations in a deficit status are returned before the close of the quarter/fiscal year-end accounting cycle. A copy of the memorandum approving identified deficits is attached to the final fund status report for the quarter/fiscal year-end.

Comptrollers and Business Administrators at Regional Offices, Training Centers, and the Central Office Business Office forward their quarterly fund status reports to the Chief, BEB. Fund Status Reports roll up the entire region and include a plan to resolve deficits, if any, prior to fiscal year-end. The Chief, BEB, coordinates responses to deficit authority requests via memorandums stating the approved amount to the nearest \$100 to the Regional Comptrollers, Central Office Business Administrator, and Training Center Business Administrator. Responses on appropriations in a deficit status are returned before the close of the quarter/fiscal year-end accounting cycle. A copy of the memorandum approving identified deficits is attached to the final fund status report.

d. **B&F Funds Accountability and Carryover.** The no-year budget authority provided by Congress for the B&F Appropriation allows the BOP to fund new construction, repairs, and improvements without the need to renew budgetary authority. Since the scope of those projects usually extends beyond the end of the fiscal year, special procedures are necessary to account for their operating plans and obligations. For additional information, see the Program Statements **Facilities Operations Manual** and **Accounting for Real Property, Depreciation, and B&F Projects**.

Before the close of each month, quarter, and fiscal year, institution Business Administrators and Regional Comptrollers ensure:

- Each project reflects the approved operating plan.
- The operating plan for each project is equal to or in excess of obligations incurred against the project.
- The operating plan for each project is distributed to and obligations charged against the proper sub-budget activity and object class codes.
- The funds status reflected on accounting and budgeting financial management system reports for each project are in agreement.
- Each project is closed per the Program Statement **Accounting for Real Property, Depreciation, and B&F Projects**.

Once these requirements are satisfied, and upon receipt and verification of the final obligations for the fiscal year, the BEB begins to carry over unobligated balances to the new fiscal year. This process is independent of new budget authority granted by Congress for the new fiscal year.

Allotments for the new fiscal year may not be processed until carryover procedures are completed by the BEB.

Chapter 6. Reprogramming of Funds

1. **Purpose.** This chapter presents reporting requirements that relate to the reprogramming of funds by budget activity and sub-budget activity, and the authority, responsibilities, and procedures to satisfy those requirements.
2. **Definition.** The process of reprogramming has been defined as shifts of funds within the legal confines of an appropriation account that do not change either the total amount available in the account or any of the purposes for which the appropriation is legally available. A reprogramming action arises from a conscious decision to reallocate resources to an unforeseen need to respond to operational requirements.
3. **Requirements of Congress.** The Department of Justice notifies the Appropriations Committees of both Houses of Congress 15 days before any reprogrammings if the reprogrammings:
 - Make available for obligation or expenditure funds provided for under current appropriation acts, previous appropriation acts, or from any accounts in the U.S. Treasury derived by the collection of fees available to the agencies that:
 - Creates new programs.
 - Eliminates a program, project, or activity.
 - Increases funds or personnel by any means for any project or activity for which funds have been denied or restricted.
 - Relocates an office or employees.
 - Reorganizes offices, programs, or activities.
 - Contracts out or privatizes any functions or activities presently performed by federal employees;
 - Make available for obligation or expenditure funds in excess of the threshold established by Congress or 10 percent, whichever is less, provided for under current appropriation acts, previous appropriation acts, or from any accounts in the U.S. Treasury derived by the collection of fees available to the agencies that:
 - Augments existing programs, projects, or activities.
 - Reduces by 10 percent funding for any existing program, project, or activity, or numbers of personnel by 10 percent as approved by Congress.
 - Results from any general savings from a reduction in personnel that would result in a change in existing programs, activities, or projects as approved by Congress.

4. Identification of Budget Activities and Sub-Budget Activities

The Congressional reporting requirement applies to each budget activity in the Salaries and Expenses Appropriation, identified below. Sub-budget activities are for internal BOP reporting requirements only:

Budget Activity 1 – Inmate Care and Programs:

Sub-Budget Activity A – Food and Farm Services
Sub-Budget Activity B – Medical Services
Sub-Budget Activity C – Inmate Services
Sub-Budget Activity F – Unit Management/Inmate Systems (ISM/Drug Abuse Programs(DAP)/Reentry Affairs
Sub-Budget Activity G – Education/Advanced Occupational Education (AOE)
Sub-Budget Activity H – Recreation
Sub-Budget Activity J – Religious Services/Life Connections
Sub-Budget Activity K – Psychology Services/Sex Offender Management (SOMP)

Budget Activity 2 – Institution Security and Administration:

Sub-Budget Activity E – Institution Security
Sub-Budget Activity M – Institution Administration
Sub-Budget Activity N – Employee Development
Sub-Budget Activity P – Institution Maintenance/Utilities

Budget Activity 3 – Management and Administration:

Sub-Budget Activity X – Management and Administration

Budget Activity 4 – Contract Confinement:

Sub-Budget Activity D – State and Local Contracts
Sub-Budget Activity R – Community Corrections Management
Sub-Budget Activity S – Privately Owned and Operated Facilities
Sub-Budget Activity T – Community Corrections Centers
Sub-Budget Activity T – National Institute of Corrections

For the Buildings and Facilities Appropriation (in the Congressional Budget and for reporting reprogramming actions to Congress), budget activities and sub-budget activities are synonymous and are used as follows:

- Budget Activity 2 – Planning, Site Acquisition, New Construction, and Expansion.
- Budget Activity 3 – Modernization and Repair of Existing Facilities.

Note: New construction and expansions that do not add capacity are reported under budget activity 3.

5. **Authorities and Responsibilities for Reprogramming**

- The Director, BOP, assures compliance with the Congressional reporting requirement for reprogramming.
- The Assistant Director for Administration directs actions necessary to achieve compliance with the reporting requirements of Congress.

6. **Authorities and Responsibilities to Monitor Reprogramming**

- The Chief, Budget Execution Branch (BEB), has overall authority for coordinating and monitoring reprogramming of funds between budget activities, sub-budget activities, and object codes. He/she receives and reviews reports relating to reprogramming of funds within the BOP.
- Each Regional Comptroller coordinates requests, through the Regional Director, for reprogramming of funds within the region.
- The Business Administrator, Central Office Business Office, controls and monitors reprogramming of funds for the Central Office.
- The Budget Development Branch, in collaboration with the BEB, prepares Congressional reprogramming documentation and justification.
- The Chief, Trust Fund Branch, controls and monitors reprogramming of funds for the operation of the Trust Fund Program.
- The Chief, Facilities Branch, and the Chief, Design and Construction Branch, control and monitor reprogramming of funds for the operation of the Building and Facilities (B&F) Program.

7. **Special Reporting Within the BOP.** If an adjustment is anticipated to a budget activity, sub-budget activity, or object class during the operating period, the responsible authority (as defined above) submits a request for reprogramming to the Chief, BEB. The BEB provides reprogramming deadlines via memorandum or e-mail to each Regional Comptroller.

The request reflects each annual budget activity or sub-budget activity amount, the proposed adjustment for each, a full narrative explanation of the reasons for each adjustment, and any possible future adjustments.

The appropriate Assistant Director or Regional Director immediately provides a full explanation in writing to the Assistant Director for Administration if any of the following occur:

- A reprogramming action for any amount if it would have the effect of requiring funding in future years.
- An increase in funds or personnel for any project or activity for which funds have been denied or restricted.
- Creating a new program or augmenting an existing program.
- Relocating an office or employees as defined in section 3.a. (4) above.

8. Procedures for Requesting Reprogramming

Requests for reprogramming are entered into the financial management system – budget module at the institution level by the date established by the BEB (see the Budget Module TRM for additional information on requesting reprogramming in the financial management system – budget module):

- Requested reprogramming of funds is entered by sub-budget activity under the appropriate object class code.

Regional Offices assess institution requests for review and adjustment by the dates established by the BEB. Requests that can be offset against each other are handled by the region.

Requests that the region can fund from its reserves and offset against known regional needs are removed from the system and processed by the region.

Upon completion of all actions by regions and institutions, regions copy their reprogramming version from the institution to the region for access by the BEB. Each region ensures that negative balances in version 1 are not created as a result of the reprogramming request (see the Budget Module TRM for additional guidance on reviewing regional reprogramming requests).

The BEB reviews regional and Central Office requests by the dates established by the BEB. Requests that can be processed within established limitations are approved and provided to the regions.

Chapter 7. Full Time Equivalency (FTE) Employment Controls

1. **Purpose.** This chapter presents definitions relating to the Full Time Equivalency (FTE) system – an employment control system that translates staffing utilization into workyears as a method of determining whether an agency accomplishes its mission.

2. **Background.** The FTE System became effective on October 1, 1981, and was implemented by the Office of Management and Budget (OMB) in coordination with the Office of Personnel Management (OPM). Under this system, an agency is given a total workyear ceiling that cannot be exceeded for the fiscal year. The ceiling is divided into two categories: Full Time Permanent (FTP) and Other than Full Time Permanent (O/FTP).

3. Definitions

a. **Workyear.** Normally consists of 2080 hours of paid employment and is determined by the number of compensable work days in a year. For earnings purposes, 2087 hours is used.

b. **Paid Employment.** Consists of all regularly scheduled hours, including hours paid for annual, sick, holiday, and other paid leave. Excludes hours paid at overtime rates, terminal leave hours, and hours worked and earned as compensatory time.

c. **Full Time Permanent (FTP).** Paid employment by full time employees who have permanent appointments (designated as 1FTE).

d. **Other than Full Time Permanent (O/FTP).** Paid employment by full time employees with temporary appointments, and part time employees with either permanent or temporary appointments (designated as 2FTE).

e. **Full Time Employee.** An employee who is regularly scheduled to work the number of hours (over 32 hours) and days required for his/her employment group or class.

f. **Part Time Employee.** An employee who is regularly scheduled to work between 16 and 32 hours per week.

g. **Permanent Appointment.** An appointment in which the employee serves under tenure group 1, 2, 4, 5, 6, or 7 as defined in 5 CFR §340.202.

h. **Temporary Appointment.** An appointment in which the employee serves under tenure group 0, 3, 8, or 9 as defined in 5 CFR §340.202.

Chapter 8. Position Control

1. **Purpose.** This chapter presents definitions and delineations of responsibilities and duties relating to the position control system in the BOP.
2. **Background.** The position control system is maintained in the financial management system by Financial Management staff at all organizational levels. Although Financial Management staff have the overall responsibility for updating the system, Human Resource Management and UNICOR staff have specific responsibilities outlined below.
3. **Responsibilities.** The position control system has two distinct functions: position accounting (P0) and position management (PZ). With the exception of UNICOR, position accounting is the responsibility of Financial Management and is monitored at the sub-budget activity level; position management is the responsibility of Human Resource Management and is monitored at the sub-budget activity and cost center levels.

For UNICOR, position accounting is the responsibility of the Office of the Associate Commissioner and is monitored at the division level; position management is the responsibility of Human Resource Management and is monitored at the division level.

4. **Position Accounting.** Financial Management maintains the files associated with the P0 function. The Budget Execution Branch (BEB) keys all changes (with the exception of regionally authorized positions) to P0 files for the Salaries and Expenses (S&E), Building and Facilities (B&F), Trust Fund, Public Health Services (PHS), and UNICOR (FPI) Appropriations:

- Changes to the P0 file for the S&E Appropriation are made under the direction of the Resource Management Subcommittee and approved by the Director.
- Changes to the P0 file for the B&F Appropriation are made under the direction of the Assistant Director for Administration.
- Changes to the P0 file for the Trust Fund Appropriation are made under the direction of the Assistant Director for Administration.
- Changes to the P0 file for Public Health Services are made under the direction of the Assistant Director, Health Services Division.
- Changes to the P0 file for the UNICOR Appropriation are made under the direction of the Assistant Director, IEVT.

a. **Position Accounting Codes.** To facilitate maintaining P0 files, unique codes identify specific types of positions in the BOP:

- (1) **Full-Time Permanent (FTP) (P01, P01A).** These positions are established through Congressional authorization (P01), and BOP (Executive Staff) authorization (P01A).

Regional Authorized Full-Time Permanent (P01B). These Full-Time positions are established not to exceed one fiscal year. Regional Directors prepare a justification and Position Allocation Request (PAR) for regionally authorized positions and forward for concurrence to the Assistant Director for Administration.

(2) **Bureau Authorized Temporary (P02).** These Other than Full-Time positions are approved by the Resource Management Subcommittee and are established not to exceed one fiscal year. Employees under this appointment are not eligible to receive government-supported benefits. Extensions of previously approved P02 positions beyond the fiscal year are approved by the appropriate Assistant Director. The maximum cumulative time limit for BOP authorized temporary positions is two years.

(3) **Regional Authorized Temporary (P03).** These Other than Full-Time positions are approved by the Regional Director and are established not to exceed one fiscal year. Employees under this appointment are not eligible to receive government-supported benefits. Extensions of previously approved P03 positions beyond the fiscal year are approved by the Regional Director. The maximum cumulative time limit for Regional authorized temporary positions is two years.

(4) **Public Health Service (PHS) Permanent (P04).** These positions, established when PHS personnel are assigned to a facility, are approved by the Assistant Director, Health Services Division. Since PHS personnel are assigned in lieu of non-PHS personnel (and vice-versa), P01 and P04 positions are exchanged on a one-for-one basis as needed.

(5) **Public Health Service Temporary (P05).** These positions are established by the Resource Management Subcommittee and are monitored by the Assistant Director, Health Services Division. They are established for temporary duty assignment of PHS personnel, and are not exchanged as specified in section 4.b. (4).

(6) **Term Appointments (P06).** These positions are approved by the Resource Management Subcommittee and are established for a specified period of more than one year but no more than four years; they must be officially renewed each year. Employees under term appointments are eligible for government-supported benefits.

(7) **Stay-in-School Program (P07).** These positions are approved by Assistant Directors based on guidelines established by the Resource Management Subcommittee. They have the same restrictions as P02 positions.

(8) **Co-ops and Interns (P08).** These positions are approved by Assistant Directors, based on guidelines established by the Resource Management Subcommittee, and are monitored by the Staffing Section, Human Resource Management Division. They have the same restrictions as P02 positions.

(9) **BOP Controlled Permanent (P09, P09A).** These positions are in essence P01s/P01As, which are the responsibility of Central Office program management areas. They are established at institutions and are used primarily to account for Central Office controlled programs with staff assigned to institutions.

5. Position Management. Human Resource Management maintains the files associated with the PZ function of the position control system.

Human Resource Managers review at least monthly the PZ files at their location to ensure that they are current and accurate. Financial Management provides Human Resource Managers with position reports necessary to facilitate the review.

Human Resource Managers authorize Financial Management to key changes to the PZ files for the S&E, B&F, Trust Fund, and UNICOR appropriations. Copies of Personnel Actions and Position Allocation Requests authorizing changes to the PZ file are attached to the authorization (see Exhibit 1). This is essential for verification of the position listing printout as well as for establishing an audit trail.

The BEB maintains the PZ file for PHS.

The *Dictionary of Titles (PZ Dictionary)* contains all object class codes (OCCD) required to maintain a current PZ file. The dictionary is maintained by BEB and may be printed as needed (refer to the Budget TRM for guidance on printing a PZ dictionary). Requests for changes to the PZ dictionary are directed to the Chief, BEB.

Each entry contains a 12-character code and a code title. Example:

<i>Code</i>	<i>Title</i>
PZ1G00070705	CORR OFFICER

The first two characters (PZ) define the financial management system file; the third character (1) defines the type of position (1 = P01 or P01A, 2 = P02, etc.); the fourth character (G) defines the pay schedule (G = General Schedule, etc.); characters 5,6,7, and 8 define the job classification series (0007 = Correctional Officer); the ninth and tenth characters define the grade of the position (07 = Grade 7); and the eleventh and twelfth characters generate the title for the position (05=CORR OFFICER).

6. Position Accounting/Position Management Relationship. Although position accounting and position management functions are distinct, the data for one function relates to the data for the other. The chart displays these relationships:

Type of Position	Position Accounting	Position Management			
		QTR1	QTR2	QTR3	QTR4
Congressional FTP	P01	PZ1			
Bureau FTP	P01A		PZ1		
Regional FTP	P01B			PZ1	
Bureau Temporary	P02	PZ2			
Region Temporary	P03	PZ3			
PHS FTP	P04	PZ4			
PHS Temporary	P05	PZ5			
Term Appointments	P06	PZ6			
Stay-in-School	P07	PZ7			
Co-ops, Interns	P08	PZ8			
Bureau Controlled					
Congressional FTP	P09	PZ9			
Bureau FTP	P09A		PZ9		

7. Reconciliation of P0 and PZ Files. Financial Management produces P0/PZ reconciliation and PZ file reports to help maintain a current PZ file at each location. The reconciliation and PZ file report for each appropriation is provided to the Human Resource Manager at least monthly.

Changes to the PZ file requested by the Human Resource Manager (see Exhibit 1) are returned to Financial Management for entry into the position system. After changes are keyed by Financial Management, updated reconciliation and PZ file reports are produced. The reconciliation report is signed by the Business Administrator/Comptroller and the Human Resource Manager. The signed original is kept by Financial Management and a copy provided to the Human Resource Manager.

The institution PZ file must be current and in balance with the P0 file on or before the close of business on the last working day of each month. Financial Management Staff produce the Position Reconciliation Report (\$POS1) within 5 working days following the close of the month, which should reflect all position files (P0/PZ) in balance. The \$POS1 report is routed for signature and is supported by the \$PZALL report which contains detailed PZ File data by sub-budget activity and cost center. No later than the 5th working day following the close of the month, regions must have all institution PZ updates transferred to the regional files and produce the regional position report (\$RPOS1) reflecting the region-wide reconciliation of the PO/PZ files.



Chapter 8, Exhibit 1

U.S. Department of Justice
Federal Bureau of Prisons

MEMORANDUM FOR THE BUSINESS ADMINISTRATOR

FROM: Human Resources Manager

SUBJECT: Update PZ File Information for the Month of _____

Please make the following changes to the PZ files as indicated below.

ADD

<u>Appcd</u>	<u>DU</u>	<u>Cost</u> <u>Center</u>	<u>OCCD</u>	<u>QTR</u>	<u>Quantity</u>

DELETE

<u>Appcd</u>	<u>DU</u>	<u>Cost</u> <u>Center</u>	<u>OCCD</u>	<u>QTR</u>	<u>Quantity</u>

() POSITION ALLOCATION REQUESTS (PAR) ATTACHED

() PERSONNEL ACTIONS (SF50/52) ATTACHED

Chapter 9. Budget and Planning Committee

1. **Purpose.** This chapter delineates the duties and responsibilities of the Budget and Planning Committee. The Committee is an integral part of the process involving the receipt and accountability of funds.

2. **Responsibilities.** The Budget and Planning Committee is responsible for:

- Establishing guidelines for use by Cost Center Managers in formulating annual budget submissions to the Budget and Planning Committee.
- Reviewing and approving annual and quarterly budgets for all appropriations.
- Formulating the B&F program for the ensuing fiscal year as required in the Program Statement **Facilities Operations Manual**.
- Reviewing and approving the annual allocation and each continuing resolution allocation.
- Preparing justification statements for each sub-budget activity consistent with those furnished by Cost Center Managers and with institution, regional, and BOP objectives for future year(s) resource requirements.
- Effecting distribution of allotted resources (including positions) to individual cost centers.
- Providing direction and guidance for resource utilization to Cost Center Managers.
- Reviewing and taking appropriate action on Committee recommendations and identified surplus or deficit conditions.
- Approving redistribution of resources between cost centers and requesting Regional Office or Budget Execution Branch (BEB) approval for redistribution of resources between sub-budget activities.
- Approving individual cost centers to exceed funds available if the integrity of the budget activity can be maintained and requesting regional or BEB approval for individual sub-budget activities to exceed funds available if the integrity of the operating plan at the budget activity level(s) can be maintained.
- Reviewing and approving the results and budget submissions of the Salary/Work Force Utilization Committee, Work Programming Committee, and other committees.
- (For Regional Offices only) Review the fund status of each institution (salaries and operations) in which the Regional Office provides fiscal oversight as outlined in Chapter 11.

3. **Membership.** For institutions, Regional Offices, and Training Centers the Budget and Planning Committee includes, but is not limited to:

- Chief Executive Officer (Chair).
- Associate Wardens/Deputy Regional Directors/Assistant Directors (MSTC and STA).
- Business Administrator/Comptroller.
- Cost Center Managers.
- Resource Staff – Budget Analyst.
- Recorder – designated by the Chair.
- A Union representative as provided in Article 10 of the Master Agreement.

For the Central Office, the Committee includes, but is not limited to:

- Sr. Deputy/Deputy Assistant Director, Administration Division (Chair).
- Deputy Assistant Directors (all divisions).
- Business Administrator.
- Resource Staff – Budget Analyst.
- Recorder – designated by the Chair.
- Chief, Finance Branch.
- Deputy Chief, Finance Branch.
- A Union representative as provided in Article 10 of the Master Agreement.

4. **Agenda.** An agenda is prepared under signature of the Business Administrator/Comptroller and distributed to all members at least three working days before the meeting. The agenda includes date, time, and location of the meeting; type of meeting (annual, midyear, emergency, etc.); purpose of meeting; and explanation of any advance material included.

5. **Advance Material.** Advance material included with the agenda includes:

a. **Annually.** Synopses of: Cost Center Manager submissions and initial operating plans for all appropriations (i.e. Budget Requirements forms); approved Equipment Priority List.

b. **Mid-Year.** Synopses of: Cost Center Manager requirements using locally developed forms to include current funds status and projected status based on cost center manager's 3rd and 4th quarter projected requirements for all appropriations; current Equipment Priority List and additional justifications for new equipment.

6. **Cost Center Manager Responsibilities.** Cost Center Managers review the agenda, advance material, and open obligations before the meetings to become familiar with the data to be considered; ensure that obligations against cost centers are valid; determine current funds availability, and notify financial management of projected requirements for the 3rd and 4th quarters using locally developed forms.

7. **Meetings.** The Budget and Planning Committee meets at a minimum twice per fiscal year.

a. **Annually.** The Committee shall meet within 30 working days following the receipt of an operating plan from the Region/BEB.

b. **Mid-Year.** The Committee shall meet no later than April 30th to document the review of obligations to date as well as future requirements and funds availability for each Cost Center.

8. **Minutes.** Minutes address recommendations made by the Committee and include pertinent discussions and conclusions, particularly those involving actions to use surpluses or eliminate deficits, and reprogramming actions. Regional Office minutes must include documentation that a review of each institution's fund status (salary and operations) has been conducted and any problem areas addressed as outlined in Chapter 11. Minutes are prepared under signature of the CEO and copies provided to all Committee members.

One copy is forwarded to the Regional Comptroller (institution meetings) or the Chief, BEB (Regional Office, Central Office, and Training Center meetings). One copy is kept locally to facilitate Program and Operational Reviews.

Chapter 10. Salary/Work Force Utilization Committee

1. **Purpose.** This chapter addresses the duties and responsibilities of the Salary/Work Force Utilization Committee.
2. **Background.** Workyears and associated salary funding represent a significant portion of the BOP's total budget. Thorough planning, monitoring, and reporting of the utilization and distribution of staff resources on an ongoing basis is necessary to promote the most cost-effective approach to mission accomplishment and is the responsibility of all managers. Actual control of workyears and salary funds rests with Regional Offices, which are encouraged to redelegate the responsibility to individual facilities.
3. **Responsibilities.** Institutions, Regional Offices, Training Centers, and the Central Office establish Salary/Work Force Utilization Committees for their areas. Individual responsibilities of CEOs, Human Resource Managers, Business Administrators, Supervisors, and Department Heads are outlined in the Program Statement **Human Resource Management Manual**. The Committee is responsible for:
 - a. **Annually.** No later than October 31, formulate a comprehensive and precise Work Force Purchase and Utilization Plan (Staffing Plan). Salary requirements are projected as a fiscal year summary and by quarter and must be based on:
 - Allotted salaries or projected allocation of salaries.
 - Historic turnover data.
 - Known and anticipated vacancies.
 - Workload decreases or increases.
 - Mission or program changes.
 - Number of pay periods and holidays in the year.
 - Projected overtime and identified peak overtime periods.
 - Projected surplus/deficit conditions.
 - Actions to eliminate projected variances and the impact of such actions.
 - Other data and input deemed appropriate.
 - b. **Quarterly.** The Committee meets quarterly to update the Staffing Plan and has the responsibility to:
 - Review all written short-range and long-range operation plans of each department to assess work force needs, projected changes in workload requirements
 - Review available department rosters to determine if positions and salaries are efficiently utilized.
 - Review actual and projected overtime and explore methods of reducing overtime.
 - Review program review reports to determine current levels of efficiency, work force needs, and identify management or training related problems that may negatively affect program areas or utilization of staff.

- Recommend specific actions to eliminate projected salary deficits or utilize projected surpluses.
- Recommend consolidation of functions, reorganization, elimination of duplicate work and excess supervisory layering, and other means to manage staffing levels.

Regional Office Salary/Workforce Utilization Committees review the salary status of institutions within the region as outlined in Chapter 11. Documentation of this review, including supporting documentation, is included in the meeting minutes.

c. **Salary Planning.** Salary expenditures are monitored monthly and projected for the entire fiscal year. The monthly report includes a projection of salaries in the following categories: regular salaries, overtime, premium pay, and benefits. Consideration is given to the impact of terminal leave payments, incentive awards, vacancies, part-time employees, promotions, pay increases, etc.

A summary of the monthly salary projection is reviewed by the Business Administrator and provided to the CEO through the Associate Warden. The monthly projections are maintained by the Budget Analyst and used to compare with future salary projections.

4. **Membership.** For institutions and Regional Offices, the Salary/Work Force Utilization Committee includes, but is not limited to:

- Chief Executive Officer/Regional Director (Chair).
- Associate Wardens/Deputy Regional Directors.
- Human Resource Manager/Human Resource Administrator.
- Business Administrator/Comptroller.
- Captain/Correctional Services Administrator.
- Resource Staff – Budget Analyst.
- Recorder – designated by the Chair.
- A Union representative as provided in Article 10 of the Master Agreement.

For Central Office and the Training Centers the Committee includes, but is not limited to:

- Director (MSTC/STA only) – Chair.
- Chief, Finance Branch (Central Office only) – Chair.
- Assistant Director (MSTC/STA only).
- Human Resource Manager.
- Business Administrator.
- Resource Staff – Budget Analyst.
- Recorder – designated by the Chair.
- A Union representative as provided in Article 10 of the Master Agreement.

5. **Meetings.** The Committee meets annually and quarterly for the purposes described in section 3. The annual meeting may be held in conjunction with the first quarterly meeting.

6. **Minutes.** Minutes address all recommendations made, particularly those involving actions to utilize surpluses or eliminate deficits, and reprogramming. Minutes are prepared under signature of the CEO and copies provided to all Committee members.

One copy is forwarded to the Regional Comptroller (institution meetings) or the Chief, Budget Execution Branch, (Regional Office, Central Office, and Training Center meetings). One copy is kept locally to facilitate Program and Operational Reviews.

Chapter 11. Regional and Central Office Oversight

1. **Purpose.** This chapter delineates the duties and responsibilities of the Regional Offices and the Budget Execution Branch (BEB) to provide oversight to the institutions and Regional Offices.

2. **Responsibilities.** Regional Offices provide oversight to institutions in their regions. The BEB provides oversight to the Regional Offices, Training Centers, Central Office Business Office, and National Programs.

a. **Regional Oversight.** Regional Offices review each institution's salary and operations status utilizing documentation submitted by institutions and financial management system budget module reports produced by regional office staff (See Budget Module TRM). Regional staff fully document the reviews by including a narrative in each Regional Salary and Budget and Planning Committee Meeting minutes.

At a minimum, Regional Salary Committee Meeting minutes report quarterly on the following areas for each institution:

- Overall regional salary status (deficit or surplus) of each sub-budget activity.
- Projected salary status of each institution using a summary exhibit developed by each region.
- Status of overtime and holiday pay.
- Current staffing levels for the region (by institution) for Correctional Services (sub-budget activity E) and all other staff, including authorized positions, on board strength, current vacancies, and time line to fill vacancies reported by the institution.
- Institution plans to address overall surpluses or deficits.
- Proposed reprogramming actions submitted by each institution.
- Regional workyear usage using the appropriate FTE usage reports (see Budget Module TRM).

Each month, a Salary Status Memorandum is routed from the Comptroller to the Regional Office Salary Committee Chair (Regional Director) for review and approval. The memorandum includes a summary of all institutions monthly salary projections, including current and projected salary status (**note:** quarterly salary minutes may be used in lieu of a Salary Status Memorandum for one month of each quarter).

The Salary Status Memorandum or quarterly meeting minutes has a review/approve section to be signed by the committee chair. A signed copy of the minutes/memorandums is kept by Financial Management to facilitate program and operational reviews.

Annually, the Regional Salary/Work Force Utilization Committee:

- Develops work force impact assessments for all expansion, renovation, and remodeling projects for existing facilities, and work force need proposals for new institutions before finalizing construction or acquisition plans.

- Reviews the minutes of annual institution Salary/Work Force Utilization Committee meetings.
- Assesses region-wide staffing needs, establishes a priority list of needs, and recommends reallocation of resources to meet those needs.
- Submits requests to the Resource Management Subcommittee for positions, workyears, and salaries if the region is unable to identify resources for additional needs.

At a minimum, Regional Budget and Planning Committee minutes report annually and during the mid-year review on the following areas for each institution:

- Overall regional operations status (deficit or surplus) by sub-budget activity.
- Summary of each institution's operational status as reported in institution Budget and Planning Committee minutes submitted to the region.
- Issues of an unusual nature identified for specific institutions.
- Plans to address any overall surpluses or deficits (include documentation of deficit authority requests and review of both current and prior year appropriations fund status).
- Proposed reprogramming actions submitted by institutions and approved by the region.

Annually, the Regional Budget and Planning Committee establishes regional medical and non-medical equipment priority listings based on institution submissions of individual equipment costing \$5,000 or more, submits both listings to the BEB, and submits the medical equipment listing to the Health Services Division

A copy of the Regional Salary Committee Meeting Minutes and the Regional Budget and Planning Committee meeting minutes are submitted to the Chief, BEB, within 10 working days of the meeting date. The original minutes are kept in the Regional Offices.

b. Central Office Oversight. The BEB reviews the meeting minutes of each Regional Office, Training Center, and the Central Office Business Office and makes recommendations for the operations of each area.

Chapter 12. Budget Development and Execution Requirements

1. **Purpose.** This chapter sets forth duties, responsibilities, and procedures involving the formulation of budget development and execution requirements.

2. **Background.** Formulation of financial plans is essential to a carefully planned and coordinated program and is developed to embrace every phase of an activity's operation. It is imperative that realistic and complete plans be prepared, as they will be used as guides during the entire fiscal year. However, plans must be flexible enough to change with fluctuating requirements; therefore, quarterly plans are formulated so as to cover anticipated requirements for the period.

Regional Offices are encouraged to review institution budget submissions before allocating funds, rather than basing allocations solely on Central Office equity formulas, to ensure that sufficient funds are provided to accomplish program goals and objectives.

3. **Responsibilities.** The successful development and execution of the financial plan is the responsibility of the Cost Center Managers who comprise the Budget and Planning Committee and the CEO, who is the Operating Plan Holder (OPH). Properly prepared exhibits are essential components of the budget process; they reflect operational requirements of each program area and are used for "bottom-up" management decision making.

a. **Cost Center Managers** are responsible for:

- Furnishing realistic annual estimates of resource needs to meet objectives based on BOP, Regional Office, and institution program goals, and quarterly breakdowns supportable by previous obligation history and within available funds.
- Providing estimates that identify program initiatives and, based on reliable cost information, funds required to finance operations.
- Determining how additional funds will be spent or in what areas reductions in obligations are required to permit management of programs within funds available.
- Managing program funds within funds allotted, unless written approval has been granted by the Budget and Planning Committee to exceed funds available (the obligational limitation established for a budget activity may not be exceeded as a result of local authorization furnished to a cost center).
- Ensuring that obligations against cost centers are valid, current funds availability is known, and notifying the Business Administrator/Comptroller of changes in the authorized operating plan.

b. **Financial Management** is responsible for:

- Providing assistance and training to staff responsible for budget formulation and execution.
- Using budget and accounting reports, as well as past experience, to furnish information and expertise to manage available resources.
- Consolidating cost center budgets into an overall budget by sub-budget activity.

- Presenting cost center budget requests to the Budget and Planning Committee.
- Formalizing and forwarding Budget and Planning Committee actions and recommendations to the Regional Office or Budget Execution Branch (BEB).

4. **Annual Budget Requirements and Distribution.** Budget Requirements form (BP-A0184) (Exhibit 1) is prepared to request operating plans by object class for each cost center that anticipates obligations for the upcoming fiscal year.

a. **Cost Center Managers** are responsible for:

- Completing Column 4 of the Budget Requirements form for each cost center for which they are requesting an annual operating plan at the time annual requirements are formulated.
- Submitting documentation justifying the requirements including specifying the quarterly distribution of the requirements in a percentage format for each cost center for which they anticipate obligations will be incurred.
- Routing the forms through the supervisor to ensure concurrence with requirements being requested.
- Providing the completed Budget Requirements form (Column 4) with the justification statement (including quarterly distribution percentages) and appropriate signatures to financial management by the locally established due date.

b. **Financial Management** is responsible for:

- Completing the Headings on the Budget Requirements form to include the Institution Name, Cost Center code and title, and Fiscal Year of requirements.
- Completing Column 3 of the Budget Requirements form for each cost center that currently has an operating plan. The Budget Module \$IOP4 report or equivalent report should be maintained to support the amounts in the Current Operating Plan column of the Budget Requirements form.
- Providing the form to each cost center manager with a current operating plan
- Establishing a due date for when the cost center manager is to return the form with appropriate signatures and the justification statement to financial management.
- Completing the actual allotment and quarterly distribution of the allotment (columns 5 through 9) of the Budget Requirements form. The Budget Module \$IOP4 report or equivalent report should be maintained to support the initial distribution of the annual operating plan.
- Distributing the completed Annual Budget Requirements forms to Cost Center Managers and holding the Annual Budget and Planning Committee Meeting within 30 days of receipt of the annual operating plan.
- Maintaining the original Annual Budget Requirements forms for all cost centers to facilitate Program and Operational Reviews.

5. **Equipment Requirements.** This budgeting procedure is established to eliminate special allotments for equipment. Institutions are advised not to rely on the Central Office or Regional Offices for special allotments for equipment during or at the end of each fiscal year (see Chapter 15 for further guidance in requesting equipment funds).

a. **Cost Center Managers** prepare, on an annual basis, a list of their equipment needs in priority order for individual items costing \$5,000 or more, and presenting their requests to the Budget and Planning Committee through the Inventory Management Specialist (surplus screening) and the Business Administrator/Comptroller. Each item on the list must have a justification. Separate lists should be established for medical and non-medical equipment.

b. **Financial Management** consolidates, on an annual basis, Cost Center Manager priority lists for consideration by the Budget and Planning Committee in formulating an equipment priority list; and completes the Equipment Priority List (Exhibit 2).

c. **The CEO** determines the priority of justified equipment needs to be placed on Exhibit 2.

6. **Reimbursement Estimates.** Reimbursements reported on this exhibit are included in the BOP's total budgetary resources. Income earned or collections falling short of established estimates require downward adjustments and withdrawals of that portion of the allocation that represents anticipated reimbursements. It is imperative that care is exercised in formulating and revising reimbursement estimates for the fiscal year. Financial Management completes Rental Staff Housing Reimbursements (Exhibit 3) and Summary, Estimate of Reimbursements (Exhibit 4).

a. **Definition.** Reimbursements are earnings or collections from sales of commodities and services furnished or to be furnished. They do not represent a correction or adjustment of previously recorded disbursements.

Reimbursements constitute a restoration of the original amount appropriated by Congress and are subject to apportionment by OMB. Examples include: payments received for boarding non-federal prisoners, sales of meal tickets, sale of utilities produced by the BOP to UNICOR, and payments for staff housing rentals.

Conversely, refunds are recoveries of amounts paid in error and advances. A refund must be directly related to a previously recorded disbursement and is a reduction of the disbursement. Refunds are not subject to apportionment by OMB. Examples include: repaid travel advances, overpayments to vendors, and jury duty fees.

b. **Instructions.**

(1) **Exhibit 3. Rental Staff Housing Reimbursements.**

- Enter the institution name and the ensuing fiscal year (budget year).
- Enter the number of applicable units and their total annual rental value amount.

- List anticipated vacancies using known changes and/or using an average of vacancies for the past three years. The amount is calculated by multiplying the number of units by the applicable monthly rate by the number of months the unit(s) will be vacant. Units with identical rental rates and months vacant may be grouped together.
- Net Rental Reimbursements is the result of Total Reductions subtracted from Total Full Value – All Units. It represents the amount of anticipated rental deductions for the budget year and is entered under RCN “RENT,” Exhibit 4.
- Enter the amount of payroll deductions for rentals reported on the Payroll Reports for NFC Pay Period 10 or pay period identified by the BEB. Multiply that amount by 26. This number goes on the line for Payroll Deductions for Rentals.
- Difference is the result of projected current year rental reimbursement (i.e. payroll deductions for rentals) subtracted from Net Projected Rental Reimbursements.
- The employee who prepares the exhibit and the Business Administrator sign, indicating the exhibit has been reviewed and approved.

(2) **Exhibit 4. Summary, Estimate of Reimbursements.**

- Enter the institution name and budget year.
- Enter the total value of applicable anticipated reimbursements. **Note:** The amount for RCN “RENT” is the same as that calculated for Net Projected Rental Reimbursements in Exhibit 3.
- The employee who prepares the exhibit and the Business Administrator signs, indicating the exhibit has been approved.

Exhibit 4 is transmitted by institution Business Administrators to the Regional Offices by the dates established by the Regional Offices. Regional Office, Training Center, and Central Office summaries are transmitted to the Chief, BEB, by the dates established by the BEB.

c. **Verification.** The reimbursements estimated in Exhibit 4 are accounted for and controlled in accordance with the Program Statement **Accounting Management Manual** and as follows:

Reimbursement estimates are adjusted during the fiscal year to reflect the rate at which reimbursements are earned and are anticipated for the remainder of the fiscal year.

Reimbursement collection rates and outstanding billings are reviewed throughout the fiscal year for all appropriations (as applicable) current and prior fiscal years. Follow up on outstanding collections should be coordinated through accounting staff to the appropriate party (documented in writing) to ensure collections are received.

After several attempts to collect have been unsuccessful, the institution or region contact appropriate staff at the next management level (Regional Office or Central Office) to initiate debt collection procedures (Treasury offset).

Payroll deductions for staff quarters rentals, as shown in the most recent payroll reports, are compared to and must agree with rental rates in the memorandum from the Chief, Property and Procurement Branch.

**BUDGET REQUIREMENTS
U.S. DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF PRISONS**

Institution _____	Requirement for FY _____
Cost Center _____	Cost Center Title _____
Cost Center Manager _____	
Signature _____	Date _____
Associate Warden _____ (Supervisor)	
Signature _____	Date _____

(1) Object Class	(2) Description	(3) Current Operating Plan \$	(4) *Total Requirement \$	(5) Total Allotted \$	(6) First Quarter Allotted \$	(7) Second Quarter Allotted \$	(8) Third Quarter Allotted \$	(9) Fourth Quarter Allotted \$
210	Travel							
220	Transportation (Freight)							
231	GSA – Rent							
232	Other – Rent							
240	Printing							
250	Service Non-Contractual							
250CN	Service Contractual							
260	Supplies							
260CC	Supplies – Purchase Card							
310	Minor Equipment							
410	Gratuities & Awards							
420	Claims							
	Column Totals							

* The Cost Center Manager must provide justification for requirements and include a quarterly distribution of requirements by percentage with the justification.

EQUIPMENT PRIORITY LIST
 FOR _____
 (non-medical/medical)

Institution _____

Current Year _____

Budget Year _____

Institution Priority Number	D/U	C/C	Item	Qty	Unit Cost	Total Cost	Justification

Inventory Management Specialist _____

Business Administrator _____	Chief Executive Officer _____
------------------------------	-------------------------------

Chapter 12, Exhibit 3. RENTAL STAFF HOUSING REIMBURSEMENT

Institution _____		Budget Year _____	
Housekeeping Units			
BOQ and Non-Housekeeping Units			
Total Full Value – All Units (Annual Value)			
Less – Anticipated Vacancies (# of Units X Rate X Projected Months Vacant):			
# of Units	Rate	Months Vacant	Reduction Amount
Total Projected Reduction			
Net Projected Rental Reimbursement (enter as "RENT", Exhibit 4)			
Payroll Deductions for Rentals (NFC PP-10) X 26 pay periods			
Difference			
Comments:			
Prepared By: _____		Business Administrator: _____	

Chapter 12, Exhibit 4. SUMMARY ESTIMATE OF REIMBURSEMENTS

Institution: _____		Budget Year: _____
RCN Codes	Description	Total Value
BEEF	Farm Operations – Beef	
MEAL	Meal Tickets	
MILG	Vehicle Mileage UNICOR	
MMRP	USMS Medical Reimbursement	
NICA	NIC Agreements	
RCYL	Recycling	
RENT	Rental of Residence	
STPR	State Prisoner Billings	
TPCR	Travel/Purchase Card Rebate	
UTIL	Utilities	
VOOM	Vehicle Exchange	
MISC	Miscellaneous	
Total – All Reimbursements		
Prepared By: _____		Business Administrator: _____

Chapter 13. Salary Budget Information

1. **Purpose.** This chapter identifies procedures for obtaining estimates of the maximum workyears and dollars needed for the budget year (BY) and assembling information for use in making allocations.

2. **Background.** Obtaining the most current, accurate information is necessary to ensure that resources are allocated according to need. The information provided by completing this exhibit is used to determine workyear levels and funding allocations for 11.1 and 12.1 object class codes. Other salary requirements are determined by equity formulas. Results are rounded to the nearest \$100.

3. Instructions

a. Exhibit 1, Attachment A.

(1) Line 1: Actual 11.1 disbursements from Accounting Station Posting Media (ASPM), Summary Level 3, Pay Period (PP) 10, or the pay period identified by the Budget Execution Branch (BEB) (sub-objects 1130, 1135, 1138, and 1163). Note that no independent adjustments are permitted to line 1.

(2) Line 2: Hours worked for 11.1 disbursements from payroll reports for PP 10 or the pay period identified by BEB. Note that no independent adjustments are permitted to line 2.

(3) Line 3: Payroll adjustments for dollars (employees paid in wrong sub-budget activity, paid in 11.3 but should be paid in 11.1, paid in 11.1 but should be paid in 11.3, etc.).

(4) Line 4: Payroll adjustments for hours (employees paid in wrong sub-budget activity, paid in 11.3 but should be paid in 11.1, paid in 11.1 but should be paid in 11.3, etc.).

(5) Line 5: Dollar amount for vacancies for PP 10 or the pay period identified by BEB.

(6) Line 6: Hours for vacancies for PP 10 or the pay period identified by BEB.

(7) Line 7: Actual 12.1 disbursements from payroll reports (sub-objects 1211, 1220, 1221, 1222, 1223, 1224, 1225, 1226, 1227, 1228, 1230, 1231, 1242, 1244, 1246, and 1249). Note that no independent adjustments are permitted to line 7.

(8) Line 8: Actual Thrift Savings Plan (TSP) disbursements from payroll reports (sub-objects 1227 and 1228). Data for this line is for informational purposes only and is not adjusted.

b. Exhibit 1, Attachment B.

(1) Line A (Maximum Workyear Need): Add Lines 2, 4, and 6 of Attachment A and divide by 80 (result must equal total of authorized P01, P01A, P09, and P09A positions).

(2) Line B (Salaries): Add Lines 1, 3, and 5 of Attachment A and multiply by 26.

- (3) Line C (Periodic Increases): Multiply Line B by 3% to account for step increases, QSIs, etc.
- (4) Line D (Total Salaries): Add Line B and Line C.
- (5) Line E (Workyear Cost): Divide Line D by Line A.
- (6) Line F (Benefits Percentage): Divide Line 7 by Line 1 of Attachment A and multiply by 100.

4. **Transmittal Procedures.** Exhibit 1 (Attachment A and Attachment B) is transmitted by institution Business Administrators to Regional Comptrollers by the date established by each Regional Office. Regional Offices, Training Centers, and Central Office summaries are transmitted to the BEB by the date established each year by the Branch.

Chapter 13, Exhibit 1, Attachment A. Salary Information

Institution _____ Current Year _____

Date _____ Budget Year _____

		Decision Units				Total
		_____	_____	_____	_____	_____
1.	Reg. Sal	_____	_____	_____	_____	_____
2.	Reg. Hours	_____	_____	_____	_____	_____
3.	ASPM ADJ \$	_____	_____	_____	_____	_____
4.	ASPM ADJ Hours	_____	_____	_____	_____	_____
5.	Vacancies \$	_____	_____	_____	_____	_____
6.	Vacancies Hours	_____	_____	_____	_____	_____
7.	Personnel Benefits	_____	_____	_____	_____	_____
8.	Thrift Savings Plan	_____	_____	_____	_____	_____

Chapter 13, Exhibit 1, Attachment B. Budget Year Salary Requirements

Institution _____

Current Year _____

Date _____

Budget Year _____

		Decision Units				Total
		_____	_____	_____	_____	_____
A.	Maximum Workyear Need	_____	_____	_____	_____	_____
B.	Salaries	_____	_____	_____	_____	_____
C.	Periodic Increases (3%)	_____	_____	_____	_____	_____
D.	Total Salaries	_____	_____	_____	_____	_____
E.	Workyear Cost	_____	_____	_____	_____	_____
F.	Benefits Percentage	_____	_____	_____	_____	_____

Chapter 14. Wage Board Increases

1. **Purpose.** This chapter provides the means to request additional funding associated with increases in salary rates of the Federal Wage Board System Rate Schedule.

2. **Background.** Since funding for wage board salary rate increases is not included in the initial allotment, it is necessary to request funding to cover costs associated with those increases. Financial Management completes Exhibit 1 (Attachments A and B) within 30 days of the effective date of the salary increase. Salary rate increases associated with the Trust Fund appropriation are completed on a separate exhibit.

3. Instructions

a. Exhibit 1, Attachment A: Wage Board Increase.

- Enter institution name, current fiscal year, effective date of salary rate increase, and hours remaining in the current fiscal year.
- Enter the sub-budget activity affected by the increase.
- Enter the grade and step affected by the increase.
- Enter the number of employees in the grade and step specified.
- Comparing the new rate schedule with the old schedule, compute the hourly increase for each applicable grade and step.
- Compute the increase by multiplying the hourly increase by the number of employees specified.
- Current funding required is the amount of increase times the number of hours remaining in the fiscal year from the date the salary rate increase is effective.
- Annual funding required is the amount of increase times the number of hours in the ensuing fiscal year.
- Subtotals of current funding required and annual funding required amounts are required for each sub-budget activity.
- Personnel benefits percentage is determined by using the most current ASPM and dividing total 1200 object class charges by total 1100 object class charges for each applicable sub-budget activity. That percentage is applied to the subtotals and the result entered in the space provided.
- The subtotal amounts and the personnel benefits calculated are added to arrive at total costs for the sub-budget activity.
- Grand totals of all sub-budget activities are calculated.
- The employee who prepared the exhibit signs the form and forwards it to the Business Administrator for review.

b. Exhibit 1, Attachment B: Distribution of Funds, Wage Board Increase.

- Enter the institution name, current fiscal year, and effective date of the salary rate increase.
- Amounts determined in Attachment A of this exhibit are distributed, by sub-budget activity, object class, and quarter.

- If the effective date of increase for an institution is after NFC pay period 10 or the pay period identified by the Budget Execution Branch(BEB), then the institution affected prepares a separate Attachment B for the ensuing fiscal year.

4. **Transmittal Procedures.** Exhibit 1, Attachments A and B, and new Wage Schedules are forwarded to the Regional Comptroller for review. Submissions include a copy of a position report supporting the total number of positions and grades reflected on exhibit. The Regional Office forwards the exhibits and Wage Schedules to the BEB. Exhibits pertaining to the Trust Fund Appropriation are forwarded directly to the Trust Fund Branch.

Chapter 14, Exhibit 1, Attachment A: Wage Board Increase

Institution _____

Fiscal Year _____

Effective Date _____

Hours Remaining _____

D/U	Grade/ Step	Number of Employees *	Hourly Increase	Increase	Current Funding Required	Annual Funding Required
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Subtotal _____

Plus: _____% Personnel Benefits _____

Total D/U _____

Subtotal _____

Plus: _____% Personnel Benefits _____

Total D/U _____

Grand Total =====

Prepared By: _____

Approved By: (Business Administrator) _____

* NUMBER OF WS EMPLOYEES SHOULD BALANCE TO THE NUMBER OF WS EMPLOYEES ON THE OFFICIAL POSITION PZ REPORT (PZ1W, PZ9W)

Chapter 14, Exhibit 1, Attachment B: Distribution of Funds, Wage Board Increase

Institution _____ Fiscal Year _____

Effective Date _____

Decision Unit	Object Class	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
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Chapter 15. Special Funding Requests

1. **Purpose.** This chapter establishes procedures for special funding of equipment, task forces, unforeseen expenses, special programs, special requests by Central Office, Training Centers, and Regional Offices, and employee transfer expenses.
2. **Equipment.** Regions are expected to adjust the priorities of their S&E budgets to accomplish unplanned but necessary equipment purchases under \$20,000. Equipment costing \$20,000 or more per item or group of like items is requested by the Regional Director to the Assistant Director for Administration. The request lists the specific type of equipment to be purchased and total funding required. The Assistant Director for Administration reviews the request. If approved, the amount and funding source are identified.
3. **Task Forces.** The Director, BOP, establishes and funds special task forces to make detailed studies and evaluations of problem areas.

The task force Chair notifies the Chief, Budget Execution Branch (BEB), of the establishment of the task force for compiling a budget estimate. A memorandum or e-mail stipulating the nature of the task force, the amount of anticipated obligations, the length of time the task force is required, and the name of the task force Chair is forwarded to the Chief, BEB, before task force operations begin. The BEB assigns a special project code.

4. **Unforeseen Expenses.** During a fiscal year, events occur (disturbances, natural disasters, medical events, etc.) that could not be foreseen. Historically, these have required fiscal resources above and beyond established operating bases.

If an event occurs in which anticipated obligations may exceed \$5,000, the Business Administrator may request authorization to use a national project code through the Regional Comptroller. The Regional Comptroller notifies the BEB of the need to use a national project code. The BEB reviews the request and, if approved, notifies the Regional Comptroller of the project code and any special obligating instructions (e.g., types of obligations approved, limitations). Obligations associated with the event must be coded to the project code issued, and cost center 22U* (* appropriate sub-budget activity).

A memorandum or e-mail from the Regional Comptroller stipulating the nature of the event, the amount and type of anticipated obligations (e.g., overtime, travel), and the length of time obligations are expected to be incurred must be forwarded to the BEB when the project code is issued or soon after, depending on circumstances.

Institution Business Administrators and Regional Comptrollers ensure that obligations charged to approved projects are fully documented, supportable, and consistent with any special obligating instructions issued by the BEB. Regional Comptrollers review all project obligations within their regions and provide revised estimates to the BEB for consideration and, in the case of upward revisions, approval to further incur obligations against the project.

Unforeseen Event Projects. A group of unforeseen event projects have been established and may be used by institutions once approval is received from the BEB. Institutions must receive approval each time an unforeseen event occurs.

Disturbance Projects	Description
01D	Food Strike
02D	Work Stoppages
03D	Disturbance
04D	Inmate Assault
07D	Staff Assault
18D	Escape/Escape Attempt

Weather Related Projects	Description
10D	Snow/Ice Storms
12D	Fire
13D	Hurricanes
14D	Lightning Strikes
15D	Tornados/Wind Storms
16D	Floods

Medical Related Projects	Description
12R	Bone Marrow Transplants
17D	Outbreaks
32Z	Heart/Lung Transplants
81S	Kidney Transplants
92V	Liver Transplants

5. Tracking Projects. The BOP has several programs that are tracked by the use of project codes. Authorization is received from the program manager and kept locally to support use of these tracking projects:

Tracking Projects	Cost Center	Description
04W	22UM/22UX	No Fear Act
06R	22UM/22UX	Litigation/Settlements
08S	22UF	Furlough Transfers
09D	22UE	WITSEC
17R	22UM/22UX	Professional Liability Insurance
87S	22UE/22UX	Treaty Transfers
93W	22UE	Translation Services
95L	22UM/22UX	Staff Exposures
98C	22AB	Medical Airlifts

6. **Fiscal Year-End Accruals.** National Program project costs must be accrued before the close of the fiscal year to ensure obligations related to special events are recorded in the financial management system.

7. **Special Requests by Central or Regional Offices.** If a Central Office or Regional Office program manager requests participation of institution and Regional Office personnel to assist with program functions (e.g., Program Reviews, travel), the program manager issues a memo to the institutions and Regional Offices authorizing the use of the Central Office or Regional Office cost center. The memorandum is kept to support the obligation. Institutions are authorized to reflect deficit balances for any Central Office, Regional Office, National Program, or National Training obligations that are properly documented by Central Office, Training Centers, or Regional Office authorization.

8. **Employee Transfer Expenses.** Employee relocation expenses are obligated by the Consolidated Relocation Services Section. Unless otherwise provided, funds are not allocated to institutions and Regional Offices for relocation expenses.