



Commonwealth of Pennsylvania
GOVERNOR'S OFFICE

MANAGEMENT DIRECTIVE

105.4

Number

Subject:

Allocation and Allotment of Funds for Non-ICS Transactions

By Direction of:

Robert A. Bittenbender, Secretary of the Budget

Date:

October 22, 1984

Funds, excluding Capital Facilities Fund appropriations, are to be allocated and allotted as shown herein. This directive applies to all agencies that will not have their accounting transactions processed by the Integrated Central Systems (ICS).

1. **PURPOSE.** To establish policy, responsibilities, and procedures relating to the allocation and allotment of funds, excluding Capital Facilities Fund appropriations.

2. **SCOPE.** Applies to all agencies not using ICS to process accounting transactions.

3. **OBJECTIVE.** To insure that the allocation and allotment of funds are consistent with current budgetary and policy considerations.

4. **DEFINITIONS.**

a. **Appropriation.** An appropriation or an executive authorization.

b. **Expenditure Symbol Notification.** The numbered letter sent by the Secretary of the Budget to the Auditor General and the State Treasurer to notify them of the passage of appropriations, issuance of executive authorizations, and establishment of expenditure symbol numbers.

c. **Minimum Continuation Costs.** The present complement payroll and normal operating (major object 300) expenses. The term does not include expenditures for new programs or services, fixed asset (major object 400) purchases, expansion of present programs, and initial acquisition or purchase of services.

d. **Nonbudgeted Account.** Funding that is not limited to a specific time period or controlled by a spending authorization, i.e., appropriation or executive authorization. Disbursements from a nonbudgeted account are limited only by the availability of its resources.

5. **POLICY.**

a. Budgetary control over appropriations shall be exercised through the allocation and allotment processes.

b. The allocation process requires budgeting for expenditures by major object classifications and by subcategories, institution, or program level within an appropriation. This process involves the preparation of allocation schedules for submission to and review and approval by the Office of the Budget (OB) at the time enacted appropriations are rebudgeted. Funds not allocated elsewhere are allocated to budgetary reserve (major object 500). Non-budgeted accounts are not allocated.

c. Central budgetary control is exercised at the major object of expenditure level within an appropriation. Negative available balances shall not be permitted at the major object level. Postings of encumbrance and expenditure documents resulting in negative balances are to be reversed and the documents withheld from further processing and returned to the agency by the comptroller.

d. Agencies should minimize the number of allocation amendments submitted, especially in the latter part of a fiscal year. Only critical allocation amendments should be submitted after May 30. These amendments will require strong justification and approval by the Deputy Secretary for the Budget or his designee.

e. Agency allotment of approved appropriations by major object of expenditures within organizations is required. Allotment by minor objects of expenditure within organizations and allotment of nonbudgeted accounts may be exercised at the option or discretion of the agency. Allotment schedules and allotment amendments are not to be submitted to the Office of the Budget for approval. Allotment schedules and amendments for the Capital Facilities Fund will continue to be submitted to the Office of the Budget.

6. RESPONSIBILITIES.

a. Agencies shall:

(1) Prepare allocation schedules by major object of expenditure and by subcategory, institution, or program for each approved appropriation.

(2) Prepare allotment schedules by major object of expenditure within organization for each appropriation. Agencies may allot by minor object if they so chose.

(3) Review allocation and allotment accounts and prepare amendments and justifications for proposed transfers of funds.

(4) Limit expenditures, prior to approval of allocation schedules, to minimum continuation costs.

b. The Office of the Budget shall:

(1) Review and approve, amend, or disapprove allocation schedules received from agencies.

(2) Review and approve, amend, or disapprove allocation amendments requesting the transfer of funds at the major object of expenditure level.

c. Agency comptrollers shall:

(1) Post Office of the Budget approved allocation schedules and amendments and agency approved allotment schedules and amendments to the agency's appropriation accounts.

(2) Insure that negative available balances do not occur at the major object of expenditure level within appropriations.

7. PROCEDURES. Allocation and allotment schedules and amendments are processed as follows.

PROCEDURE 1. PROCESSING ALLOCATION SCHEDULES (STD-260).

Action By	Step	Action
OB, Deputy Secretary for the Budget.	1.	Distributes Expenditure Symbol Notifications to inform agencies of available funds.
Agency.	2.	Based on the Expenditure Symbol Notification, prepares an Allocation Schedule 1 (STD-260) to allocate appropriated funds to major object of expenditure and subcategory levels.
	3.	Obtains necessary agency approvals including signature of agency head or designee.
	4.	Forwards approved STD-260 to Office of the Budget; copy 2 to the agency comptroller.
OB, Deputy Secretary for the Budget.	5.	Reviews agency STD-260 for conformance with current budget and policy considerations. Approved allocation schedules will be signed by the Deputy Secretary for the Budget or a designee.

Action By	Step	Action
OB, Deputy Secretary for the Budget	6.	Returns approved STD-260 to agency comptroller, retains one copy for Office of the Budget files; or
	7.	Returns modified or disapproved STD-260 to agency head with a letter of explanation and a copy to agency comptroller. Retains one copy of modified STD-260 and explanatory letter for Office of the Budget files.
Comptroller.	8.	Posts approved STD-260 to budgetary accounts.
	9.	Distributes copies of approved STD-260 to agency and, if appropriate, agency institutions.

Action By	Step	Action
Agency.	4.	Forwards approved STD-262 and STD-262-1 to agency comptroller.
Comptroller.	5.	Reviews agency approved STD-262 and STD-262-1 for accuracy, completeness, and conformance with current accounting, budgetary, and policy considerations.
	6.	Resolves discrepancies with agency fiscal officer.
	7.	Posts approved STD-262 and STD-262-1 to budgetary accounts.
	8.	Distributes copies of STD-262 and STD-262-1 to agency and, if appropriate, agency institutions.

PROCEDURE 2. PROCESSING ALLOTMENT SCHEDULES (STD-262 AND STD-262-1).

Action By	Step	Action
Agency.	1.	Receives approved Allocation Schedule (STD-260) from comptroller (Procedure 1, Step 9).
	2.	Based on approved allocations, prepares Allotment Schedules (STD-262 and STD-262-1) to allot expenditures: <ul style="list-style-type: none"> a. by major object within organization (required); b. by minor objects within organizations (optional with agency).
	3.	Obtains necessary agency approvals including signature of agency head or designee.

PROCEDURE 3. PROCESSING ALLOCATION/ALLOTMENT AMENDMENTS (STD-263).

Action By	Step	Action
Agency.	1.	Determines that a transfer of allocated or allotted funds is necessary.
	2.	Prepares an Allocation/Allotment Amendment (STD-263) and justification for proposed transfer.
	3.	Obtains necessary agency approvals including signature of agency head or designee.
	4.	Forwards approved STD-263 to agency comptroller.
Comptroller.	5.	Reviews STD-263 for accuracy, completeness, and conformance with current accounting, budgetary, and policy considerations.

Action By	Step	Action
Comptroller.	6.	Resolves discrepancies with agency fiscal officer.
	7.	Posts approved Allotment Amendment requesting transfers of funds within major objects to agency budgetary accounts; or
	8.	Forwards Allocation Amendment requesting transfer of funds between major objects of expenditure to Office of the Budget.
OB, Deputy Secretary for the Budget.	9.	Reviews Allocation Amendment for conformance with current budget and policy considerations. Approved Allocation Amendments will be signed by the Deputy Secretary for the Budget or a designee.
	10.	Resolves discrepancies with agency comptroller or agency fiscal officer.
	11.	Returns approved STD-263 to agency comptroller and retains one copy for Office of the Budget files; or
	12.	Returns modified or disapproved STD-263 to agency head with a letter of explanation. Sends a copy of modified STD-263 and a copy of the letter to agency comptroller. Retains one copy of modified STD-263 for Office of the Budget files.
Comptroller.	13.	Posts approved Allocation Amendments to agency budgetary accounts.
	14.	Distributes copies of STD-263 to agency and, if appropriate, agency institutions.