



Smithsonian Institution

Office of Safety, Health and Environmental Management

June 18, 2010

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Nuclear Materials Safety Branch
U.S. Nuclear Regulatory Commission, Region 1
475 Allendale Road
King of Prussia, PA 19406-1415

Attn: Licensing Assistance

Re: License Number: 08-05938-13
Expiration Date: January 31, 2015
Docket Number: 030-30945

Dear Sir or Madam:

Enclosed is an updated Statement of Intent from the Smithsonian Institution, adding the Steven F. Udvar-Hazy Center, 14390 Air & Space Museum Parkway, Chantilly, VA 20151. This document is intended to satisfy Financial Assurance requirements and to close an open action in Mail Control No. 144611.

Please contact David Peters, at (202) 633-2672, or me, at (202) 633-2599, should you have any questions regarding this amendment request.

Sincerely,

Rachel L. Gregory
Associate Director for Environmental Management

Enclosure

PO Box 37012
Capital Gallery, Suite 7106, MRC-514
Washington DC 20013-7012
202.633-2530 Telephone
202.633-2683 Fax

144611
NMSS/RGN1 MATERIALS-002



Smithsonian Institution

Office of the Chief Financial Officer

June 18, 2010

Nuclear Materials Safety Branch
U.S. Nuclear Regulatory Commission, Region 1
475 Allendale Road
King of Prussia, PA 19406-1415

Attn: Licensing Assistance

Re: License Number: 08-05938-13
Expiration Date: January 31, 2015
Docket Number: 030-30945

Subject: **Statement of Intent**

Dear Sir/Madam:

As Chief Financial Officer of the Smithsonian Institution (SI), I exercise authority and responsibility to request from the Office of Management and Budget funds for decommissioning activities associated with operations authorized by U.S. Nuclear Regulatory Commission Material License No. 08-05938-13. This authority is established by U.S. Code Title 31, Section 1513, Officials Controlling Apportionments. Within this authority, I intend to request that funds be made available, when necessary, in the amount of \$225,000.00 to decommission any of the following SI facilities:

- Smithsonian Environmental Research Center, 647 Contees Wharf Road, Edgewater, MD;
- National Air and Space Museum, 601 Independence Avenue, Washington, DC;
- Steven F. Udvar-Hazy Center, 14390 Air & Space Museum Parkway, Chantilly, VA (new addition);
- National Museum of American History, 14th and Constitution Avenue, NW, Washington DC;
- Museum Support Center, 4210 Silver Hill Road, Suitland, MD;
- Paul E. Garber Facility, Building 10, 15, & 24, 3904 Silver Hill Road, Suitland, MD;
- Smithsonian Conservation Biology Institute (formerly the Conservation and Research Center), Front Royal, VA; and

Suite 04-009
2011 Crystal Drive
Crystal City, VA 22202
202.633-7120 Telephone
202.633-7130 Fax

NONNEGOTIABLE

- The Center for Biological Research, National Zoological Park, Washington, DC.

I intend to request and obtain these funds sufficiently in advance of decommissioning to prevent delay of required activities.

Copies of U.S. Code Title 31, Section 1513, Officials Controlling Apportionments and Smithsonian Directive 305 Administrative Control of Funds are enclosed as substantiation that I am authorized to represent the Smithsonian Institution in this transaction.



Alice Maroni
Chief Financial Officer

Enclosures



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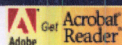
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[Page 136-137]

TITLE 31--MONEY AND FINANCE
SUBTITLE II--THE BUDGET PROCESS
CHAPTER 15--APPROPRIATION ACCOUNTING
SUBCHAPTER II--APPORTIONMENT

Sec. 1513. Officials controlling apportionments

(a) The official having administrative control of an appropriation available to the legislative branch, the judicial branch, the United States International Trade Commission, or the District of Columbia government that is required to be apportioned under section 1512 of this title shall apportion the appropriation in writing. An appropriation shall be apportioned not later than the later of the following:

- (1) 30 days before the beginning of the fiscal year for which the appropriation is available; or
(2) 30 days after the date of enactment of the law by which the appropriation is made available.

(b) (1) The President shall apportion in writing an appropriation available to an executive agency (except the Commission) that is required to be apportioned under section 1512 of this title. The head of each executive agency to which the appropriation is available shall submit to the President information required for the apportionment in the form and at the time specified by the President. The information shall be submitted not later than the later of the following:

- (A) 40 days before the beginning of the fiscal year for which the appropriation is available; or
(B) 15 days after the date of enactment of the law by which the appropriation is made available.

(2) The President shall notify the head of the executive agency of the action taken in apportioning the appropriation under paragraph (1) of this subsection not later than the later of the following:

- (A) 20 days before the beginning of the fiscal year for which the appropriation is available; or
(B) 30 days after the date of enactment of the law by which the appropriation is made available.

[[Page 137]]

(c) By the first day of each fiscal year, the head of each executive department of the United States Government shall apportion among the major organizational units of the department the maximum amount to be expended by each unit during the fiscal year out of each contingent fund appropriated for the entire year for the department. Each amount may be changed during the fiscal year only by written direction of the head of the department. The direction shall state the reasons for the change.

(d) An appropriation apportioned under this subchapter may be divided and subdivided administratively within the limits of the apportionment.

(e) This section does not affect the initiation and operation of agricultural price support programs.

(Pub. L. 97-258, Sept. 13, 1982, 96 Stat. 930.)

Historical and Revision Notes

Table with 3 columns: Revised Section, Source (U.S. Code), and Source (Statutes at Large). It lists historical changes for sections 1513(a), 1513(b), 1513(c), and 1513(d).

1513(e)..... 31:665(d)(2)(6th sentence 1st-
22d words).

In the section, the word ``apportion'' is substituted for ``apportionment or reapportionment'' because of section 1512(a) (last sentence) of the revised title.

In subsection (a), before clause (1), the word ``official'' is substituted for ``officer'' for consistency in the revised title. The words ``judicial branch'' are substituted for ``judiciary'', and the words ``District of Columbia government'' are substituted for ``District of Columbia'', for consistency.

In subsection (b), the word ``President'' is substituted for ``Director of the Office of Management and Budget'', ``Office of Management and Budget'', and ``Director'' because sections 101 and 102(a) of Reorganization Plan No. 2 of 1970 (eff. July 1, 1970, 84 Stat. 2085) designated the Bureau of the Budget as the Office of Management and Budget and transferred all functions of the Bureau to the President.

In subsection (b)(1), the words ``(except the Commission)'' are added because the International Trade Commission is covered specifically by the source provisions restated in subsection (a).

In subsection (b)(2), the words ``head of the executive agency'' are substituted for ``agency'' as being more precise and because of section 102 of the revised title.

In subsection (c), the words ``In addition to the apportionment required by section 665 of this title'' are omitted as unnecessary because of the restatement. The words ``By the first day'' are substituted for ``on or before the beginning'', and the words ``of the United States Government'' are added, for clarity. The words ``major organizational unit'' are substituted for ``office or bureau'' for consistency in the revised section. The word ``changed'' is substituted for ``increased or diminished'' to eliminate unnecessary words.

In subsection (e), the words ``initiation and operation'' are substituted for ``initiation, operation, and administration'' to eliminate unnecessary words.

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Last updated: >December 23, 2008
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NOTE: The "Federal" section of this directive is currently being reviewed by the Office of Management and Budget (OMB) in accordance with OMB Circular A-11.



Smithsonian
Institution

SMITHSONIAN DIRECTIVE 305

July 27, 2009

ADMINISTRATIVE CONTROL OF FUNDS

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Appendix 5: Internal Reprogrammings

Overview

This directive establishes and prescribes the policy, procedures, and responsibilities for the administrative control of federal funds apportioned to the Smithsonian Institution, and it also establishes the policies, procedures, and responsibilities for administrative control of Smithsonian Institution trust funds.

This directive is prepared in two sections — Section A establishes policy for administrative control of federal funds, and Section B establishes policy for administrative control of the Institution's trust funds.

This directive applies to all federal and trust funds, except for trust funds generated by business activities operated by Smithsonian Enterprises (SE) or Smithsonian Institution units (as Fund 420). Business activities are not covered by this directive because revenue-producing activities are not required to restrict obligations and expenditures to the income amounts currently available.

**SECTION A:
FEDERAL FUNDS**

Purpose

This section establishes policy for the administrative control of federal funds. The policies and procedures described herein are designed to:

- restrict obligations and expenditures to the amount available in each appropriation or fund account
- restrict both obligations and expenditures to the lower of the amount of apportionments made by the Office of Management and Budget (OMB) or the amount available for obligation and/or expenditure in the appropriation or fund account

- Purpose** (continued)
- enable the Secretary of the Smithsonian Institution to identify the person responsible for any obligation or expenditure exceeding the amount available in the appropriation or fund account, the OMB apportionment or reapportionment, the allotments or suballotments made by the Institution, any statutory limitations, and any other administrative subdivision of funds made by the Institution
 - provide procedures for dealing with Antideficiency Act violations, as well as violations of other administrative subdivision of funds that are not Antideficiency Act violations, *per se*
-

Scope

This section of the directive applies to all Smithsonian units, including the head of each museum, research center, and office and any other organizations receiving federal appropriations, funds, allotments, and apportionments. This directive also applies to revolving federal fund accounts (e.g., Barro Colorado Island Federal Trust Fund) that may not otherwise be subject to apportionment.

- Authority**
- Authority for the administrative control of federal funds at the Smithsonian Institution is contained in the following documents:
- Revised Statutes, §§5579–5594, derived from the Act of August 10, 1846, 9 Stat. 102–106, approved August 10, 1846, as supplemented by subsequent enactments of the U.S. Congress. See 20 *United States Code* (U.S.C.) §§ 41 et seq.
 - Provisions of Title 31, U.S.C., Money and Finance, applicable to budget formulation, approval, and execution
 - The Antideficiency Act, as amended, sections 1341–1342, 1349–1351, 1511–1513, 1514–1519
 - The Budget and Accounting Act of 1921, as amended, sections 1101, 1104–1108, and 3324

Authority (continued)

- The Supplemental Appropriations Act of 1955, as amended, sections 1501–1502 (portions of section 1311)
- Budget and Accounting Procedures Act of 1950, sections 1112, 1531, 3511–3512, and 3524
- Congressional Budget and Impoundment Control Act of 1974, section 1102 (see Title 2, U.S.C.); sections 901–903

- Title X of P.L. 93–344, found at 2 U.S.C., sections 681–688)

- Title 20, U.S.C., Education, Chapter 3, sections 42, 54, and 55

- Title 20, U.S.C., Education, Chapter 3, sections 79, 79a–79e (Barro Colorado Island Trust Fund)

- OMB Circular A-11, Part 4, *Instructions on Budget Execution*, and related OMB guidelines

Definitions

The definitions, terminology, and concepts in OMB Circular A-11 apply, as applicable to the administrative control of funds policy.

Appropriation. A provision of law (not necessarily in an appropriations act) authorizing the expenditure of funds for a given purpose.

Apportionment. A distribution by OMB of amounts available for obligation in an appropriation or fund account into amounts available for specified time periods, programs, activities, projects, objects, or any combination of these. The apportioned amount limits the obligations that may be incurred. An apportionment may be further divided by the Institution into allotments, suballotments, and allocations. At the Smithsonian, apportionments correspond to the Institution's separate fund accounts: Salaries and Expenses (S&E), one-year; S&E, no-year; S&E, two-year; Facilities Capital; and Legacy Fund.

Definitions
(continued)

Allotment and Suballotment. A formal administrative subdivision of an apportionment that represents the authority delegated by the Chief Financial Officer (CFO) to incur obligations within a specified amount pursuant to an OMB apportionment or reapportionment. The incurring of obligations in excess of the amount specified in the allotment or suballotment is a violation of the Antideficiency Act. At the Smithsonian, the allotment is the same as the apportionment, and there is no further division into suballotments.

Administrative Division of Funds. Any distribution of an appropriation. Overobligations or overexpenditures of the following administrative divisions of funds are always violations of the Antideficiency Act: apportionments, allotments, and suballotments.

Allocation. The further distribution of allotments and suballotments to the various budget activities, subactivities, or projects as specified in the Appropriations Committee reports (reprogramming levels) within the limitations of apportionments and reapportionments approved by OMB. An obligation made in excess of a Smithsonian allocation can lead to a statutory violation of the Antideficiency Act when an obligation causes the total of all allocations within an apportionment, reapportionment, or allotment to be exceeded. At the Smithsonian, budget allocations are issued by the Office of Planning, Management, and Budget (OPMB) to the heads of each unit, and the heads of each unit are accountable for ensuring that obligations do not exceed allocations.

Agency Limitation. A limitation on the amount of funds that can be obligated or committed for a specific purpose. Limitations are most often established through appropriations acts, although they can also be established through authorizing legislation or by the Institution.

Antideficiency Act. Enacted legislation that prevents the incurring of obligations or the making of expenditures in excess of amounts available in appropriations, apportionments, reapportionments,

Definitions
(continued)

allotments, or suballotments unless specifically authorized by law. The Antideficiency Act also fixes responsibility to individual(s) for the creation of any obligations or the making of any expenditure that exceeds appropriations, apportionments, reapportionments, allotments, or suballotments.

Budget Transfer Request. The internal Smithsonian process used by units to formally request a shifting of funds within an appropriation or fund account. Realignments of funds for the same purpose as that contemplated at the time of the original appropriation are processed as an internal redirection of funds. Shifts that result in the funds being used for a different purpose than that intended in the appropriation are treated as a reprogramming action.

Expired Account. An appropriation or fund account in which the unobligated balance is no longer available for incurring new obligations because the time available for incurring new obligations has expired. Expired accounts retain their fiscal year identity for five years after authority to incur new obligations has expired.

Fund Account. An account established to record appropriated funds or other funds earmarked by law for specific purposes, thereby providing the framework for fund control. Smithsonian appropriations are treated as general fund accounts, since these funds are for the general support of the Institution. All monies received to carry out the Barro Colorado Island mission authorized by Title 20, Chapter 3, Subchapter IX, section 79, are treated as a special fund account.

Interagency Transfer Agreement (IAT). An agreement between the Smithsonian and a federal agency to transfer federally appropriated funds to the Institution. IAT funds are recorded as no-year federal allocations in the Smithsonian financial system. These funds are subject to the same controls as if the funds had been directly appropriated.

Reapportionment. A revision approved by OMB of a previous apportionment for an appropriation or fund

Definitions
(continued)

account. The revision, unless otherwise stated, would cover the same period, activities, projects, or objects covered in the original apportionment.

Reprogramming. A shifting of funds within an appropriation or fund account that will result in the fund being used for different purposes than those intended at the time of the original appropriation. A reprogramming is generally preceded by consultation between the Smithsonian and the appropriate congressional appropriation committees, and often involves formal notification and opportunity for congressional committees to state their approval or disapproval. At the Smithsonian, the reprogramming base for Salaries and Expenses (S&E) is established as the budget line items presented in the "Summary of the S&E Appropriation and Budget Estimates" table included in the congressional budget submission. For Facilities Capital, the reprogramming base is established as the budget line items presented in the "Facilities Capital Program Summary Table" in the OMB and congressional budget submissions. A reprogramming is also defined as a budget change which represents any significant departure from the program described in the Institution's budget justification.

Transfer Authority. A shifting of all or part of the budget authority in one appropriation or fund account to another, as specifically authorized by law. The Smithsonian Institution does not have this authority.

**Responsibilities
and Functions**

The assignment of responsibility for administrative control of funds at the Smithsonian ensures that federal funds are used in accordance with pertinent authorizations and appropriations acts, as well as other relevant statutory provisions. This section identifies those individuals and positions responsible for fund control, and their responsibilities with regard to investigating, reporting, and following up on Antideficiency Act violations, as well as violations of agency limitations that are not otherwise considered Antideficiency Act violations.

**Responsibilities
and Functions**
(continued)

The Secretary is responsible for proper fund control and for reporting violations of such controls to the President and the Congress as required by 31 U.S.C 1351 and 1517(b). The fund control responsibility may be delegated in writing to a senior manager who will also ensure adherence to the law and maintain the systems established for administrative control of funds.

The CFO is delegated the responsibility, by the Secretary, for administrative (fund) control of federal appropriations and funds, and for reporting any violations of such controls. The CFO is responsible for:

- developing and maintaining an integrated budgeting, accounting, and financial management system, including financial reporting and financial management internal controls for the Institution
- developing and implementing operating and reporting procedures to provide safeguards against incurring obligations or making expenditures in excess of available appropriations, apportionments, reapportionments, allotments, or suballotments
- submitting apportionment or reapportionment requests to OMB
- issuing annual allotments to the Director, OPMB, within approved apportionments or reapportionments
- identifying the person(s) responsible for any obligation or expenditure in excess of the amount available in the appropriation, apportionment, reapportionment, allotment, or suballotment; in excess of statutory limitation amounts; or in excess of amounts in any other administrative subdivision of funds made by the Institution
- investigating Antideficiency Act violations, and for reporting such violations to the Secretary. The responsibility for conducting the investigation may be delegated, in writing, to another senior official within the CFO's organization.

**Responsibilities
and Functions**
(continued)

The Director, Office of Planning, Management and Budget (OPMB), is responsible for:

- preparing, and forwarding to the CFO for approval, apportionment and reapportionment requests to OMB
- following apportionment or reapportionments by OMB, requesting the CFO to establish allotments or suballotments, in accordance with appropriations
- issuing budget allocations to Smithsonian organizational units that do not exceed the total amount of each allotment or suballotment
- ensuring the allocations are consistent with the Institution's budget request to Congress, as limited by congressional language, as amended by the apportionment or reapportionment process, and as modified by approved reprogramming actions
- accepting fund control responsibility for federal allotments and suballotments, when such responsibility is delegated by the CFO
- reviewing the Smithsonian organizational units' execution of allocated funds to ensure compliance with the Institution's fund control system
- working with the Smithsonian Comptroller to identify higher-than-expected rates of obligations and expenditures, and to take corrective action so that deficiencies and violations can be avoided
- identifying possible Antideficiency Act violations to the CFO for reporting to the Secretary, the President, and the Congress
- recommending actions to be taken to correct the violations and implementing corrective actions approved by the CFO
- approving budget transfer requests for internal redirections of appropriated funds

**Responsibilities
and Functions**
(continued)

- preparing, and submitting to the Office of Government Relations, reprogramming requests that require congressional approval prior to implementation
- ensuring compliance with congressional reprogramming thresholds
- ensuring that obligations and expenditures are made only for authorized purposes and that they do not exceed amounts provided
- establishing budgetary rules in the Smithsonian financial system to implement the Institution's administrative control of funds responsibilities

The Comptroller is delegated the responsibility by the CFO for conducting all investigations related to actual or potential violations of the Antideficiency Act. The Comptroller is also responsible for:

- establishing and maintaining accounts and records necessary to administer apportionments, reapportionments, and fund accounts as part of the Institution's accounting system
- reporting on the status of federal appropriations, apportionments, allotments, allocations, and unpaid obligations, and for complying with external reporting requirements
- maintaining timely and accurate entry of obligating documents and/or expenditure documents into the financial system
- verifying the reliability of the data in these reports
- coordinating with the Chief Information Officer (CIO), and maintaining the proper Enterprise Resource Planning (ERP) system controls to ensure that the ERP system will not allow an overobligation or overexpenditure of funds that is not identified by the ERP system and resolved prior to an actual overobligation or overexpenditure

**Responsibilities
and Functions**
(continued)

- if delegated by the CFO, conducting all Antideficiency Act violation investigations and for coordinating these activities with OPMB
- coordinating with OPMB and the respective unit or organization to ensure that no entries of an allocation, obligation, or expenditure, or other accounting transaction will be recorded that causes fund control authorities to be exceeded

Heads of Museums, Research Centers, and Offices, who receive allocations from the Director, OPMB, are responsible for:

- assigning responsibility for fund controls in their organization to appropriate officials. This responsibility shall be clearly defined, and the affected individuals shall be appropriately notified in writing of the extent of their responsibility
- ensuring that these designated officials are charged with individual responsibility for any overobligation or overexpenditure in excess of allocations
- ensuring that obligations/expenditures are for the purposes intended in the appropriation bill and that obligations/expenditures satisfy the bona fide need statute
- ensuring that obligations and expenditures do not exceed the formal subdivision of funds from OPMB as federal allocations
- determining that amounts distributed to subdepartments within their organization do not exceed the unit's federal allocation
- adhering to all restrictions and limitations on funds provided in their allocation memorandum
- reporting potential or suspected Antideficiency Act or other fund control violations to the Director, OPMB, and the Comptroller within 10 days after such violation is identified

**Responsibilities
and Functions**
(continued)

- developing detailed object class financial plans, as requested by the Director, OPMB
- creating, at their discretion, in the Smithsonian's financial system, detailed budgets at the subdepartmental level to manage fund control and/or execution at organizational levels below that controlled by OPMB. These subdepartment budgets are not subject to administrative control of funds policies addressed in this directive
- preparing budget transfer requests to realign funds between Smithsonian units or other funds subdivisions, such as designated codes, and submitting such requests to the Director, OPMB, for approval

The Director, Office of Government Relations (OGR), is responsible for tracking the status of all reprogramming requests submitted to Congress.

Prohibited Actions

There are two general types of violations: violations of the Antideficiency Act and violations of limitations that do not *per se* violate the Antideficiency Act. These types of prohibited actions are described below.

**Violations of the
Antideficiency Act
(Statutory Violations)**

The following actions or occurrences are prohibited by sections 1341, 1342, and 1517(a) of 31 U.S.C.:

- Making or authorizing an expenditure or creating or authorizing an obligation against any federal funds in excess of the amount available in the account or in excess of a congressionally imposed limitation contained in an authorization or appropriation act restricting the amount for a particular program or activity. This includes adjustments that cause obligations in expired accounts to exceed the apportionment for the year in which such obligations were incurred
- Involving the Smithsonian in any contract or other obligation for the payment of federal funds for any

**Violations of the
Antideficiency Act
(Statutory Violations)**
(continued)

purpose in advance of an appropriation made for such purpose, unless such contract or obligation is authorized by law

- Accepting voluntary service for the United States or employing personal services in excess of that authorized by law, except in cases of emergency involving the safety of human life or the protection of property, and except for gratuitous services authorized by Title 20 U.S.C. 41 to enable the Smithsonian to perform its official mission
- Exceeding current year funds as a result of charging obligations/expenditures associated with a canceled appropriation to the current year funds, if the obligation/expenditure or cumulative obligations exceed the current year appropriation by 1 percent or more. (An appropriation is canceled at the end of the fifth year after obligational authority has expired. When canceled, funds are no longer available for valid obligations/expenditures, and such obligations/expenditures must be charged against the current fiscal year's appropriation)

**Non-statutory
Violations**

Violations of Smithsonian administrative subdivisions of funds (internal resource distributions) are not violations of the Antideficiency Act except when the violation causes overobligation or overexpenditure of the allotment, apportionment, reapportionment, or appropriation. The following actions or occurrences are treated as non-statutory violations:

- Making or authorizing an expenditure or creating or authorizing an obligation against any federal funds in excess of the amount allocated to the Smithsonian museum, research center, or office that does not lead to a statutory violation
- Expending or obligating federal funds for a purpose other than that provided for in the formal budget allocation letter

**Non-statutory
Violations (continued)**

- Failing to adhere to all restrictions and limitations imposed in the formal budget allocation letter
 - Failing to comply with Smithsonian funding guidelines related to the purpose and use of funds
-

**Penalties for
Statutory Violations**

An officer or employee of the Smithsonian who violates the Antideficiency Act will be subject to appropriate administrative discipline. The law provides that any officer or employee of the United States who violates the prohibitions of 31 U.S.C. 1341(a), 1342, or 1517(a) will be subject to, based on the severity of the violation, the following forms of administrative discipline:

- Letter of reprimand or censure for the official personnel record of the officer or employee
- Unsatisfactory performance rating
- Transfer to another position
- Suspension from duty without pay
- Removal from office

In addition, the law provides that any officer or employee of the United States who knowingly and willfully violates these prohibitions shall be fined not more than \$5,000, imprisoned for not more than two years, or both.

**Penalties for Non-
statutory Violations**

A Smithsonian officer/employee who violates non-statutory administrative subdivisions of funds will be subject to the same penalties listed above for statutory violations, except that any officer/employee who knowingly and willfully violates the non-statutory prohibitions will not be fined or imprisoned.

**Reporting Statutory
Violations**

Antideficiency Act violations must be reported to the President and the Congress, through OMB, in the form of a letter, signed by the Smithsonian Secretary, as required by OMB Circular A-11. All violations (both

**Reporting Statutory
Violations (continued)**

statutory and non-statutory) must be reported to the CFO immediately upon discovery. Any individual with knowledge of a possible violation has the responsibility to report it. Action taken to correct the cause of the violation does not eliminate the violation; it must still be reported. Use of the Smithsonian Inspector General's hotline at OIGHotline@oig.si.edu or <http://prism.si.edu/oig/form.htm> is acceptable if the individual with the knowledge wants to remain anonymous.

The CFO is responsible for collecting and investigating the facts associated with the violation, and for preparing the required report for the Secretary through the Under Secretary for Finance and Administration. Officers and employees of Smithsonian museums, research centers, and offices with responsibility for the violation are required to support the CFO in this effort and to participate fully in the fact-finding and investigation activities. The violation report should include the following:

- All pertinent facts of the violation, including
 - title and Treasury symbol of the appropriation or fund account
 - amount involved
 - date on which the violation occurred
 - primary reason or cause
 - statement by the responsible officer or employee with respect to any circumstances believed to be extenuating
- The names and positions of the officers or employees responsible for the violation
- A statement of administrative discipline proposed and any other actions to be taken with respect to the officer or employee, or any explanation as to why no disciplinary action is considered necessary
- A recommendation for any safeguards considered necessary to prevent a recurrence of the same type of violation

**Reporting Statutory
Violations (continued)**

- In the case where an officer or employee is suspected of willfully and knowingly violating the Antideficiency Act, the report must also indicate whether the appropriate information has been submitted to the Department of Justice for determination of whether further action is necessary.
 - A statement regarding the adequacy of the system of the Smithsonian's administrative control system and approved by OMB. (If changes in the directive are needed in the judgment of the head of any Smithsonian museum, research center, or office, then proposals for such changes will be submitted to the Director, OPMB.)
-

**Reporting Non-
statutory Violations**

Violations of the Smithsonian's approved resource distribution plan (budgetary allocations) will be reported by the head of the responsible museum, research center, or office to the CFO, setting forth the same information as required for a statutory violation, except that the federal budget allocation involved will be cited in addition to the appropriation symbol and title. The report shall be furnished to the CFO, with a copy provided to their Under Secretary or Director, within 30 days of the date in which the violation was discovered.

**Accounting Support
for Fund Control
Systems**

The Smithsonian accounting system provides full accounting to support the provisions of this administrative fund control policy. The Smithsonian accounting system provides complete, accurate, and timely budgetary and financial data for each account, including (1) total budgetary resources available for obligation against each control level (apportionment, allotment, allocation) and activity or project levels specified in Appropriations Committee reports, or other internal limitations; and (2) total valid obligations incurred to date against each control level.

The reports available from the accounting system serve a variety of needs, providing both detailed and summary information for funding, costs (commitments,

**Accounting Support
for Fund Control
Systems** (continued)

obligations, and expenditures), billings, and collections. The data contained in these reports also support financial reporting to external entities such as the Department of Treasury and OMB.

The safeguards provided in the accounting system do not relieve the CFO, the Comptroller, the Director, OPMB, or the allocation or allotment holder of responsibility for ensuring that obligations incurred and expenditures made do not exceed the amount of an allocation or allotment.

The Smithsonian financial and accounting system, PeopleSoft Financials, provides for a hierarchical budgetary structure that fully integrates the Institution's administrative fund control system.

Appendix 1 describes, in detail, the relationship between Smithsonian fund control and financial/accounting systems, and provides a crosswalk between the funds control system and financial system structure.

**Apportionment
Procedures**

Apportionment of funds is required for appropriated funds, estimated carryover amounts (from no-year and multi-year appropriations), and interagency reimbursements.

An apportionment is a distribution made by OMB of amounts available for obligation in an appropriation, into amounts available for specified time periods, programs, or activities. The apportioned amount limits the obligations that may be incurred. A reapportionment is a revision approved by OMB of a previous apportionment.

Apportionment requests are prepared by the Director, OPMB, and are approved by the CFO following receipt of an appropriation, supplemental appropriation, or rescission of federal funds.

When the apportionment is approved by OMB, the CFO allots the funds to the Director, OPMB, and the

**Apportionment
Procedures**
(continued)

Director, OPMB, issues allocations to the Smithsonian museums, research centers, and offices.

**Allotments,
Suballotments,
and Allocations**

Function and Purpose. Allotments and suballotments are used to distribute apportioned funds to officers and employees of the Smithsonian who are authorized to incur obligations. Allotments are issued by the Smithsonian CFO for the purpose of incurring commitments, obligations, and expenditures against the specified appropriation for which the allotment is made. Allotments are not to be made in excess of the amounts and limitations of apportionments or reapportionments. No obligation shall be authorized or created, nor expenditures made, unless an allotment has been established in accordance with this directive. Allotments are further subdivided and distributed to Smithsonian organizations in the form of budget allocations.

Restrictions. The following restrictions apply:

- The sum of allotment amounts issued will not exceed the apportionment
- The sum of suballotment amounts issued will not exceed the allotment amount
- The sum of budget allocations will not exceed the allotted amount
- The amounts of allotments or other administrative subdivision of funds will be fixed and will be changed only when authorized by the authority who initially issued the subdivision
- Congressional restrictions contained in appropriation acts will be enforced

Procedures. Allotment and internal reporting systems shall be designed so that responsibility for budget control is placed at the highest practical organizational level consistent with effective and efficient

**Allotments,
Suballotments,
and Allocations**
(continued)

management. The Smithsonian has designated this to be the appropriation account level specified in the Appropriations Committee reports.

- The distribution of allotments is made in writing by the CFO to the Director, OPMB, in accordance with the funding levels established by the OMB apportionment or reapportionment.
- OPMB inputs the apportionment and allotments into the financial system providing obligation and spending controls to Smithsonian museums, research centers, and offices by issuing budget allocations. Authorizations and obligations cannot be entered in the financial system until allocations are approved.
- Smithsonian museums, research centers, and offices are notified by OPMB that they have received allocations, and that these amounts are available for obligation and expenditure.

A table describing the distribution of and responsibility for federal funds is provided in Appendix 2.

**Deficiency
Apportionments**

Apportionments that anticipate the need for a deficiency appropriation or supplemental under 31 U.S.C. 1515 will be specifically identified in the apportionment request.

To qualify as a deficiency apportionment, the request must be required by laws enacted subsequent to the transmittal of the annual budget for the year to Congress; emergencies involving human life, the protection of property, or immediate welfare of individuals; and specific authorization by law.

**Administrative
Control of Revolving
Funds**

Obligations and expenditures of the Smithsonian's Barro Colorado Island federal trust (revolving) fund, while exempt from apportionment procedures, may not be made in excess of available budgetary resources.

**Administrative
Control of Revolving
Funds (continued)**

The incurring of obligations and the making of expenditures in excess of available budgetary resources is a potential violation of the Antideficiency Act. Budgetary resources are those monies received by the Smithsonian by donation, subscription, fees, or otherwise to carry out the purposes of 20 U.S.C., sections 79a and 79b.

Systems for the administrative control of trust (revolving) funds should be placed at the organizational level at which the budgetary resources may be received, held, transferred, obligated, or expended. At the Smithsonian, this level is the Smithsonian Tropical Research Institute (STRI) in Panama.

Accounting records are maintained in the Smithsonian financial and accounting system to provide full disclosure of STRI's financial operations and resource utilization of Barro Colorado Island trust funds. These fund control records constitute an integral part of the Institution's official accounting records.

**Reprogramming
of Funds**

The Institution's administrative control of funds system enables the CFO, the Comptroller, and the Director, OPMB, to track obligations and expenditures at the activity and project levels specified in the Appropriations Committee's reports (reprogramming baseline levels). Although reprogrammings are not subject to provisions of the Antideficiency Act, and, therefore, are not subject to statutory control, they are subject to the Appropriations Committee's reprogramming rules as implemented within the Institution.

Reprogramming Baselines:

- The activity and project levels specified in the detailed tables of the Appropriations Committee's reports establish the Institution's reprogramming baselines. The activities and projects are also documented in the Institution's congressional budget request.

**Reprogramming
of Funds (continued)**

- In the congressional budget request, S&E activities and projects are presented in the table, "Summary of the Current Year Appropriation and the Budget Year Estimates." The Institution's S&E budget activities are: Museums and Research Centers; Program Support and Outreach; Administration; Inspector General; and Facilities Services. The line items that fall under each budget activity are the budget projects.
- In the congressional budget request, Facilities Capital activities and projects are presented in the table "Facilities Capital Program Summary." The Institution's Facilities Capital budget activities are: Revitalization, Construction, and Facilities Planning and Design. The line items that fall under each budget activity are the budget projects.

Reprogramming Guidelines:

- The annual threshold for reprogramming, and that which requires prior congressional approval, is standardized for all Institution projects and activities as the lesser of \$1,000,000 or 10 percent. A reprogramming shall also consist of any significant departure from the program described in the Institution's budget justifications at the budget project level.
- A reprogramming should be requested when an unforeseen situation arises that requires funds be applied for a different purpose than that intended at the time of the original appropriation request. The Smithsonian's Appropriations committees also treat functional transfers and reorganizations as activities requiring reprogramming approval.
- A reprogramming should not be used to initiate new programs or change allocations specifically denied, limited, or increased by the Congress in an Act or report.

**Reprogramming
of Funds (continued)**

- Congressional committee reprogramming guidelines state that reprogramming proposals submitted to the House and Senate Committees on Appropriations for approval shall be considered approved 30 calendar days after receipt if the Committees have posed no objection. However, the Institution will be expected to extend the approval deadline if specifically requested by either Committee
 - Initiating work on a project, which uses funding that depends on a reprogramming action being approved, prior to congressional approval of a reprogramming request is a violation of the Institution's administrative control of funds policy.
 - The internal procedures for identifying and evaluating the need for reprogramming are captured in Appendix 5 for your use.
-

Reimbursements

The Smithsonian may be authorized to accept reimbursable orders for services or supplies provided to other federal agencies when amounts are available, when use of an interagency agreement is in the best interest of the Government, and when the Smithsonian is able to provide or procure the ordered goods or services. All reimbursable work is preceded by a fully executed interagency agreement. Administrative controls must ensure that obligations and expenditures do not exceed overall apportionments, allotments, or budgetary resources readily available for obligation.

**Anticipated
Budgetary
Resources Already
Enacted into Law**

Apportionments may include estimated amounts of "anticipated" budgetary resources that are the result of laws already enacted. This is done to reduce routine reapportionments of such amounts as they actually become available. Anticipated amounts will not be allotted by the CFO, or allocations issued by OPMB to Smithsonian units, until the increase actually occurs.

NOTE: The "Federal" section of this directive is currently being reviewed by the Office of Management and Budget (OMB) in accordance with OMB Circular A-11.

SECTION B: TRUST FUNDS

Purpose

This section establishes policy for the administrative control of Smithsonian trust funds. The policies and procedures described herein are designed to:

- limit obligations and expenditures to the amount available in each unrestricted and restricted trust fund account
- enable the Secretary of the Smithsonian Institution to identify the person responsible for any obligation or expenditure that exceeds the amount available in the trust fund account or for violating the intended purpose of trust funds
- provide procedures for dealing with noncompliance and/or violation of administrative control policies for Smithsonian trust funds

Scope

This section of the directive applies to all Smithsonian units, including the head of each museum, research center, and office, and any other organizations that obligate and expend unrestricted and/or restricted trust funds, which are defined as follows:

- Unrestricted funds are central trust funds (Fund 401) and unit discretionary funds (Fund 402)
- Restricted trust funds are endowment payouts (Fund 6xx), gifts (Funds 800 and 801), Non-Government Grants and Contracts (Fund 802), and Government Grants and Contracts (Fund 803).

The trust fund control policy applies to all trust funds distributed to the head of a Smithsonian unit in the form of an allocation, an advance, an award, payout, revenue, or transfer, with one exception. Trust funds generated by business activities operated by Smithsonian Enterprises and other Smithsonian unit business activities, financed through Fund 420, are not covered by the regulations or provisions of this policy.

Authority

Authority for the administrative control of Smithsonian trust funds is contained in the following documents:

- Title 20, U.S.C., Education, Chapter 3, section 41 et seq.
- Bylaws of the Smithsonian Board of Regents, sections 4.01 (Audit and Review Committee), 4.02 (Finance and Investment Committee), 5.05 (Chief Financial Officer), 6.02 (Endowment Fund; Other Nonappropriated Funds), 6.04 (Budget), and 6.05 (Audit)

Definitions

The following definitions, terminology, and concepts apply to the administrative control of funds policy.

Administrative Division of Funds. Any distribution of an original trust funding source, as follows:

- **Allocation.** The distribution of unrestricted central trust funds (Fund 401) from OPMB to the head of a Smithsonian museum, research center, or office
- **Advance.** The distribution of approved internal advances to the head of a Smithsonian museum, research center, or office. Advances are generally provided in Fund 801, but can be provided in any fund. Advances are further defined in SD 308, Advances and Investments in Trust-funded Programs, which is available on PRISM
- **Award.** The distribution of Government grant/contract sponsor awards (Fund 803) and non-Government grant/contract sponsor awards (Fund 802) to the head of a Smithsonian museum, research center, or office
- **Payout.** The distribution of endowment payouts to the head of a Smithsonian museum, research center, or office (Fund 6xx), which represents the investment income earned on the endowment
- **Revenue.** The distribution of revenue collected from donors in the form of gifts or contributions (Funds

Definitions
(continued)

402, 800, and 801) to the head of a Smithsonian museum, research center, or office. Also includes the distribution of revenue raised by the Smithsonian unit, including revenue from goods sold, services provided, royalties, honoraria, investments, and settlements (Fund 402)

- **Transfer.** The reassignment of revenue or payout from one unit to another unit, including the distribution of Smithsonian Enterprises (SE) revenue-sharing earnings

Budget Transfer Request. The internal Smithsonian process used by units to formally request a shifting of Fund 401 budget funds to another unit or between designated codes.

Donor. An individual or organization that contributes (or pledges) to the Institution, museum, research center, or office a gift or real personal property such as cash, real estate, cash-convertible assets (e.g., marketable securities or life insurance), and non-cash donations (e.g., materials, equipment, and services).

Restricted Trust Funds. Funds that are restricted by donors or sponsors to one or more specific uses. This includes internal advance funds and transfers when the purpose of these funds is specified (or designated) by the Smithsonian unit providing these monies.

Sponsor. A non-profit or for-profit organization or federal, state, or local government entity that has entered into a legally binding agreement (such as a sponsorship, grant or contract) with the Institution, museum, research center, or office to provide financial support for a specific program, project, or activity.

Unrestricted Trust Funds. Funds that are available to be spent on any Smithsonian program or activity: administrative, research, educational, and other public impact programs and activities. All trust fund expenditures should comply with the Institution's

Definitions
(continued)

policies and practices with respect to spending of trust funds for representational, special event, entertainment, and other related purposes.

Responsibilities and Functions

The assignment of responsibility for administrative control of funds at the Smithsonian ensures that obligations and expenditures of trust funds are within available budgetary resources and that trust funds are used in accordance with their intended or restricted purpose. This section identifies those individuals and positions responsible for fund control and their responsibilities with regard to ensuring that funds are used only for the purpose intended and within the limits of the Institution's fund control system.

The Board of Regents oversee the Institution's operations and ensure that the Institution's accounting systems and internal financial controls are in good order. The Board of Regents also approve the federal budget request before it is submitted to OMB and the Congress, and they authorize the Secretary to expend federal and trust funds in accordance with the Institution's annual Integrated Budget Plan that they also approve.

The Secretary has overall responsibility for proper fund control, for ensuring adherence to such controls, and for advising the Board of Regents of fund control noncompliance. The fund control administrative responsibility may be delegated to a senior manager who will also ensure adherence to the systems established for administrative control of funds.

The Chief Financial Officer (CFO) is delegated the responsibility, by the Secretary, for administrative control (i.e., fund control) of unrestricted and restricted trust funds. The CFO is responsible for:

- developing, maintaining, and documenting an integrated budgeting, accounting, and financial management system, which includes financial reporting and financial management internal controls for the Institution

**Responsibilities
and Functions**
(continued)

- developing, implementing, and documenting operating and reporting procedures to provide safeguards against incurring obligations or making expenditures in excess of available trust budgetary resources
- identifying the person responsible for any obligations or expenditures in excess of the available trust budgetary resources

The Director, Office of Planning, Management, and Budget (OPMB), is responsible for:

- issuing central trust (Fund 401) budget allocations to Smithsonian organizational units that do not exceed the total amount of anticipated central trust revenue
- reviewing the Smithsonian organizational units' execution of trust funds to ensure compliance with the Institution's fund control system
- working with the Smithsonian Comptroller to identify higher-than-expected rates of obligations and expenditures, and to take corrective action to prevent fund control violations from occurring
- recommending actions to be taken to correct instances of fund control system noncompliance, and for implementing corrective actions approved by the CFO
- establishing guidelines governing the expenditure of federal and trust funds
- reviewing and approving budget transfer requests for Fund 401 funding realignments
- establishing budgetary policies in the Smithsonian financial system to implement the Institution's administrative control of funds responsibilities

**Responsibilities
and Functions**
(continued)

The Comptroller is responsible for:

- establishing, maintaining, and documenting accounts and records necessary to administer trust revenues and expenses as part of the Institution's accounting system
- entering unit-raised revenue (Fund 402) and gift/contribution revenue (Funds 800 and 801) distributions into the Smithsonian's financial system
- posting internal advance budgets and inter-unit transfers in the financial system (any Fund)
- facilitating the timely and accurate entry of obligating and expenditure transactions into the financial system
- verifying the reliability of the data in reports generated from the accounting system
- coordinating with the CIO, and maintaining the proper ERP system controls to ensure that the ERP system will not allow an overobligation or overexpenditure of funds that is not identified by the ERP system and resolved prior to an actual overobligation or overexpenditure
- ensuring that obligations and expenditures do not exceed amounts provided and are made only for authorized purposes
- coordinating with OPMB and the respective unit or organization to ensure that no entries of an allocation, obligation, or expenditure, or other accounting transaction will be recorded that causes fund control authorities to be exceeded

The Smithsonian Treasurer is responsible for the management and administration of the Institution's endowment funds (Fund 6xx) and internal advances, as follows:

- Determining annual endowment payout trust budgetary resources available to each Smithsonian

**Responsibilities
and Functions**
(continued)

museum, research center, or office, and for entering these payout distributions in the Smithsonian financial and accounting system

- Establishing and maintaining endowment payout accounts and records necessary to administer trust revenue and transfers as part of the Institution's accounting system
- Administering the Institution's internal advances by processing and obtaining approval for each advance in accordance with SD 308, Advances and Investments in Trust-Funded Programs
- Establishing procedures for reviewing accounting data to provide adequate warning to the CFO, the Director, OPMB, and Smithsonian unit heads that an overobligation or overexpenditure of funds is possible if timely corrective action is not taken

The Director, Office of External Affairs (OEA), is responsible for the proper recording of private gifts and grants received by the Institution in the Development and Membership Information System (DMIS), as follows:

- Verifying that the allocation of funds is consistent with the donor's intent
- Generating the appropriate records and purpose codes in the DMIS to track and report gifts and grants
- Tracking pledges and reporting to OC
- Reconciling DMIS with ERP
- Managing gift and sponsor agreements

The Director, Office of Sponsored Projects (OSP), is delegated authority by the Secretary of the Smithsonian Institution and the Director, OEA, to receive and execute incoming contracts and grants for SI organizations other than the Smithsonian Astrophysical

**Responsibilities
and Functions**
(continued)

Observatory (SAO). The authority to the Director, OSP, to make awards pursuant to externally funded contracts and grants received is delegated by the Director, Office of Contracting and Personal Property Management (OCon&PPM). To effectively exercise the authority delegated by the Secretary and Director, OCon&PPM, the Director, OSP, is responsible for:

- negotiating, accepting or establishing, managing and administering externally funded Government and non-Government contracts and grants for furthering SI organizations' programs
- distributing contracts and grants awards in the Smithsonian financial system
- posting internal advance budgets and inter-unit transfers in the financial system (Funds 802 and 803)
- monitoring the accounts and records necessary to administer Government and non-Government contracts and grants, and the revenues and expenses associated with awards
- issuing sponsor-required financial reports and invoices
- establishing procedures for reviewing accounting data to provide adequate warning to the CFO, the Director, OPMB, and Smithsonian unit heads that an overobligation or overexpenditure of funds is possible if timely corrective action is not taken
- further delegating the authority and responsibilities for negotiating, accepting or establishing, managing and administering incoming contracts and grants and subsequent awards, only in accordance with the delegations of authority letters from the Secretary and Director, OCon&PPM

The Director, Smithsonian Astrophysical Observatory (SAO), is delegated the authority by the Secretary of the Smithsonian Institution to receive and

**Responsibilities
and Functions**
(continued)

execute externally funded Government and non-Government contracts and grants for SAO only. This authority may be delegated by the Director, SAO, to the Manager, Contracts and Grants Department (CGD). The authority to the Manager, Subcontracts and Procurement Department (SPD), SAO, to expend funds and/or award contracts and grants pursuant to incoming externally funded contracts and grants is delegated by the Director, OCon&PPM. To effectively exercise the authority received from the Secretary and Director, OCon&PPM, the Manager, CGD, and SPD, SAO, is responsible for:

- negotiating, accepting or establishing, managing and administering externally funded contracts and grants that support the mission and programs of SAO
- distributing contracts and grants awards in the Smithsonian financial system*
- posting internal advance budgets and inter-unit transfers in the financial system (Funds 802 and 803)*
- monitoring the accounts and records necessary to financially administer Government and non-Government contracts and grants, and the revenues and expenses associated with awards*
- issuing sponsor-required financial reports and invoices*
- establishing procedures for reviewing accounting data to provide adequate warning to the CFO and the Director, OPMB, that an overobligation or overexpenditure of funds is possible if timely corrective action is not taken*
- further delegating the authority and responsibilities for negotiating, accepting or establishing, managing

* **Note:** These financial responsibilities at SAO are performed by the Financial Management Department (FMD).

**Responsibilities
and Functions
(continued)**

and administering incoming contracts and grants and subsequent awards only in accordance with the delegations of authority letters from the Secretary and Director, OCon&PPM

Heads of Smithsonian museums, research centers, or offices are responsible for:

- assigning responsibility for trust fund control in their organization to appropriate officials. This responsibility shall be clearly defined, and the affected individuals shall be appropriately notified in writing of the extent of their responsibility
- ensuring that these designated officials are charged with individual responsibility for any overobligation or overexpenditure in excess of allocations
- ensuring that obligations/expenditures are for the purposes specified by donors, sponsors, and other Smithsonian units for restricted trust funds, and that unrestricted trust obligations/expenditures comply with Smithsonian funding guidelines related to purpose and use of funds
- ensuring that obligations and expenditures do not exceed available allocations, advances, awards, payouts, revenues, and/or transfers

Principal Investigators on grants and contracts are responsible for ensuring that obligations and expenditures do not exceed the award amount in grants and contracts (Funds 802 and 803) for which they are the designated principal investigator.

**Administrative
Division of Trust
Funds**

The trust funds available to each Smithsonian unit in the financial system represent an administrative division of funds. At the Smithsonian, the available trust budget entered at the Fund Master level in the financial system represents that unit's distribution of available trust budgetary authority. The terminology used to describe divisions of trust funds differs between fund

**Administrative
Division of Trust
Funds** (continued)

types, based on the financial nature of the fund source, as follows:

- Fund 401 (Central Trust) — allocation
- Fund 402 (Unit Discretionary) — revenue, transfer, or advance
- Fund 6xx (Endowments) — payout, transfer, or advance
- Fund 800 (Construction Gifts) — revenue, transfer, or advance
- Fund 801 (Gifts) — revenue, transfer, or advance
- Fund 802 (Non-Government Grants and Contracts) — award or advance
- Fund 803 (Government Grants and Contracts) — award or advance

Trust allocations, advances, awards, payouts, revenues, and transfers are provided for a specific purpose by the Secretary, the endower, the sponsor, the donor, or another Smithsonian unit. Compliance with the intended purpose and restrictions associated with trust funds is mandatory.

Appendix 3 summarizes the administrative division of trust funds structure used by the Institution.

**Violations of Trust
Fund Control
Policies**

Failure to comply with the Institution's trust fund control policies is considered an administrative violation which is subject to appropriate disciplinary action. However, failure to comply with trust fund control policies for Government grants and contracts (Fund 803) that results in violations of the OMB Circulars listed below in the last bullet could also lead to a statutory violation of the Antideficiency Act or a non-statutory violation associated with another federal agency's allotment, apportionment, or appropriation.

**Violations of Trust
Fund Control
Policies (continued)**

The following actions or incidences can result in disciplinary action:

- Making or authorizing an expenditure or creating or authorizing an obligation against any trust fund division in excess of the amounts available to the Smithsonian museum, research center, or office
- Expending or obligating funds for a purpose other than that provided for in the formal budget allocation letter (Fund 401), or as specified by the endowment (Fund 6xx), the donor (Funds 800 and 801), the sponsor (Funds 802 and 803), the Treasurer (for advances), or another Smithsonian unit (for inter-unit transfers)
- Failing to adhere to all restrictions and limitations imposed by the endowment, the donor, the sponsor, the Treasurer (for advances), or another Smithsonian unit (for transfers)
- Failing to comply with provisions of OMB Circular A-110 (Uniform Administrative Requirements for Grants and Other Agreements with Institutions of Higher Education, Hospitals and Other Non-Profit Organizations), A-122 (Cost Principles for Non-Profit Organizations), and A-133 (Audits of States, Local Governments, and Non-Profit Organizations) for Fund 802 and 803 trust awards

**Penalties
for Violating Trust
Fund Control
Policies**

An officer or employee of the Smithsonian who fails to comply with the Institution's policies and systems for the use and control of trust funds will be subject to, based on the severity of the violation, the following forms of administrative discipline:

- Letter of reprimand or censure for the official personnel record of the officer or employee
- Unsatisfactory performance rating
- Transfer to another position

**Penalties
for Violating Trust
Fund Control
Policies (continued)**

- Suspension from duty without pay
 - Removal from office
-

**Reporting Trust
Fund Control
Violations**

All instances of trust fund administrative control violations must be reported by the Smithsonian unit head — through his or her Under Secretary, or Director, if applicable — to the CFO. The CFO will coordinate all reported fund control violations associated with Government and non-Government grants and contracts with the Director, OSP. The violation report must be in writing. Any individual with knowledge of a possible violation has the responsibility to report it. Action taken to correct the cause of the violation does not eliminate the violation; it must still be reported. Use of the Smithsonian Inspector General's hotline at OIGHotline@oig.si.edu or <http://prism.si.edu/oig/form.htm> is acceptable if the individual with the knowledge wants to remain anonymous.

The written violation report (letter) should include the following:

- All pertinent facts of the violation, including the affected specific trust fund(s) and financial system chart field(s), the amount of money involved, the date on which the violation occurred, the primary reason or cause for the violation, and a statement by the responsible officer or employee with respect to any circumstances believed to be extenuating
- The names and positions of the officers or employees responsible for the violation
- The proposed form of discipline or other actions to be taken as recommended by the unit's Under Secretary or Director
- A recommendation by the unit's Under Secretary or Director for safeguards considered necessary to prevent a recurrence of the same type of violation

**Accounting Support
for Fund Control
Systems**

The purpose of the Smithsonian accounting system is to provide full accounting to support the provisions of the Institution's administrative fund control policy, and to provide complete, accurate, and timely budgetary and financial data for each account, including: (1) total budgetary resources available for obligation and expenditure against each control level (trust allocation, revenue, budget, payout, advance, or transfer); and (2) total valid obligations and expenditures incurred to date against each control level.

The reports available from the accounting system serve a variety of needs, providing both detailed and summary information for funding, costs (commitments, obligations, and expenditures), billings, and collections. The data contained in these reports also support financial reporting to external entities such as federal agencies, sponsors, private donors, Smithsonian advisory boards, the OMB, and congressional committees.

The processes and controls included in the accounting system do not relieve the CFO, the Comptroller, the Director, OPMB, or the fund holder of the responsibility for ensuring that obligations incurred and expenditures made stay within the limits of available budgetary resources.

Appendix 4 describes, in detail, the relationship between the Smithsonian fund control and financial/accounting systems, and provides a crosswalk between the fund control system and the financial system structure.

CANCELLATION:
INQUIRIES:
RETENTION:

SD 305, March 15, 1999
Office of Planning, Management, and Budget (OPMB)
Indefinite. Subject to review for currency 24 months from date of issue

July 27, 2009

RELATIONSHIP BETWEEN SMITHSONIAN ADMINISTRATIVE FUND CONTROL AND FINANCIAL/ACCOUNTING SYSTEMS

Federal Funds

The Smithsonian Financial/Accounting System design is based on the following funding/budgetary structure:

- Fund — The primary fund type that is used to segregate funds available to the Institution by origin, regulations, or intended purpose. Federal fund types are segregated by appropriation (at the highest level) and by period of availability (at a lower level).
 - Fund 000 — Salaries & Expenses, One-Year
 - Fund 100 — Salaries & Expenses, No-Year ¹
 - Fund 109 — Salaries & Expenses, Multi-Year (2004/5)
 - Fund 120 — Salaries & Expenses, Multi-Year (2005 and later)
 - Fund 045 — Facilities Capital
 - Fund 046 — Legacy Fund (2008)
 - Fund 047 — Legacy Fund (2009)
 - Fund 048 — American Recovery and Reinvestment Act (2009)
- Budget Reference (BudRef) — Identifies the year in which funds were appropriated.
 - 2007 — FY 2007 appropriation
 - 2008 — FY 2008 appropriation
- Designated Code (DSGC) — A secondary funding designator used to categorize Institution-wide programs (such as federal Latino program funding); to designate special interest programs or activities (such as anti-terrorism security initiatives); or to enable congressional budget line-item reporting.
- Department Identification (Dept_ID) — A code used to identify the Smithsonian unit for budget allocation purposes.
- Fund Master Budget — A Smithsonian unit's budget allocation and the lowest level at which administrative control of funds is managed at the Institution.
- Fund Track Budget — A Smithsonian unit's annual object class financial plan (used at the unit's discretion); not subject to administrative control of funds.

¹ Includes work funded by other federal agencies through Interagency Transfer Agreements (IATs) under authority of the Economy Act Order. These IATs are segregated from direct no-year Smithsonian appropriations through the use of designated codes.

- **Fund Detail Budget** — A Smithsonian unit's lower level organizational budget (use is optional, at museum, research center, or office head's discretion); not subject to administrative control of funds.
- **Project** — A lower level funding designator used in the financial system to distinguish specific projects within a designated code for managerial and reprogramming tracking purposes. The Facilities Capital appropriation requires use of projects to monitor and report revitalization and construction projects.

A crosswalk between the administrative fund control system and the current financial system structure is provided below.

**Smithsonian Administrative Fund Control
and Financial/Accounting Systems Crosswalk for Federal Funds**

Fund Control Level	Description	Financial Structure	Nature of Violation
Appropriation	Salaries & Expenses (S&E)	Fund+BudRef (Funds 000+100+109+120)	Statutory
	Facilities Capital	Fund+BudRef (Fund 045)	Statutory
	Legacy Fund and American Recovery and Reinvestment Act	Fund + BudRef (Funds 046, 047, 048)	Statutory
Apportionment	Same as appropriation	Same as appropriation	Statutory
Allotment	Same as appropriation	Same as appropriation	Statutory
Allocation	Salaries & Expenses (S&E)	Fund+BudRef+DSGC+Dept_ID (Fund Master Budget)	Non-statutory*
	Facilities Capital (Revitalization and Construction)	Fund+BudRef+DSGC+Dept_ID+Project (Fund Master Budget)	Non-statutory*
	Facilities Capital (Planning & Design)	Fund+BudRef+DSGC+Dept_ID (Fund Master Budget)	Non-statutory*
	Legacy Fund	Fund+BudRef+DSGC+Dept_ID (Fund Master Budget)	Non-statutory
Suballocation	Distribution of Funds by Organization	Fund Detail Budget	Non-statutory
Financial Plan	Distribution of Funds by Object Class	Fund Track Budget	Non-statutory
Reprogramming	S&E	Fund+BudRef+DSGC+Dept_ID (Congressional Budget Line Item)	Non-statutory
Reprogramming	Facilities Capital (Revitalization and Construction)	Fund+BudRef+DSGC+Project (Congressional Budget Line Item)	Non-statutory
Reprogramming	Facilities Capital (Planning & Design)	Fund+BudRef+DSGC (Congressional Budget Line Item)	Non-statutory

* A non-statutory violation at the Smithsonian department level for S&E or at the department, DSGC, and/or project level for Facilities Capital could lead to a statutory violation based on the status of the full appropriation, apportionment, or allotment.

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DISTRIBUTION OF AND RESPONSIBILITY FOR FEDERAL FUNDS

Administrative Division	Provided by	Distributed to	Fund Control Responsibility Assigned to	Nature of Violation
Appropriation	Congress/ President	SI	CFO and Unit Director	Statutory (Title 31)
Apportionment	OMB	SI	CFO, OPMB, and Unit Director	Statutory (Title 31)
Allotment	SI/CFO	OPMB	OPMB and Unit Director	Statutory (Title 31)
Allocation	OPMB	Unit Directors	Unit Director	Non-statutory (Administrative)
All Other Federal Fund Distributions	SI/Other	Units	Unit Director	Non-statutory (Administrative)

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DISTRIBUTION OF AND RESPONSIBILITY FOR TRUST FUNDS

Administrative Division	SI Fund Codes	Distributed by	Fund Control Responsibility Assigned to
Allocation	401	OPMB	Unit Director
Advance	Any	OT	Unit Director
Award	802, 803	— SAO (for SAO awards only) — OSP (for all other awards)	Unit Director
Payout	6xx	OT	Unit Director
Revenue	402, 800, 801	OC	Unit Director
Transfer (initiated by unit)	Any	OC	Unit Director
Transfer (initiated by SE)	402	OC	Unit Director

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RELATIONSHIP BETWEEN SMITHSONIAN ADMINISTRATIVE FUND CONTROL AND FINANCIAL/ACCOUNTING SYSTEMS

Trust Funds

The Smithsonian Financial/Accounting System design is based on the following funding and budgetary structure:

- Fund — The primary fund type is used to segregate funds available to the Institution by source and purpose. The Institution's central trust funds are further tracked by period of availability and specified purpose. All remaining trust funds are further tracked only by specified use (purpose).
 - Fund 401 (Central trust); one-year funding
 - Fund 402 (Unit discretionary); no-year funding
 - Fund 610 (Endowment — True Donor Designated); no-year funding
 - Fund 620 (Endowment — True Board Designated); no-year funding
 - Fund 640 (Endowment — Quasi-Donor Designated); no-year funding
 - Fund 650 (Endowment — Quasi-Board Designated); no-year funding
 - Fund 800 (Construction Gift Contributions); no-year funding
 - Fund 801 (Donor Contributions); no-year funding
 - Fund 802 (Non-Government Grants and Contracts); no-year funding subject to conditions of award/contract document
 - Fund 803 (Government Grants and Contracts); no-year funding subject to conditions of award/contract document
- Budget Reference (BudRef) — Identifies the year in which funds are available for obligation. All trust funding sources, except for central trust (Fund 401), are available until expended. Fund 401 monies are treated as one-year funding.¹
 - 0000 — designates a trust fund that is treated as no-year funding
 - 2005 — FY 2005 Fund 401 allocation
 - 2006 — FY 2006 Fund 401 allocation
- Designated Code (DSGC) — A secondary funding designator used to specify the purpose for a subset of funds. The DSGC is used to categorize Institution-wide programs (such as Fund 401 fund-raising allocations or Fund 402 unit discretionary) and to separate individual restricted trust gifts, endowments, grants, contracts, and advances for internal control purposes.
- Department Identification (Dept_ID) — A code used to identify the Smithsonian unit for budget allocation and control of funds purposes.

¹ Additionally, Funds 802 and 803 are subject to award/contract timing constraints.

- **Fund Master Budget** — A Smithsonian unit’s budgetary authority (in the form of an allocation, advance, award, payouts, revenue, transfer) and the lowest level at which administrative control of funds is managed at the Institution for allocations, advances, payouts, revenues, and transfers. The Fund Master Budget represents the combination of Fund, Budget Reference, Department ID, and Designated Codes.
- **Fund Track Budget** — A Smithsonian unit’s object class financial plan. Use of the Fund Track budget is optional for all trust divisions of funds, except for Government and non-Government grants and contracts (Funds 802 and 803), where its use is mandatory. The Fund Track budget is the lowest level at which administrative control of funds is managed at the Institution for all grants and contracts. The Fund Track budget represents the combination of Fund, Budget Reference, Department ID, Designated Code, and class code.

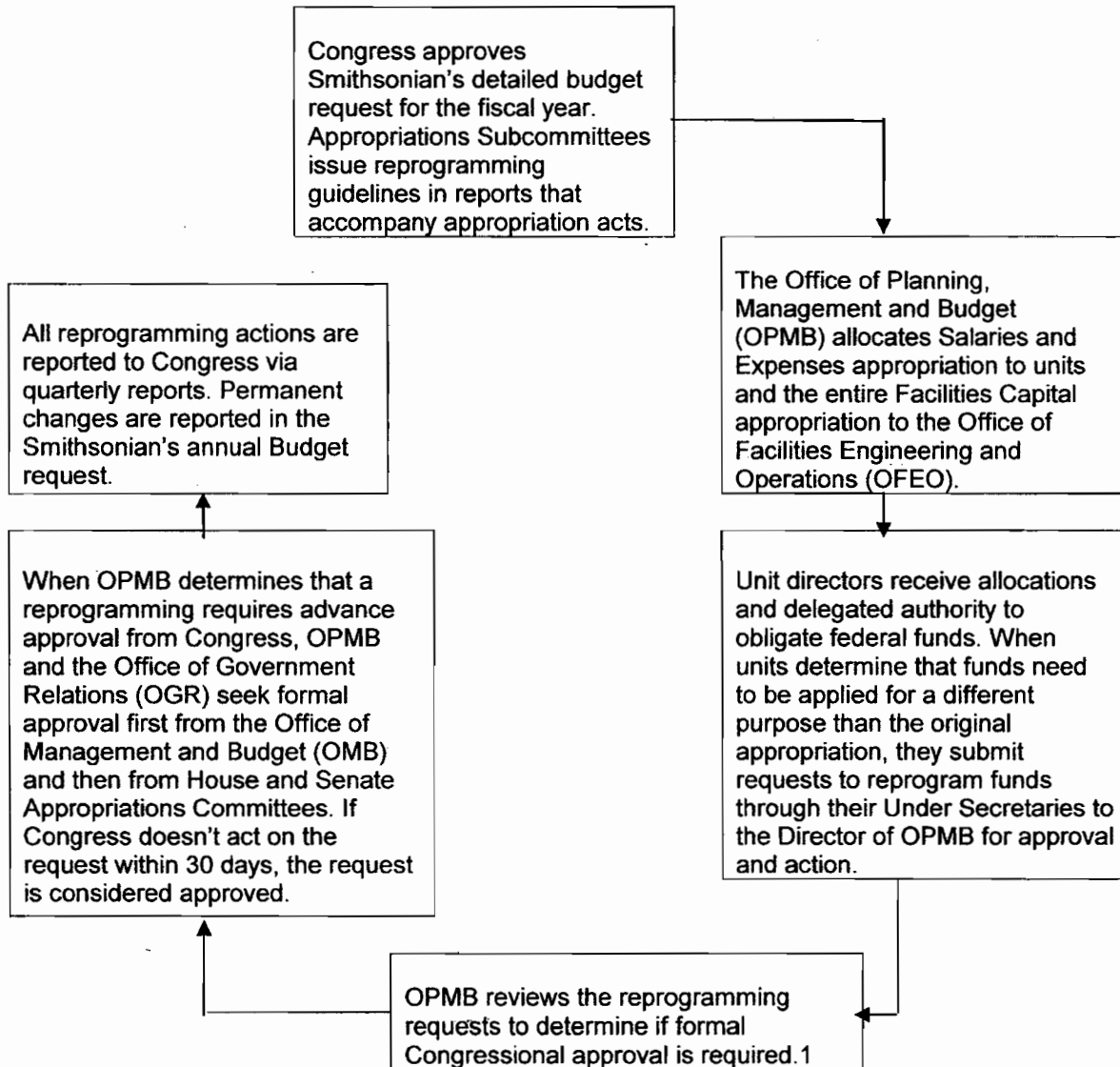
A crosswalk between the administrative fund control system and the financial system structure is provided below.

**Smithsonian Administrative Fund Control
and Financial/Accounting Systems Crosswalk for Trust Funds**

Fund Control Administrative Division	Applicable for these SI Funds	Financial Structure for Administrative Control	Nature of Violation
Allocation	Fund 401	Fund+BudRef+Dept_ID+DSGC	Administrative
Advance	Any Fund	Fund+BudRef+Dept_ID+DSGC	Administrative
Award	Fund 802	Fund+BudRef+Dept_ID+DSGC+ Object Class Code	Administrative
	Fund 803	Fund+BudRef+Dept_ID+DSGC+ Object Class Code	Administrative, Non-statutory, or Statutory
Payout	Funds 6xx	Fund+BudRef+Dept_ID+DSGC	Administrative
Revenue	Funds 402, 800, 801	Fund+BudRef+Dept_ID+DSGC	Administrative
Transfer	Any Fund	Fund+BudRef+Dept_ID+DSGC	Administrative

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SMITHSONIAN INSTITUTION INTERNAL REPROGRAMMINGS



1 A reprogramming includes the reallocation of funds from one activity or line item to another within an appropriation, or any significant departure from a program, project, or activity described in the Smithsonian's budget justification as presented to and approved by Congress. For construction projects, a reprogramming constitutes the reallocation of funds from one construction project identified in the justifications to another or a significant change in the scope of an approved project. A reprogramming must be submitted to the House and Senate Committees in writing prior to implementation if it exceeds \$1 million or results in an increase or decrease of more than 10 percent annually in affected budget line items, programs, projects or activities.