The Government Manager's Guide to Appropriations Law

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MANAGEMENT CONCEPTS PRESS

TEST YOUR KNOWLEDGE

Chapter 1

The following questions were all addressed in this chapter. See how well you do in answering them. Answers are provided after the notes.

1. Who has the “Power of the Purse”?
   a. The President
   b. OMB
   c. Congress
   d. GAO
2. When House and Senate versions of a bill differ, who normally resolves those differences?
   a. Originating committees
   b. Conference committee
   c. GAO
   d. OMB
3. After agencies receive their apportionments, what sort of subdivision of funds do they issue?
   a. Target
   b. Allowance
   c. Allocation
   d. Allotment

4. Assume you have an FY13 appropriation that is available for three years.

   When does that account close and the remaining balances are cancelled?

   a. 9/30/15
   b. 9/30/16
   c. 9/30/18
   d. 9/30/20

5. GAO works for:

   a. The President
   b. OMB
   c. Congress
   d. None – GAO is completely independent

6. The Code of Federal Regulations is written by:

   a. Congress
   b. GAO
   c. Agencies
   d. Executive Office of the President

7. Moving funds from one appropriation to another requires:

   a. Statutory authority and agency approval
   b. Agency regulation
   c. House and Senate Appropriations Committee approval
   d. Local budget office approval

8. The ‘last in line’ principle, which is the use of the last law passed, is employed:
   a. As the first criteria for resolving differences between two laws
   b. When the conflict between two laws concerns purpose
   c. When the conflict between two laws concerns amount
   d. As a last resort when two laws are irreconcilable
9. The most authoritative source of legislative history is:
   a. The original sponsor of the bill
   b. House and Senate Committee reports
   c. Conference committee report
   d. Floor debates
10. OMB issues:
   a. Apportionments
   b. Allotments
   c. Appropriations Warrants
   d. All of the above

Chapter 1 Answers:

1. C
2. B
3. D
4. D
5. C
6. C
7. A
8. D
9. C
10. A

Chapter 2

How would you respond to the following scenario?

You have been tasked to organize a grand-opening ceremony for a new operations building that your agency will be leasing. High ranking headquarters personnel will be attending, as will local federal employees and state and local government dignitaries (to include governor and mayor). Local media will also be invited.

A working group you appointed has recommended the following for your approval.

1. Ceremony to include traditional ribbon-cutting followed by speeches and tour of new facility.
2. Reception with refreshments to follow the tour.
3. Due to construction and security concerns, attendees will have to park half a mile away. A shuttle bus is proposed to ferry the attendees to and from the new building.
4. A government photographer will be on hand to document the ceremony for both publicity and historical purposes. A copy of the ribbon-cutting photo will be presented to each dignitary pictured in the photo.
5. Commemorative paperweights bearing an image of the new building and the date to be presented to all invited attendees.

Will you authorize (why or why not) the expenditure of your agency's operating appropriation for:

a. The wide ribbon and giant scissors?

b. Copies of the ribbon-cutting photo for each ribbon-cutter?

c. Paperweights for all invited attendees?

d. Shuttle bus to and from the ceremony site?

e. Refreshments after the ceremony?

If you decide not to authorize appropriated fund purchase of any of these items, how might you legally satisfy the requirement?

Chapter 2 Solution:

Ribbon and scissors are authorized as part of a traditional ceremony. Shuttle bus is authorized under necessary expense rule. Photos (copies to participants) and paperweights are considered gifts and may not be produced at government expense. (The photos for publicity and historical purposes are authorized under necessary expense.) No to the refreshments because of the rule on food.

How might the photos, paperweights, and food be legally purchased? If your agency has some official representation funds available, and this ceremony fits within the agency's guidelines on its use, that would be one avenue to satisfy the requirement. Also, some agencies have various kinds of non-appropriated funds available to them – often in the form of a civilian welfare fund. If the regulations on their use allows for gifts and refreshments, then you have your solution. Finally, in the absence of any other source of funds, the agency director can always use the OWN appropriation – the director's OWN money!

Chapter 3

The following questions were all addressed in this chapter. See how well you do in answering them. Answers are provided after the notes.

1. The *bona fide* needs rule:
   a. Prohibits obligations in September for goods that won't be delivered until October.
   b. Helps agencies determines the proper fiscal year to charge with an obligation.
   c. Is a test of necessity, that is, does the agency really need the item.
   d. Applies to both fixed-term and no-year appropriations.
2. Severable service contracts using annual appropriations:
   a. Must be annual contracts, beginning on 1 October and ending on 30 September.
   b. May not be for a period of more than five years.
   c. May be put under contract while the funds are current, even if performance doesn't begin until the next fiscal year.
   d. Must begin performance in the current fiscal year, may cross fiscal years, and are limited to 12 months duration.
3. Which of the following is a severable service?
   a. Personal computer maintenance
   b. Aircraft overhaul
   c. Research study on agency morale
   d. All are severable services

4. Replacement contracts:
    a. Must cite the fiscal year appropriation of the year in which the replacement contract is awarded.
    b. May be used only when the original contract is terminated for convenience of the government.
    c. May cite expired funds.
    d. May include changes in scope.
5. The bona fide needs rule applies to all of the following except (circle all that apply):
    a. Annual appropriations
    b. Multi-year appropriations
    c. No-year appropriations
    d. Grants and cooperative agreements
6. During the expired period, agencies may do which of the following (circle all that apply):
    a. Incur new obligations
    b. Liquidate (disburse) previously created obligations
    c. Make downward adjustments to obligations
    d. Make upward adjustments to obligations
7. Assume today's date is July 1, 2013, and you have a valid invoice in hand that properly cites an FY 2006 two-year appropriation. Which appropriation is used to pay this invoice?
    a. The original FY 2006 appropriation

b. Any FY 2007 through 2012 appropriation of a same or similar type with sufficient balances
c. FY 2013 appropriation of a same or similar type
d. Agency has discretion to use either FY 2012 or FY 2013 appropriation of a same or similar type

8. A contractor finishes work on a contract in June 2005, but does not submit an invoice for the work until September 2012. The agency:
   a. Pays the invoice from FY 2005 appropriation.
   b. Pays the invoice from currently available funds in accordance with the Accounts Closing law.
   c. Has to discretion to pay the invoice if it still has records to support the payment, or refuse to pay if it no longer has the relevant records.
   d. Is prohibited from paying the invoice.
9. On August 31, 2012, a government employee who is not authorized to obligate the government tells a contractor to perform some work during an emergency that is outside of the contract terms. The contractor, believing the government employee had the authority to issue such a directive, performed the task on September 1, 2012, and submitted a bill for the additional work on September 5, 2012. In November, 2012, a contracting officer decides to ratify the unauthorized transaction that took place in August because the work was done in good faith, the price was reasonable, and the government got a service it needed. What fiscal year funds should be used to pay the invoice?

a. The invoice may not be paid until the contractor takes the government to court and wins a judgment. The court will decide which appropriation to use.

b. FY 2012, if sufficient funds are available, otherwise FY 2013.

c. FY 2012, balances notwithstanding.

d. FY 2013.

10. Advance payments:

a. Are prohibited by law (but exceptions exist).

b. Result in violations of the Antideficiency Act, unless one of the exceptions applies.

c. Are routinely made for severable services such as snow-plowing and grass-cutting.

d. All of the above.

Chapter 3 Answers

1. B
2. D
3. A
4. C
5. C
6. B, C, D
7. D (Agencies may pay from any *currently available appropriation* of the same type, not necessarily *current year* funds. Because FY 2012 two-year funds are still available in FY 2013, the agency may choose which fiscal year to cite.)
8. D
9. C
10. A

Chapter 4

The following questions were all addressed in this chapter. See how well you do in answering them. There may be more than one correct answer – circle all that apply. Answers are provided after the notes.

1. Earmarks found in appropriations acts:
   a. Are line items within a more general lump sum appropriation.
   b. Are considered to be appropriations in their own right.
   c. May lead to violations of the Antideficiency Act if violated.
   d. All of the above.
2. The Antideficiency Act*:*
   a. Applies only at the appropriation level.
   b. Prohibits both obligation and disbursement in advance or excess of an appropriation.
   c. Prohibits both obligation and disbursement in advance or excess of an apportionment.
   d. Applies only at the end of a fiscal period (month, quarter, or year).
3. If the accounting records show an over-obligation of an apportionment:
   a. A violation of the Antideficiency Act has occurred.
   b. The agency needs to determine if a violation of the Antideficiency Act has occurred.
   c. There is no violation so long as there is sufficient balance at the appropriation level.

d. No violation has occurred so long as the agency gets a revised apportionment before the end of the quarter.

4. On April 5, an agency uses its operating appropriation to purchase a $500,000 piece of equipment that should have been charged to its capital equipment appropriation. On June 5 the agency realizes the error and makes a correction. Available balances in the two accounts (prior to the transaction and prior to correction) are as follows:

	Operating Funds	Capital Equipment
April 5	1,000,000	600,000
June 5	400,000	525,000

Does the agency have a potential Antideficiency Act violation? Why or why not?

5. Same scenario as in question 4, but the available balances look like this:

	Operating Funds	Capital Equipment
April 5	1,000,000	400,000
June 5	800,000	600,000

In this case, does the agency have a potential violation? Why or why not?

6. Apportionments:
    a. May be exceeded with House and Senate Appropriations Committee approval.
    b. Are issued by the Department of Treasury.
    c. Carry Antideficiency Act consequences if exceeded.
    d. May be exceeded with the approval of the Secretary of the agency.
7. Unauthorized transfers between appropriations:
    a. Augment the receiving appropriation.
    b. May result in a violation of the Antideficiency Act.
    c. May be cured by a waiver from the Secretary of the agency.
    d. Are purely administrative, not legal, infractions.
8. Individuals who violate the Antideficiency Act:
    a. Must be disciplined in some manner.
    b. Are subject to administrative discipline by the agency.
    c. Are subject to criminal penalties under some circumstances.
    d. Are identified by name in a report to the President.
9. The *Economy Act:*
    a. May be cited by any federal agency.
    b. May be cited on transactions with state and local governments.
    c. Is an exception to the miscellaneous receipts statute.
    d. Allows all costs (direct, indirect, General and Administrative) to be recovered as part of the reimbursement process.

10. If someone in the Budget Office certifies funds availability for an item that is prohibited, and the item is subsequently ordered and received, but not yet paid for:

    a. A Certifying Officer has no choice except to pay for the item.
    b. The Budget person who certified funds availability must personally pay for the item.
    c. No Antideficiency Act violation has occurred yet, because the disbursement hasn't been made.
    d. A violation of the Antideficiency Act has most likely occurred.

Chapter 4 Answers:

1. D
2. B, C
3. B
4. No. Sufficient available funds in the correct account at the time of obligation and at the time of adjustment.
5. Yes. Insufficient available funds in the correct account at the time of obligation.
6. C
7. A, B
8. B, C, D
9. A, C
10. D

Chapter 5

Determine the dollar amount of the obligation that should be recorded in the accounting records at the time of the following transactions (answers follow the notes):

1. IDIQ contract with a minimum purchase of $100,000 and a maximum of $500,000.
2. Travel order for temporary duty with a total estimated cost of $2500.
3. Travel order for an employee moving to a new duty station, with a total estimated cost of $52,000.
4. Customer sends an Economy Act order to another federal agency to perform maintenance services with an estimated (target) cost of $800, but a maximum of $1000.
5. Manager directs an employee to work three hours of overtime during the coming weekend. Employee’s hourly rate of pay is $30.00.
6. Employee earns, but does not use, 8 hours of annual leave during a pay period. Employee’s hourly rate of pay is $30.00.
7. Servicing agency notifies ordering agency that it will not complete a previously issued and accepted Economy Act order prior to 30 September. It estimates that it will complete only $5000 worth of work against the $7000 order.
8. Purchase order for “miscellaneous computer networking devices and cables” in the amount of $5000 issued to a local computer supply company.

9. Cost reimbursable contract issued to a manufacturer with an estimated cost of $3,000,000, plus a $500,000 incentive clause based on early delivery of the items.
10. Grant awarded to a state university for $300,000. However, the university will not begin work against this grant until after the new fiscal year starts.

Chapter 5 Answers:

1. $100,000 (Obligate the minimum amount at the time of award. As orders are placed later on, incrementally obligate them.)
2. $0 (Obligations for temporary duty travel don't occur until the travel takes place.)
3. $52,000 (Change of station travel is obligated at the time of issuance of the orders.)
4. $800 (Obligate best estimate.)
5. $0 (Obligation doesn't occur until the employee actually works the overtime.)
6. $0 (Annual leave is obligated upon use, not when it is earned.)
7. ($2,000) (Ordering agency must deobligate the remaining $2000.)
8. $0 (Not sufficiently specific to constitute a contract. If it isn't a contract, is isn't an obligation.)
9. $3,000,000 (Obligation is based on best estimate – however, agency will probably also want to commit the $500,000 incentive clause.)
10. $300,000 (The obligation occurs – and the *bona fide* need requirement is satisfied – with the award of the grant.)

Chapter 6

The following questions were covered in this chapter. See how well you do in answering them. There may be multiple correct answers to a question – circle all that apply. Answers are provided after the notes.

1. The *Economy Act* is a statutory exception to:
    a. The Purpose Law
    b. The *bona fide* needs rule
    c. The Antideficiency Act
    d. The miscellaneous receipts statute
2. The *Economy Act* applies to:
    a. Federal to Federal transactions
    b. Federal to State transactions
    c. Federal to private sector transactions
    d. All of the above
3. The *Economy Act* may be cited by:
    a. Executive Branch agencies only
    b. All three branches of government
    c. Nonappropriated fund instrumentalities
    d. The District of Columbia
4. Which of the following statements are true for *Economy Act* transactions?
    a. The performing agency decides whether payment is to be in advance or as reimbursement.
    b. Audit and certification are required prior to payment.

c. Advance payments are adjusted up or down when the actual cost becomes known.

d. All are true.

5. If the performing activity does not complete work before the customer's funds expire:

   a. The obligation carries over into the next fiscal year, but may not exceed 12 months in total.

   b. The funds not used must be deobligated by the ordering agency and are automatically lost to the agency.

   c. The funds not used must be deobligated by the ordering agency, but they may be used for other requirements prior to their expiration date.

   d. The performing activity must finish the work in the following fiscal year at no charge.

6. When statutory authority other than the *Economy Act* is cited on an interagency order:

   a. All the rules of the *Economy Act* still apply.

   b. The requirement for deobligation does not apply.

   c. The statutory authority lies with the customer.

   d. The statutory authority lies with the providing agency.

7. Off-loading another agency's work to a contractor:

   a. Is permitted if certain requirements are met.

   b. Is prohibited.

   c. May be used to get around the *bona fide* needs rule

d. Allows the agency awarding the contract to collect an award fee that exceeds its actual cost, thus allowing for a profit.

8. The long term goal of a revolving fund is to:
   a. Cover its direct costs.
   b. Break even.
   c. Make a profit of at least 5%.
   d. Charge rates that allow it to compete successfully with the private sector.
9. Revolving funds:
   a. May augment their funds from any source.
   b. Are exempt from normal appropriations law rules.
   c. Never receive additional funds from Congress.
   d. Are not subject to the *bona fide* needs rule when obligating their budget authority.
10. User fees:
   a. May be charged and retained for any work done for the private sector.
   b. May be charged only when authorized by Congress.
   c. May never be retained by the agency.
   d. May always be retained by the agency.

Chapter 6 Answers:

1. D
2. A
3. B
4. A, C
5. C
6. B, D
7. A
8. B
9. D
10. B