

ORDER

AL 2500.3J

BUDGET AND FISCAL MANAGEMENT



September 16, 1999

**DEPARTMENT OF TRANSPORTATION
FEDERAL AVIATION ADMINISTRATION**

FOREWORD

This order sets forth policies and procedures that are essential to sound budgeting and financial management practices within the Alaskan Region. It is intended to provide fiscal guidance to all levels of management within the region.

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Regional Administrator

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CHAPTER 1. GENERAL INFORMATION

10. **PURPOSE.** This order outlines objectives, responsibilities, procedures, and guidelines for managing the fiscal resources of the Alaskan Region. Chapter 3, Delegations of Authority, has been either deleted due to changes in organizational structures or incorporated elsewhere in the revised order. Chapter 12, Administration of Research, Engineering, and Development funds was deleted as the Alaskan Region rarely deals with these funds.
11. **DISTRIBUTION.** This order is distributed to all supervisors in the regional headquarters and to all field offices and facilities.
12. **CANCELLATION.** Order AL 2500.3H, Budget and Fiscal Management, dated August 30, 1993, and CHG 1, dated February 17, 1994, are canceled.
13. **EXPLANATION OF CHANGES.**
- a. References updated to reflect current order numbers and organizations.
 - b. Additions and corrections to definitions have been made.
 - c. Chapters or parts of chapters no longer valid have been deleted or changed.
14. **BACKGROUND.** The economic climate during recent years has had a significant impact on agency resources. The result is that we must ensure the most effective use of available resources.
15. **DEFINITIONS.**
- a. **Allotment.** An authorization by an appropriate authority of the agency to incur obligations within a specified amount pursuant to an appropriation or other statutory provision.
 - b. **Allottee.** The authorized official named in an allotment. This official is responsible for the performance of an entire program, a specific identifiable portion of the program, or a distinct operation and is in a position to determine the validity of expenditures required in the performance of the assigned mission. The allottee ensures that the funds are obligated or expended for the purpose designated pursuant to any limitations included in the allotment. The allottee is subject to the penalties imposed by the Anti-deficiency Act for any violation of the allotment terms.
 - c. **Allowance.** A level of obligational authority below the allotment level that identifies funding available to a designated organizational element for a specified activity or subactivity of an appropriation within a prescribed time frame. The sum of allowances under an allotment may not exceed the total of that allotment.
 - d. **Allowee.** The authorized official named in an allowance is responsible for administering the allowance and conforming to any limitation included in the allowance. The allowee is subject to administrative penalties when an allowance is exceeded. The allowee is also subject to the provisions of the Anti-deficiency Act if exceeding the allowance causes the allottee to exceed the total allotment, apportionment, or appropriation.
 - e. **Anti-Deficiency Act.** The Revised Statute 3679 (31 U.S.C 665), as amended, provides that obligations shall not exceed amounts appropriated or apportioned, or amounts allotted for administrative control.
 - f. **Apportionment.** A distribution made by the Office of Management and Budget (OMB) of amounts available for obligation or expenditure in an appropriation into amounts available for specified time

periods, activities, functions, projects, objects, or combinations of these. The amounts so apportioned limit the obligations to be incurred or, when so specified, expenditures to be accrued.

g. Appropriation. An act of Congress that permits Federal agencies to incur obligations and make payments out of the Treasury for specified purposes.

(1) One-Year - Available for obligation from date of enactment until the next September 30 (Operations is this type of appropriation).

(2) Multi-Year - Valid for a stated number of years. For example, the agency's Facilities and Equipment (F&E) appropriations are three-year appropriations. Thus, the FY 1999 F&E appropriation will expire September 30, 2001.

h. Appropriation Limitation. A statutory restriction within an appropriation or other authorization of funds that establishes the maximum amount that may be used for specified purposes.

i. Budget Authority. The authority provided by law to enter into obligations that will result in immediate or future outlays of Government funds. The basic forms of budget authority are appropriations, contract authority and borrowing authority. Authority may be classified by the period of availability (one-year and multi-year), by the timing of Congressional action (current or permanent), or by the manner of determining the amount (definite or indefinite).

j. Budget Estimate. The proposed budget for the budget year. Usually, this estimate is prepared approximately 20 months before the beginning of the fiscal year.

k. Budget Execution. The process of carrying out FAA programs through the utilization of assigned resources and within the timeframe specified for those resources. This process encompasses the periodic review and adjustment of assigned fiscal programs.

l. Budget Formulation. The process that culminates with preparation of the budget estimate. The actual formulation of the budget estimate is usually conducted between October and April each year. However, the formulation process begins much earlier with establishment of long-range plans and objectives, review and analysis of trends and collection of historical budgetary data.

m. Budget Line Item. A Budget line item (BLI) is any F&E program that has funds allocated to it in FAA' budget justification that supports the Presidents' Budget, as may be amended by legislative action and specified in the Appropriations Committees Conference Report. An example of a BLI: 1A01 - Aviation Weather Services Improvements.

n. Budget Officer. Manager, Resource Management Division.

o. Budget Presentation. At the regional level, budget presentation consists of presentation of the Operations budget estimate or request for fiscal programs to the Regional Management Team (RMT). The F&E budget is presented to the Facilities Review Committee (FRC).

p. Ceiling Full-time Equivalent (FTE). Ceiling FTE is the maximum allowable number of FTES that may be used during the fiscal year. This is computed based upon 2,080 hours a year or 26 pay periods.

q. Commitment. Usually the first formally recorded steps in the fund use process. It represents a firm requisition based on a purchase request or directive requiring commencement of actual procurement action or other authorized written evidence that indicates the intention to incur an obligation.

r. Compensable Full-time Equivalent (FTE). The number of FTES paid for during the fiscal year. This is computed based upon 2,080 hours a year plus any workdays in excess of 260 days.

- s. Continuing Resolution. This refers to legislation enacted by Congress to provide budget authority for specific ongoing activities in cases where the regular fiscal year appropriation for such activities has not been enacted by the beginning of the fiscal year. The continuing resolution usually specifies a maximum rate at which the FAA may incur obligations based on the rate of the prior year, the President's budget request, or an appropriation bill passed by either or both Houses of Congress.
- t. End of Year (EOY) Position. The number of full-time permanent (FTP) positions that an office or organization is allowed to have on board at fiscal year end, (September 30). The Office of Budget, ABU-1, or the corresponding headquarters program office provides the number of end of year positions.
- u. Expenditure. Expenditure occurs when an entity is reimbursed for goods or services provided. Usually, an obligation or obligating document will precede expenditure. Expenditure is accomplished by issuing a check or by electronic funds transfer (EFT).
- v. F&E Carry Over. Uncompleted projects of expired appropriations are carried forward to a new appropriation. The region returns funds associated with these projects and new funds are issued in a subsequent appropriation.
- w. Facilities Review Committee (FRC). The regional Facilities Review Committee (FRC) was established by Order 1110.117. Its purpose is to ensure that completed staff work and recommendations are fully coordinated with the budgetary and programming execution activities of the region's F&E program.
- x. Financial Plan. A financial plan is a document that identifies how an organizational unit plans to obligate available funds for specified programs within a prescribed timeframe. A financial plan may identify planned obligations by appropriation, budget activity or subactivity, program, object classification or subclassification, or such other limitations as may be required.
- y. Fiscal Status. The status of the financial activity at a given point in time.
- z. Interdivisional Working Committee (IDWC). Established by Order 1110.117, this group coordinates development of the regional F&E Program.
- aa. Lapsed F&E Project. An F&E project whose appropriation has expired.
- bb. Obligations. Obligations are orders placed, contracts awarded, services received, and similar transactions during a given period requiring disbursement of money. Obligations shall be recorded in the accounting records as soon as authorized officials become aware that the Government is legally committed for expenditure.
- cc. Outlay. The net difference between expenditures and income. If an agency has \$100 million in expenditures but is reimbursed \$1 million from other agencies, the outlay is \$99 million. Outlay ceilings or similar limitations may be imposed when the nation reaches its debt limitation or for other reasons of national policy.
- dd. Position, Full-time Permanent. A full-time permanent (FTP) position is established for 1 year or longer. Employees in these positions are scheduled to work the full 80 hours per pay period.
- ee. Position, Intermittent. A position established to accomplish work on an irregular or occasional basis, with hours or days of work not based on a prearranged schedule, and with compensation only for the time actually employed or for services actually rendered.
- ff. Position, Part-time. Part-time positions that require work on a prearranged schedule of hours or days of work less than the prescribed hours or days of work for fulltime employees in the same group or class. Such positions may be either permanent or temporary appointments.

gg. Position, Temporary. A temporary position is established for a limited period of a year or less (such as seasonal work). Employees in these positions may be scheduled to work fulltime (80 hours per pay period) or part-time (less than 80 hours per pay period).

hh. Project Authorization (PA). A form of written authorization which, while not conveying obligational authority, constitutes an administrative restriction of funds and only applies to the Facilities and Equipment (F&E) Appropriation. Project authorizations assign approved F&E projects and allocate funds to accomplish these assigned projects. No F&E project may be initiated without an approved PA.

ii. Quarterly Review. The review of a fiscal program as scheduled by the region or as requested by the Office of Budget, ABU-1, to revise the program to reflect the latest operational and fiscal changes and to provide guidance for the remainder of the year.

jj. Regional Management Team (RMT). Consists of the Regional Administrator, Regional Executive Manager, Division Managers, and Staff Officers. This team shares budget information among programs and sets regional funding priorities for yearend.

kk. Reimbursable Agreement. A written agreement entered into by authorized representatives of FAA and other parties requiring the furnishing of services/supplies under specifically stipulated conditions, and includes the time period, dollar amount, and billing instructions.

ll. Reimbursable Financial Plan. A financial plan to provide required material or services by the FAA for other Federal and non-Federal agencies.

mm. Refund Program. A financial plan for reimbursement between appropriations within an agency.

nn. Reprogramming. Transfer of funds within or between approved regional program activities. In the F&E Appropriation reprogramming refers to transferring funds between approved F&E projects or requesting additional funds from the Office of Financial Services, ABA-1.

oo. Suballowance. A level of obligational authority below the allowance that identifies funding available to a specific organizational element for a specified activity or subactivity of an appropriation and within a prescribed timeframe. The sum of suballowances under an allowance may not exceed the total of that allowance.

pp. Suballowee. The authorized official named in a suballowance who is responsible for administering the suballowance and conforming to any limitation included in the suballowance. Suballowees are not subject to the provisions of the Anti-Deficiency Act; however, if the suballowance is exceeded, the suballowee is subject to administrative penalties as determined by the allowee.

qq. Trust Fund. Funds collected and used by the Federal Government for carrying out specific purposes and programs according to terms of a trust agreement or statute. Trust fund receipts that are not to be used in the immediate future are generally invested in interest bearing Government securities and earn interest for the fund. Sources of funds for the Airport and Airway Trust Fund are as follows: passenger ticket tax, international passenger tax, aviation fuel tax, aircraft tires and tubes tax, waybill tax, and interest on investments.

rr. User Charge. A fee imposed on the user of some specialized Government service. It is usually imposed when it is considered more equitable that the users pay rather than all taxpayers in general. In the Alaskan Region, user charges have been established under Order AL 2500.7F, for various services provided by the FAA to other Federal and non-Federal users.

16. REFERENCES.

- a. Order 1110.30C, Committee Management.

- b. Order 1110.117, Regional Facilities Review Committees and Interdivisional Working Committees.
- c. Order 1800.2G, Evaluations, Appraisals, and Staff Studies.
- d. Order 1800.8F, National Airspace Configuration Management.
- e. Order 1850.1, Performance of Commercial Activities - OMB Circular A-76.
- f. Order 2500.3F, Reprogramming Appropriated Funds.
- g. Order 2500.4, Facilities and Equipment Activity 5 Personnel and Related Expenses.
- h. Order AL 2500.7E, Reimbursable Services Provided by the FAA, Alaskan Region.
- i. Order 2500.8A, Funding Criteria For Operations, Facilities and Equipment, and Research, Engineering, and Development Accounts.
- j. Order AL 2500.12, Alaskan Region End-of-Year Fiscal Control Procedures.
- k. Order 2500.33A, Furnishing Services at FAA Activities Outside the 48 Contiguous States.
- l. Order 2500.35C, Reimbursable Agreements Covering Services and Materiel Provided by the FAA.
- m. Order 2500.42C, Administrative Control of Funds.
- n. Order 2510.5B, Fiscal Programming and Reporting Procedures for the F&E Appropriations.
- o. Order 2510.6B, Quarterly Reviews, Operations Appropriation.
- p. Order 2510.11B, User Charges.
- q. Order AL 2700.1F, Accounting Procedures and Classifications.
- r. Order 2700.31, Uniform Accounting System Operations Manual.
- s. Order 4660.1, Real Property Handbook.
- t. Order 5100.20B, Program Control and Reporting Procedures, Airport Grants-in-Aid Programs.
- u. Order 5100.38A, Airport Improvement Program (AIP) Handbook.
- v. Order 6011.4, F&E Cost Estimating Procedures and Summaries Handbook.

17. - 19. RESERVED.

CHAPTER 2. FISCAL POLICY

20. OBJECTIVES. The financial management objectives of the Alaskan Region that are to be followed in the formulation and execution of the budget are as follows:

- a. Prudent management of resources at all organizational levels to assure that the agency and the taxpayer receive the maximum benefit from each hour worked and dollar expended.
- b. Periodic analysis of both recurring operations and new programs to ensure that benefits derived justify the costs incurred.
- c. Improve work methods and conditions to assure optimum utilization of available funds.
- d. Request through the budget process only those resources that are absolutely essential to the agency mission and which can be adequately justified.
- e. Assure that all employees making decisions involving the utilization of resources are fully aware of the overall economic/fiscal impact of such actions. For example, consideration should be given to both immediate capital expenditures and the increased operational or maintenance costs which will result.
- f. When functional areas cross organizational lines, such as housing, household furnishings, vehicles, etc., consideration will be given to the needs of each organization involved.

21. RESPONSIBILITIES OF THE FINANCIAL SERVICES STAFF, AAL-41.

- a. Carries out the budget formulation and execution responsibilities for the Regional Administrators.
- b. Supports regional program divisions by pricing, providing technical budget advice, validating estimates, meeting deadlines, and organizing and compiling budget estimates.
- c. Helps ensure coordination among regional program divisions.
- d. Advises regional program division managers and, through the Regional Administrator, advises the associate administrators and office and service directors on budget problems, shortfalls, and perceived imbalances.
- e. Assists the allowees and suballowees in maintaining the integrity of the allowances and suballowances to ensure that funds are not exceeded.
- f. Receives and distributes the allowances and suballowances that are controlled by the Regional Administrator.
- g. Manages the Regional Administrator's reserve fund for unforeseen needs and emergencies.
- h. Implements agency budgetary policies and procedures, evaluates their effectiveness and recommends modifications to ABU-1. Develops and implements regional budgetary policies and procedures.
- i. Promotes region-wide understanding of sound financial management in the formulation, presentation, and execution of the budget.

j. Develops financial, employment, and FTE plans for non-straightlined organizations; ensures that they are monitored, and identifies any deviation from plans.

k. Assists in the development of financial, employment, and FTE plans in collaboration with regional operating program divisions; ensures that they are monitored and identifies any deviation from plans.

l. Provides support to ABU-1 and Washington headquarters program offices, as necessary.

22. RESPONSIBILITIES OF REGIONAL HEADQUARTERS DIVISION AND STAFF MANAGERS.

a. Request and justify the positions and funding required to efficiently operate their programs for inclusion in annual budget estimates and annual and quarterly fiscal programs.

b. Manage fiscal and staffing allowances in accordance with the contents of this order or procedures prescribed by ABU-1 and their national program office.

c. Manage and control obligation of division and field funds.

d. Evaluate each action to fill vacant positions to assure there is a current valid need for filling the vacancy.

e. Review budget estimates, requests for financial operating plans, quarterly review estimates, and other funding and staffing requests submitted by subordinate offices to ensure that the objectives set forth in paragraph 20 above have been met.

f. Promote an understanding of the budgetary processes and an awareness of cost-consciousness among all employees under their supervision.

g. Serve as the allowee or suballowee for funds distributed to the region and ensures that funds are obligated or expended within the limits set forth in the allowance or suballowance.

h. Assure that annual and quarterly suballowances are not exceeded without coordination and approval from AAL-41, ABU-1, and/or their national program office, as appropriate.

i. Develop financial plans in collaboration with their national program offices and AAL-41, as appropriate, and adhere to these plans.

j. Ensure compliance with hiring and FTE ceilings.

23. RESPONSIBILITIES OF FIELD FACILITY MANAGERS.

a. Develop and submit justified estimates of staffing and fiscal requirements to the appropriate program division.

b. Manage all assigned fiscal and staffing resources in accordance with the objectives cited in paragraph 20 above.

24. RESPONSIBILITIES OF REGIONAL MANAGEMENT TEAM (RMT).

a. Promote coordination among program activities.

b. Establish work groups as necessary for the review of specific resource management issues, preparation of assessments and/or status reports as required.

c. Aid in prioritizing resource requests, when appropriate.

d. Meet, at the executive level, on an as-needed basis to share information that addresses organizational changes, growth and significant impact areas.

25-29. RESERVED.

CHAPTER 3. BUDGET FORMULATION - OPERATIONS APPROPRIATION

30. BASIC CONCEPTS. The region is involved in varying degrees in the agency's budget formulation process. Either ABU-1 or the national program offices may request regional input for the agency's budget request. The following references should be used in responding to the requests:

- a. National Goals and Policies
- b. Regional Goals and Objectives
- c. The Strategic Plan under the Performance and Results Act of 1993
- d. Activity Forecasts
- e. Projected Changes in Service or Equipment
- f. Environmental Changes
- g. Capital Investment Plan

31. -39. RESERVED.

CHAPTER 4. BUDGET EXECUTION - OPERATIONS APPROPRIATION

40. FISCAL TARGETS. ABU-1 and headquarters program offices establish fiscal targets for the region at the beginning of the fiscal year. In the event that such targets are not assigned to the region on or before the start of the fiscal year (October 1), headquarters provides interim operating guidelines. The non-straightlined division managers, staff officers, and the Regional Administrator review fiscal targets for regional non-straightlined divisions and staff offices. Once approved by the Regional Administrator, fiscal targets are provided to the non-straightlined organizations.

41. CONTROL OF FUNDS.

a. Legal Requirement. All funds assigned to the region must be adequately controlled to assure that such funds are utilized for the purpose for which appropriated, that maximum and effective utilization is being made of resources, and that obligations do not exceed assigned funds. Obligations exceeding assigned funds provided in a quarterly or annual program could result in a violation of the Anti-Deficiency Act, Section 3679 of the Revised Statutes, as amended (31 U.S.C. 665).

b. Responsibility for Control. Each division and staff manager in the region is ultimately responsible for the resources assigned to his/her organization. Such resources may be assigned to subordinate organization levels; however, care must be taken to ensure that responsibility is clearly established with respect to utilization and control of all resources.

c. Internal Organizational Controls.

(1) Control must be established at every level at which funds are programmed so that a simple but accurate record of the funds utilized can be maintained. Controls must be in accordance with requirements of OMB Circular A-123.

(2) The Departmental Accounting and Financial Information System (DAFIS) reports reflect the agency's financial position. The use of DAFIS reports should be encouraged at the lowest practicable level of responsibility and cuff records maintained only to the extent absolutely essential. A check stub or cuff record type of control is sufficient when use of DAFIS reports is not feasible or for intervening periods between DAFIS reports. All cuff records should be reconciled with the DAFIS reports periodically.

(3) At least quarterly, each division and staff office should validate unliquidated obligations with particular emphasis on those of a significant amount to ensure that invalid obligations are canceled, thus permitting the timely utilization of available funds.

(4) Each staff office and division can access, through the Electronic Reports Distribution System, (ERD), an Appropriation Status Report (RIS: 22-8F) weekly, which shows the actual obligations incurred. In addition, staff offices and divisions may receive, upon request, a copy of the regional fund status showing funds assigned through the current quarter, actual obligations incurred, and the balance available.

(5) Field managers are expected to effectively manage the resources given to them by the program divisions. This applies to the Air Traffic, Airway Facilities, and Flight Standards Divisions. It is the responsibility of each program division to prescribe and issue guidelines, instructions, and policies to field facilities, and to determine what resources are the responsibility of field facilities to manage. Clear communications are essential in the performance of this function.

42. FINANCIAL PLANS. Upon receipt of annual fiscal targets from ABU-1, the region prepares financial plans that serve as the basis for issuing allowances and suballowances by quarter for the fiscal year. The region prepares a series of financial plans throughout the fiscal year, usually after the receipt of revised allowances or suballowances based on a quarterly review (see paragraph 45). Financial plans are prepared in accordance with Orders 2500.42C and 2510.6B, and are due to ABU-1 or the appropriate national program office seven working days after receipt of the fiscal targets or revised allowances.

43. ALLOWANCES AND SUBALLOWANCES.

a. Allowances and suballowances are issued by ABU-1 on FAA Form 2510-17, Budgetary Authorization, and are a means of giving the needed authority to incur obligations for a specific program, segment of a program, or administrative activity within the framework of higher controls; i.e., apportionments and allotments. The Regional Administrator is the allowee for the region's nonstraightlined programs, i.e., Administration Other and Human Resource Management programs. Straightlined managers are the suballowees for the fiscal programs under their control.

b. Unobligated funds within an allowance or suballowance that are not used in one quarter remain available for obligation in subsequent quarters unless withdrawn through an allowance or suballowance revision.

c. Changes to allowances and suballowances:

(1) All changes are issued by ABU-1 using FAA Form 2510-7.

(2) Changes to allowances and suballowances made necessary as a result of changes approved in a quarterly review are issued after receipt of a revised financial plan.

44. CONTROL OF STAFFING.

a. FAA Form 1412, Part IV, Staffing Authorization and Chart, is used to monitor full-time permanent positions and other than full-time permanent positions. These documents are provided monthly or as requested by AAL-41 or other divisions through use of the Consolidated Personnel Management Information System (CPMIS). The CPMIS is updated as needed by straightlined organizations, AAL-41 and Human Resource Management Division, AAL-10.

b. Each division and staff manager is responsible for ensuring that approved staffing levels are not exceeded without prior coordination with AAL-41 for non-straightlined divisions and staff offices, or the appropriate headquarters program office for straightlined divisions.

45. QUARTERLY REVIEWS.

a. A comprehensive review of fiscal programs is made after each quarter ends, to evaluate the region's financial status and to validate and reconfirm resource requirements. Unless otherwise advised, quarterly reviews are required only for the first, second, and third fiscal quarters of the year. The quarterly review will be used to explain deviations in the period being reported and to request and justify changes to the annual allowances or suballowances.

b. Quarterly reviews are completed in accordance with Order 2510.6B. Completed quarterly reviews are due in headquarters 13 working days after the end of the quarter.

46. END-OF-YEAR FISCAL CONTROL.

a. General. The need for positive fiscal control during fiscal yearend cannot be overemphasized. Specific instructions for end-of-year fiscal control are contained in Order AL 2500.12. Each division and staff

manager to whom funds have been allocated is responsible for assuring that such funds will either be utilized by fiscal yearend or returned to AAL-41 on or before August 31.

b. Resource Management Division, AAL-40, shall ensure that a valid obligation document is on file for all unpaid obligations being reported in the fiscal status reports that are distributed to each division and staff office.

47. -49. RESERVED.

CHAPTER 5. FACILITIES REVIEW COMMITTEE (FRC)

50. PURPOSE. The purpose of the Facilities Review Committee (FRC) is to ensure that completed staff work and recommendations are fully coordinated with the budgetary and programming execution activities of the region's Facilities and Equipment (F&E) program. Order 1110.117 further defines the FRC.

51. MEMBERSHIP.

- | | | |
|----|---|--------------------------------------|
| a. | Regional Administrator | Chair |
| b. | Regional Executive Manager | Member |
| c. | Customer Support Staff Representative | Member |
| d. | Manager, Logistics Division | Member |
| e. | Manager, Resource Management Division | Member |
| f. | Manager, Flight Standards Division | Member |
| g. | Manager, Airway Facilities Division | Executive Secretary |
| h. | Manager, Air Traffic Division | Member |
| i. | Manager, Airports Division | Member |
| j. | Manager, Anchorage NAS Implementation Center | Member/Alternate Executive Secretary |
| k. | Program Manager, Anchorage Flight Procedures Office | Member |

52. RESPONSIBILITIES. The responsibilities of the FRC include:

- a. Approval or disapproval of the recommendations of the IDWC in procedural and other matters relating to the F&E program,
- b. Reviewing the quarterly F&E Basic Fiscal Program (BFP), and
- c. Review of the individual reprogramming requests to be submitted with the region's quarterly Report of Project and Fund Adjustments.

53. -59. RESERVED.

CHAPTER 6. INTERDIVISIONAL WORKING COMMITTEE

60. PURPOSE. An IDWC is established to promote coordinated development and execution of the regional F&E program. The IDWC is explained in Order 1110.117.
61. MEMBERSHIP. The IDWC shall consist of permanent representation at the branch manager level from the Anchorage NAS Implementation Center (ANI), the Flight Standards, Aviation System Standards (ANC FPO), Airway Facilities, Air Traffic, Logistics, and Airports Divisions, as well as representatives from the Customer Support Staff and Resource Management Division.
62. CHAIR. An Anchorage NAS Implementation Center representative chairs the IDWC.
63. MEETINGS. No set schedule of meetings is established. The chair shall call meetings as necessary to complete the work assigned to the IDWC; however, any regular member of the committee may request a meeting to consider unforeseen tasks. Attendance at IDWC meetings is limited to membership except on occasions where other program input is desirable on non-routine issues, or a member desires additional input from a staff member. The IDWC meetings should function in accordance with Orders 1110.30B and 1110.117.
64. OUTPUT. IDWC work presented to the FRC shall consist of documented, completed staff work in the form of recommended project solutions and other recommendations on issues or problems falling in the planning/programming technical cycle and/or the budgetary cycle. When circumstances warrant, unresolved issues and problems may be presented for action. It is anticipated that this occurrence will be rare since the primary responsibility of the IDWC is to develop coordinated, feasible solutions.
65. RESPONSIBILITIES.
- a. The IDWC shall act as the FINAL COORDINATION FORUM for the accomplishment of completed staff work associated with those activities that fall under the responsibilities outlined for the FRC in Chapter 5.
 - b. In carrying out the functions specified in paragraph 65a above, the IDWC shall:
 - (1) Review proposed projects, staff studies, and justifications.
 - (2) Analyze appraisals of technical requirements.
 - (3) Validate criteria statements and projections.
 - (4) Develop and recommend program priorities.
 - (5) Complete interdivisional coordination.
 - (6) Prepare recommendation packages in final format for FRC consideration.
 - c. The "packages" required in paragraph 65b(6) above shall be prepared as completed staff work and shall contain, in addition to the recommended course of action, a record of those actions, issues, and problems on which the IDWC decided to take no action or rejected. When consensus is not possible, any dissenting opinions must be documented. The IDWC develops its recommendations through problem resolution techniques and total committee consensus. Voting to resolve disputes or differences in position is not permitted as an acceptable means of accomplishing IDWC business. The IDWC critically reviews project proposals to assure

coordination and that all resource requirements are adequately justified. All documents, upon completion of IDWC action, shall be coordinated with the FRC prior to a decision by the Regional Administrator.

d. Annually, immediately upon completion of the regional F&E submission, the IDWC will develop a flow chart, outlining the process to be used in developing, compiling, and justifying the next F&E budget submission. This chart will specify dates insofar as is practicable at the time of development and will be subsequently updated to meet the specified dates in the region's F&E Call for Estimates.

66. QUORUM FOR CONDUCT OF IDWC BUSINESS. The IDWC shall not conduct business unless a majority of the members are represented. Acting representatives specifically designated by the division manager must have full authority to commit the division to the courses of action required.

67. REPORTING. ANI-700 will publish minutes of IDWC activities. Negative actions or rejections discussed in paragraph 65c above shall be adequately documented and presented to the FRC for review.

68. FUNCTIONAL RELATIONSHIPS. Establishment of the IDWC in no way relieves or supplants each division or staff office in the conduct of its basic functions. The IDWC provides a forum or mechanism for the coordination and resolution of problems and issues requiring interdivisional consideration. It provides completed staff work to the region's FRC.

69. RESERVED.

CHAPTER 7. FORMULATION OF THE FACILITIES AND EQUIPMENT (F&E) BUDGET

70. POLICY. This chapter establishes responsibilities, regional fiscal policy, and procedural guidance in providing for air traffic control and air navigation facilities under the F&E Appropriation. It is applicable to the activities of the Air Traffic, Airway Facilities, Flight Standards, Airports, Logistics, and Resource Management Divisions, Aviation System Standards, Anchorage NAS Implementation Center, and the Customer Support Staff. Specific submission criteria are reflected in the F&E Call for Estimates order.

71. GENERAL. The F&E Appropriation is the primary means of securing project assignments for installing new equipment, modernizing existing facilities, and establishing facilities needed to keep pace with increasing aeronautical activities. Major programs or projects that involve significant technological and/or agency policy changes are normally fostered and developed in the Washington Office in coordination with the regional offices. These programs/projects are usually national in scope and their accomplishment may span several budget years, with the individual locations being included each year on a priority basis. Requirements for modernizing, expanding, rearranging, and/or relocating existing facilities are normally generated at the regional level. The responsibility for justifying these projects rests basically with the operating programs. Each region, therefore, has a basic responsibility for determining new and/or modified requirements based primarily on currently established technology and criteria. The processing of project proposals involves four primary phases:

- a. The planning/programming phase of project development relates primarily to determining and justifying the need for new or improved facilities and equipment. The common reference point for all regional elements to initiate this phase shall be past F&E budget submissions and the current Capital Investment Plan (CIP). Planning/programming should flow from the plans, but need not be restricted solely to their scheduled provisions.
- b. The technical and engineering phase of project development involves a determination of the technical feasibility, equipment and material requirements, and overall cost estimates. It may require funds for on site investigations, pre-engineering, or environmental assessment costs.
- c. The budget phase involves processing individual projects for approval and inclusion in the proposed budget submission in response to the F&E Call for Estimates.
- d. The execution phase is the actual accomplishment of those projects which have been submitted in the F&E Call for Estimates and subsequently approved at the national level.

72. RESPONSIBILITIES AND PROCEDURES.

a. Air Traffic Facility Managers, Airway Facilities System Management Office/Systems Service Center (SMO/SSC) Managers, and Flight Standards Managers. The preparation of the basic justification and recommendations for specific budget items, as related to the individual needs of a facility, is the responsibility of the Air Traffic facility manager and/or Airway Facilities SMO/SSC manager and/or Flight Standards managers, depending upon the nature of the item. Proposed projects shall be submitted to the appropriate program division manager.

(1) Air Traffic Facility Managers. Air Traffic facility managers shall assist the Air Traffic Division in the development and maintenance of an F&E plan which includes the projection of traffic conditions at each facility sufficiently in advance to permit the timely processing of F&E projects through the regular budgetary cycle. Each facility manager shall monitor facility activity to determine what facility improvements

will be needed and when they will be required. To ensure that services to users will not be derogated, consideration is given to past trends, growth rate, facility efficiency, overall safety, airspace utilization, and agency criteria.

(2) Airway Facilities SMO/SSC Managers. Airway Facilities managers shall identify and justify items in each SMO/SSC that qualify for consideration. Specifically, each manager shall monitor the activity of the SMO/SSC, giving consideration to facility operating efficiency, maintenance costs, interference problems, increase in supply support costs, and other technical considerations.

b. Project Submission Criteria. Projects which are submitted by the Air Traffic facility managers and Airway Facilities managers should be concerned primarily with describing the problem, recommending a proposed solution, justifying the need to resolve the problem, and, if not resolved, describing the effect the problem will have on future operations.

(1) Photographs, maps, sketches, and backup correspondence should accompany the submission. Providing this material eliminates or greatly reduces lengthy narrative descriptions and helps justify the project.

(2) All projects generated at the facility/SMO/SSC level shall be fully coordinated between the Air Traffic and Airway Facilities elements prior to submission if such projects will affect both operational elements.

(3) Recommendations for proposed items are submitted throughout the year, as the requirements become known. Program divisions will issue written instructions to field facilities regarding form and content of facility/SMO/SSC level proposals. The final proposed items must conform to the Capital Investment Plan, or be of a significant priority to justify inclusion in the proposal. The Air Traffic or Airway Facilities Division, in conjunction with the Anchorage Flight Procedures Office (ANC FPO), must validate NAVAID projects.

c. Regional Office Divisions issue specific written instructions to field offices for individual program response, procedure, format, and timing. The final project document shall be prepared in the regional office through efforts of the major program divisions and AAL-40. It is expected that each division manager will contribute toward the development of a sound regional position with respect to each particular area of concern. The submission, when completed, should represent the coordinated thoughts and efforts of all organizational elements. To ensure that the coordinated effort of all organizational elements is attained, an IDWC is established. The functions and responsibilities of this committee are outlined in Chapter 6 of this directive.

(1) The Manager, Air Traffic Division, shall:

(a) Review all the elements of the proposed projects submitted by the Air Traffic facility managers to assure that all operational requirements are covered and that the proposed action does not conflict with current or proposed agency air traffic control policies or criteria and agency planning standards.

(b) Determine the effect the proposed action will have on other proposed projects and programs for existing air traffic control facilities.

(c) Assure that the operational benefits to be derived from the project are equal to or greater than the cost.

(d) If air traffic activity counts are used in the justification, determine their accuracy and whether they reflect the latest data available.

(e) Review the F&E Call for Estimates, and prepare appropriate recommendations for other items not considered by the facility managers, and forward all Air Traffic Division proposals to the Airway Facilities Division for continued action.

(2) The Manager, Airway Facilities Division and ANI-700, shall:

(a) Review the scope of all proposed projects submitted by Airway Facilities SMO/SSC managers and SMO/SSC field offices to assure that all technical requirements are considered and that the proposed items do not conflict with agency policies, criteria, and/or planning standards.

(b) Determine the effect the actions proposed by the Airway Facilities field elements will have on other proposed projects and programs.

(c) Review proposed projects recommended by other program divisions with regard to technical feasibility, appropriateness of the solution proposed, and the impact on assigned programs.

(d) Develop cost estimates to accomplish the proposed projects.

(e) Prepare, coordinate, and present the proposed F&E submission to the FRC.

(f) After FRC review and approval, coordinate with AAL-40 to develop the final F&E project descriptions, justifications, and project priority lists. Assure that the final package is coordinated with all interested divisions and staff offices, and transmit to AAL-41 for submission to ABU-1.

(g) In conjunction with the Anchorage Flight Procedures Office (ANC FPO), develop justifications for terminal navigational aids and visual navigation aids that affect instrument flight and instrument approach minimums. Flight Standards will help develop justifications with respect to flight safety operational requirements. Justifications for those projects are forwarded to ANI-700 for costing and inclusion in the budget phase.

(h) For the Regional Administrator's signature prepare a highlight statement and cover letter to accompany the hard copy of the budget submission. Arrange for printing and distribution of the completed budget.

(3) The Manager, Airports Division, shall review recommendations for NAVAID facilities relative to the Airport Improvement Program (AIP) and the CIP and advise the appropriate program division of any differences detected between the F&E and the AIP or CIP programs.

(4) The Manager, Logistics Division, shall coordinate with program divisions and staff offices, as necessary, in developing justification and project documents for acquisition of administrative space, including Government-furnished employee housing. Guidelines and procedures for preparation of project documents are contained in Order 4660.1.

(5) The Manager, Resource Management Division, shall:

(a) Coordinate and review each project proposal with the appropriate divisions to determine the potential impact on the region's overall budget submission.

(b) Review and substantiate that the completed submission is in accordance with appropriate directives.

(c) Effect appropriate coordination with ABU-1 regarding matters relating to the region's submission and act as the liaison between the region and ABU-1 on matters relating to the F&E Program.

73. PRIORITY RANKING OF PROJECTS. ANI-700, in coordination with program divisions, shall prepare a ranking of regional F&E projects for the IDWC. The IDWC shall validate the priority ranking before presenting the regional F&E budget submission to the FRC.

74. - 79. RESERVED.

CHAPTER 8. EXECUTION OF THE FACILITIES AND EQUIPMENT PROGRAM

80. GENERAL. The physical accomplishment of F&E projects is a responsibility of the Airway Facilities Division and the Anchorage NAS Implementation Center, ANI-700. Program execution includes physical project accomplishment and:

- a. Developing a fiscal program.
- b. Processing fiscal adjustments.
- c. Reprogramming proposals.
- d. Periodic fiscal status reporting.

81. PROJECT AUTHORIZATION. The Congress, as a part of the Department of Transportation Appropriation Act, approves F&E Budget Line Items. Approved projects are assigned to the region for accomplishment through issuance of FAA Form 2510-11, Project Authorization, (PA), by ABU-1 and Capital Budget Division, ABU-300. The PA gives the project title, location, fiscal coding, and amount. NOTE: A PROJECT AUTHORIZATION DOES NOT CONSTITUTE AUTHORITY TO INCUR AN OBLIGATION AGAINST THE PROJECT. (See paragraph 85c(2) for authority to obligate.)

- a. Approved projects are initially received in ANI-700, through the Regional Tracking Program (RTP). Information copies of each PA are provided to program divisions, the Logistics Division, AAL-50, and AAL-40.
- b. All PA'S will generally be entered into the DAFIS during the month in which the PA is received.
- c. Authorized project funds shall be used only for work specifically described in the approved project narrative and cost estimate documents.

82. LOCAL PROJECTS FUNDS. The Region is provided, by PA, an annual fund for local operational requirements not covered by other approved F&E projects. The amount available is determined annually by FAA headquarters. The use and restriction of this fund is covered in Order 2500.3F. If a decision about funding proposed projects is needed, the priority ranking process described in paragraph 73 may be used.

83. AVAILABILITY OF APPROPRIATED FUNDS. F&E appropriations are multi-year appropriations. Congress determines the number of years that an F&E appropriation is available. Effective with FY 1992, the appropriated funds are available for three years for all activities except personnel, compensation, benefits, and travel (PCB&T). Project funds approved in the FY 1999 appropriation must be obligated prior to the end of FY 2001. PCB&T funds are available for one year only.

84. REPROGRAMMING REQUESTS. The transfer of funds from one project to another is accomplished through reprogramming actions. New projects that cannot await the normal budget cycle, place/name changes, and cancellations are also considered reprogramming actions. These actions are approved at either the regional or Washington headquarters level. The format and procedure for initiating such action for new projects, place/name changes, and cancellations shall follow guidance provided by ABU-300. ANI-700 has authority to reprogram funds within regional limits delegated by Order 2500.3F. All fund adjustments, regardless of amount, shall be properly documented in the appropriate project folders.

- a. ANI-700 prepares and signs proposed reprogramming actions that can be accomplished within regionally delegated authority.
- b. Proposed reprogramming actions requiring Washington headquarters approval are prepared for the Regional Administrator's approval.
- c. All reprogramming requests requiring Washington headquarters approval are coordinated with the IDWC members and the FRC.

85. REPORTING PROCEDURES.

- a. Report of Project and Fund Adjustments (RIS: BU 2510-16). Reports and reprogramming requests being sent to Washington for approval are due to ABU-300 by the 15th of the second month of each quarter.
- b. Preparation of Reprogramming Requests. All proposals to reprogram F&E funds for cost increases outside the Regional delegated authority on approved projects, to cancel existing projects, or to fund proposed new projects shall be reviewed by the IDWC and the FRC prior to submission to AAL-41 or ABU-300. To assure prompt action on reprogramming requests, it is of utmost importance that complete and meaningful justification be presented. As a minimum, the following elements are considered applicable to most requests:
 - (1) Problem. The problem shall be expressed in terms of operational deficiencies; e.g., how service to the public is derogated, etc.
 - (2) Discussion. Give background information including factual data on activity, climatology studies, instances of failure, missed approaches, etc. Analysis of the facts shall be set forth, guided by cost versus benefits approach. The major alternatives that were considered shall be enumerated. Advantages and disadvantages, including a dollar estimate, shall be given for each alternative. For cost increases, state the reason the cost is higher than the initial estimate.
 - (3) Recommended Solution. The advantages and disadvantages of the recommended solution in relation to the other alternatives shall be explained.
 - (4) Impact to Operations Appropriation. The impact on the operation of the proposed facility must be brought out in terms of additional operating and maintenance resources required or savings which will accrue to the agency, the Federal Government, or to the aviation community in current or subsequent fiscal years. The impact shall identify the effects of the increase/decrease on the Operations Appropriation regarding:
 - (a) Positions and FTEs,
 - (b) Personnel costs and benefits,
 - (c) Other costs; e.g., leased lines, utilities, etc.
 - (d) Whether additional requirements can or cannot be absorbed within Operations Appropriation funds available to the organization(s) involved for both current and budget year. Benefits that cannot be measured in terms of cost analysis should also be discussed.
 - (5) Applicable Material Lists. List applicable Washington provided material that is not already on hand but is necessary to complete project.
 - (6) Other Information. Include other pertinent information such as runway number, discussions with Washington program offices, etc.

(7) Requested and/or Currently Assigned Funds. For new projects show funds required. For projects already approved show total funds required, with funds currently assigned reflected on the line below.

(8) Source of Funding. Fund sources will be added to the reprogramming request after FRC review. Funding sources cited are to be stated in detail, including project coding. Projects recommended for deletion shall show clearly why the project is either no longer required or can be deferred. Although a project may be considered the lowest priority in one region and recommended for deletion, should there be a priority need elsewhere, the project and funds may be transferred to satisfy national program needs. In such cases, the region may be requested to submit alternate proposals, as necessary, to cover deficiencies.

c. The BFP for the direct and reimbursable appropriations, and the financial plan for Activity 5 costs (PCB&T), are prepared by ANI-700.

(1) In preparation for submitting the BFP and in compliance with Order 2510.5A, ANI-700 will perform a comprehensive review of each F&E appropriation. This review will compare actual obligations to planned obligations for the quarter just concluded; provide an explanation of variances and planned versus actual staffing; and identify projected obligations each quarter by appropriation for the remainder of the fiscal year.

(2) Based on the BFP, ABU-300 issues allowances as needed or requested. It is not legal to incur fiscal obligations until sufficient allowance has been received.

d. Any special requirements identified by AAL-41 or ABU-300 may also be included in the quarterly review submission.

86. SPECIAL SUBMISSIONS. Items which are considered to be so significant or urgent that they cannot be delayed for normal budget submission or the next quarterly fiscal summary review should be submitted to ANI-700 as soon as the requirement is recognized. The submissions shall be prepared and forwarded as outlined in paragraph 85b. The submission shall include complete justification for the urgency of the project.

87. FLIGHT INSPECTION FOR F&E PROJECTS. Flight inspection hours for the F&E projects are charged against the Aviation System Standards Direct Operations Program. AVN is then reimbursed from the F&E appropriation. This transfer of funds between appropriations within an agency is not a reimbursable program, but is referred to as a Refund Program.

88. -89. RESERVED.

CHAPTER 9. ADMINISTRATION OF THE AIRPORT IMPROVEMENT PROGRAM (AIP)

90. BACKGROUND.

a. The current grant program, known as the Airport Improvement Program (AIP), was established by the Airport and Airway Improvement Act of 1982 (Title V of the Tax Equity and Fiscal Responsibility Act of 1982, Public Law 97-248, September 3, 1982). It provides funding for airport planning and development. Funding is provided through the Airport and Airway Trust Fund. The 1982 Act also authorizes funds for noise compatibility planning and carrying out noise compatibility programs as set forth in the Aviation Safety and Noise Abatement Act of 1979 (P.L. 96-193). Congress extended this program through fiscal year 2000 via HR 4328: FY 99 Omnibus Appropriations Act.

b. Trust funds, generally speaking, are available only to public agencies such as states, boroughs, municipalities, and other similar subdivisions. Federal grants under the act are on a matching basis with the Federal Government and the sponsoring organization providing funds based on formulas contained in the act.

91. PROCEDURES. Control and management of AIP funds is a responsibility of the Airports Division Manager, AAL-600. Procedures followed in the Alaskan Region shall conform to Orders 5100.20B and 5100.38A.

a. AAL-41 monitors the allocations, ensuring that they are not exceeded.

b. AAL-41 initiates a reconciliation process each month.

92. DELEGATION OF AUTHORITY FOR AIP. The Budget Officer is authorized to evaluate and request obligating and liquidating allotments from ABU-200.

93. REQUESTS FOR FEDERAL ASSISTANCE. Prospective sponsors interested in Federal assistance for developing an airport should be directed to AAL-600.

94. -99. RESERVED.

CHAPTER 10. REIMBURSABLE AGREEMENTS

100. GENERAL. All agreements covering services and/or supplies provided by the FAA to others must be prepared and executed in accordance with Orders 2500.33A and 2500.35C. The contents of these orders are not repeated in this chapter; however, clarification is provided on certain items.

101. AGREEMENTS COVERING SERVICES OR SUPPLIES PROVIDED BY FAA.

- a. Order AL 2500.7F contains procedures and information relative to agreements under which the FAA Alaskan Region provides services or supplies to others.
- b. Regional office operating divisions compile data for proposed agreements involving services or supplies within their area of responsibility. Advice and assistance is obtained from the Logistics Division, AAL-50. After all pertinent data has been accumulated, a request for an agreement is prepared and forwarded to AAL-50 for processing.
- c. Proposed agreements are prepared in AAL-50 to ensure that the agreement complies with existing laws and regulations. AAL-41 reviews the agreements to determine accuracy of estimates, validity of cost factors, and the consideration of all applicable direct and indirect costs. Prior to acceptance, AAL-40 shall verify each agreement as to propriety and adequacy of instructions relating to financial transactions (reference Order 2700.31, paragraph 562). After all involved parties have signed the agreement they shall then be forwarded to AAL-41 for final processing.
- d. A reimbursable agreement number is provided by AAL-41 in accordance with Order 2500.35C.
- e. Agreements are then forwarded to Washington for provision of funds to cover the agreement and, when required, the assignment of a national agreement numbers. Upon receipt of funds from Washington, AAL-41 programs funds for Operations Reimbursable agreements to the appropriate division. F&E reimbursable Project Allowances are issued to the region through the automated Project Allowance Module process and allowance must be requested to ABU-300. NOTE: No costs shall be incurred under a reimbursable agreement until an approved fiscal program and allowance of funds for such purpose has been received from Washington.
- f. Each agreement shall contain provisions for obtaining full reimbursement for both direct and indirect costs. The following instructions should be used in applying this guidance:
 - (1) Percentages to be applied for overhead costs for administrative services that are contained in Appendix 2 of Order 2500.35C, include both regional and Washington office overhead costs.
 - (2) Depreciation of buildings must be considered as a cost element in agreements that require the use of FAA-owned buildings in the execution of a reimbursable agreement with non-Federal parties.
 - (3) Equipment depreciation is considered a cost element in each agreement with non-Federal parties when there is use of FAA-owned equipment. Actual cost recovery is established on a case-by-case basis.
- g. All reimbursable agreements must be supported by documentation in the files showing methods of computation, cost factors used, and reasons for including or excluding indirect costs explained in paragraph 101-f (2) and (3) above.
- h. The FAA must be assured that adequate reimbursement is being received for services rendered and that the recipient is not being overcharged. Therefore, the appropriate program division, to ensure that the

agreement is accurate, shall review all recurring reimbursable agreements in depth at least annually. User charge rates shall be reviewed and revised as necessary, and submitted by the Airway Facilities Division to AAL-41, in writing, by August 1.

102. WAIVER OF REIMBURSEMENT. Under certain conditions, exceptions may be granted to the general policy of recovering full cost. The exceptions are as follows:

- a. The incremental cost of collecting the fees would be an unduly large part of the receipts from the activity.
- b. The furnishing of the service without charge is an appropriate courtesy to a foreign country or international organization; or comparable fees are set on a reciprocal basis with a foreign country.
- c. The recipient is engaged in a nonprofit activity designed for the public safety, health, or welfare.
- d. Payment of the full fee by a state, local government, or nonprofit group would not be in the interest of the program.

103. -109. RESERVED.

CHAPTER 11. PROPRIETY OF CHARGES

110. GENERAL. Funds available under the various appropriations may be used for procurement of supplies, services, and equipment. Many times there is confusion as to which appropriation should be charged for a specific item or service. The purpose of this chapter is to provide clarification and guidelines that will assist in the proper expenditure of funds.

111. OPERATIONS VERSUS F&E FUNDING. Order 2500.8A defines types of purchases and services common to both appropriations that should be charged to each of the appropriations. If questions arise, AAL-41 is to be contacted for assistance. In unresolved cases, the Resource Management Division Manager, AAL-40, determines the proper expenditure of funds.

112. OTHER OPERATIONS FISCAL PROGRAMS. Funds provided under the various Operations appropriation fiscal programs (Air Traffic, Airway Facilities, Airports, Flight Standards, Medical, etc.) are to be used for procurement of items and services unique to the specific program.

113 - 119. RESERVED.

