

SECTION 31 -- COMPLIANCE WITH ADMINISTRATION POLICIES AND OTHER GENERAL REQUIREMENTS

Table of Contents

- 31.1 Advance appropriations
- 31.2 Customer service
- 31.3 Equal opportunity
- 31.4 Full funding
- 31.5 Government perquisites
- 31.6 MAX electronic network
- 31.7 Multi-year appropriations
- 31.8 Performance indicators, performance goals, and management improvement
- 31.9 Performance of commercial activities
- 31.10 User charges
- 31.11 Workforce training and development

Summary of Changes

Requires you to explain the program requirements that necessitate advance appropriations (section 31.1).

Updates guidance on information technology planning to cover capital planning and investment control, electronic transactions and electronic recordkeeping, information technology security, and privacy policies (section 31.8).

Discusses OMB Circular No. A-25 requirements for user charges, which are defined more broadly than user fees and include receipts credited to the general fund (section 31.10).

Requires you to identify specific human resources management and development objectives and associated resources (section 31.11).

31.1 Advance appropriations.

Justify requests for advance appropriations by explaining the program requirements that necessitate an advance appropriation. For example, you could justify such requests by the need to provide certainty to grantees for planning purposes (such as the advance appropriations that are currently provided for the Corporation for Public Broadcasting) or by the need to provide full funding for capital acquisitions, where full funding in the budget year could result in a one-year "spike" in budget authority that would be unacceptable to the Administration or to the Congress. (The justification for full funding for capital acquisitions is discussed more fully in Part 3 of this Circular.)

Do not request advance appropriations if the only purpose is to shift budget authority for a program that would normally be provided in the budget year. For example, if you would normally request budget authority in the budget year to cover a cohort of obligations for a grant program, even though some the obligations will

**SECTION 31 -- COMPLIANCE WITH ADMINISTRATION
POLICIES AND OTHER GENERAL REQUIREMENTS**

not be incurred until the following fiscal year, you may not request an advance appropriation of budget authority to cover the obligations expected to be incurred in the following fiscal year.

31.2 Customer service.

Your estimates should reflect the Administration's commitment to providing the highest quality service possible to the American people. Executive Order 12862 established the Administration's goal to make all aspects of the Executive Branch's management practices and operations equal to or better than the best service in the private sector.

Consider ways to enhance customer service both to Federal and non-Federal clients, based on information obtained from customer service surveys and other sources. Your estimates should also reflect implementation of customer service plans, including training and information collection needed to achieve customer service standards.

31.3 Equal opportunity.

Your estimates should reflect the Administration's commitment to programs designed to ensure or promote equal opportunity regardless of race, color, religion, national origin, sex, disability, or age. These civil rights activities include the following:

- Implementation of statutes or regulations requiring fair housing.
- Nondiscrimination in federally assisted or conducted programs.
- Equal credit opportunity.
- Full voting rights.
- Civil and Constitutional rights.
- Equal employment opportunity (including nondiscrimination by Federal agencies).
- Efforts to increase Federal contracting and subcontracting opportunities for minorities, women, and disadvantaged entrepreneurs.

31.4 Full funding.

Requests for acquisition of capital assets must propose full funding up-front or advance appropriations to cover the full costs of the project or a useful segment of the project. Specifically, requests for procurement programs must provide for full funding of the entire cost. In addition, requests for construction programs must provide for full funding of the complete cost of construction. You should not submit estimates for construction funds for major construction projects unless planning will reach a point by the end of the current year that will ensure that a contract for construction could be awarded during the budget year. Remember that Administration policy and the Antideficiency Act require you to have sufficient budget authority or other budgetary resources to cover the full amount of unconditional obligations under any contract.

For policies related to leases of capital assets and lease-purchases, see section 33.4 and Appendix B. For guidance on budget submissions for capital asset acquisitions, see Part 3 of this Circular. For guidance on principles and techniques of planning, budgeting, procurement, and management of capital assets, see the supplement to this Circular, the *Capital Programming Guide*, which is published separately.

31.5 Government perquisites.

Your estimates should reflect Administration policy to limit the use of government vehicles, government aircraft, first class air travel, executive dining facilities, and conferences, in accordance with Presidential memoranda, dated February 10, 1993.

31.6 MAX electronic network.

For the purpose of cost distribution specified in OMB Circular No. A-130, OMB is the user of MAX. Accordingly, you are not required to pay for use of the MAX electronic network required by this Circular.

31.7 Multi-year appropriations.

Consider whether it is appropriate to request appropriations with multi-year availability, particularly for buildings, equipment, and other types of fixed capital assets, including major ADP and telecommunications systems, with long acquisition cycles. Where multi-year appropriations requests are appropriate, you should match the period of availability to the expected length of the acquisition cycle.

31.8 Performance indicators, performance goals, and management improvement.

Your estimates should reflect the Administration's commitment to improve program performance, management integrity and controls, program delivery, and financial management.

- *Performance indicators and performance goals.* Your estimates should reflect the performance goals and indicators, including target levels for these goals and indicators, as set out in your agency's annual performance plans (see section 51.7 and Part 2).
- *Capital planning and investment control.* Your estimates should reflect the Administration's commitment to IT investments that directly support agency strategic missions, employ an integrated planning, budgeting, procurement process, and are consistent with the Clinger Cohen Act of 1996, The Paperwork Reduction Act, and the Federal Acquisition Streamlining Act (see also Section 53 and Part 3, where applicable).
- *Electronic transactions and electronic recordkeeping.* Your estimates should reflect the requirements of the Government Paperwork Elimination Act (GPEA) and OMB's guidance on the legislation (Appendix II of Circular A-130). Under GPEA, all transactions should have an electronic option and associated electronic recordkeeping by October 2003 if practicable. GPEA encourages the use of electronic signatures and more efficient government through IT.
- *Security.* Your estimates should reflect a comprehensive understanding of OMB security policies and NIST guidance by:

Demonstrating that security controls are an integral part of the information technology architecture of the agency;

Demonstrating that security costs are understood and are explicitly incorporated into the life-cycle planning of the system;

Including a security plan that discusses each of the elements set forth in OMB Circular A-130, Appendix III and NIST security planning guidance;

Demonstrating a specific risk management methodology;

Protecting privacy and confidentiality of personal information; and

Accounting for departures from NIST guidance for non-national security systems and applications.

- *Privacy.* Your estimates should reflect the Administration's commitment to privacy and should include a description of your privacy practices and steps taken to ensure compliance with OMB Memorandum No. M-00-13, dated June 22, 2000 entitled "Privacy Policies and Data Collection on Federal Web Sites."
- *Financial systems.* Your estimates should reflect plans to achieve a single, agency-wide, integrated financial management system and CFO plan initiatives. The scope of agency financial systems activities will include the following:

Core financial systems, as described in the JFMIP Core Financial System Requirements Document.

Financial and mixed systems critical to effective agency-wide financial management, financial reporting, or financial control.

Sections 52 and 53 describe the materials that must be submitted for agency financial management systems.

31.9 Performance of commercial activities.

Your estimates should reflect the probable results generated by cost comparisons or other performance conversions authorized by OMB Circular No. A-76 and its Revised Supplemental Handbook (March 1996), including potential savings that may result from actions taken as a result of the annual review of the commercial activities inventory required by the Federal Activities Inventory Reform Act (P.L. 105-270). For activities that assume additional FTE or dollar resources to provide a product or service, submit a full justification, including a possible recompetition, waiver justification, or determination of workload increase, as appropriate. To the extent possible, offset additional resource requirements to meet mission or administrative requirements for in-house performance through savings from these and other efforts to reduce costs, including savings from conducting cost comparisons on other existing in-house activities, reinvention savings, privatization, or attrition.

Under the requirements of the Revised Supplemental Handbook, you must justify the following types of requests for in-house government resources:

- To begin, expand, or enlarge, a government operated activity.
- To convert a contracted activity to in-house performance.
- To provide new or expanded services to another agency on a reimbursable basis.

Except where specifically exempted, all commercial activities are subject to the cost comparison requirements of Circular No. A-76 and its Supplemental Handbook. This includes the purchase and use of government aircraft and motor vehicle fleets.

In accordance with the requirements of OMB Circular No. A-97, you must justify in advance and obtain the required certification before providing commercial support services to State and local governments.

31.10 User charges.

Under OMB Circular No. A-25, you must review user charges for your programs at least once every two years, and you must report the result of the review and any resultant proposals in the Chief Financial Officers Annual Report required by the Chief Financial Officers Act of 1990 (see section 8(e) of OMB Circular No. A-25). Develop your estimates in accordance with the full cost recovery policy for user charges set forth in that Circular. User charges normally should recover the full cost of providing goods or services to the public. The exception to this rule is when the Government provides goods or services under business-type conditions, including amounts collected for the use or sale of natural resources; in such cases, the user charge should be set at the market price.

User fees, which are reported in MAX, are a subset of user charges. Each is discussed further in section 20.

When you determine full cost recovery, reflect the retirement costs associated with providing the goods or services. For the Civil Service Retirement System (CSRS), estimate costs at 17.2 percent of base pay. For the Federal Employees' Retirement System (FERS), estimate costs as specified in section 32.5.

31.11 Workforce training and development.

Starting with the FY 2002 Budget submission, you must identify the specific human resources management and development objectives and associated resources that support agency accomplishment of programmatic goals, as required by section 220 and section 3(a)(1) of Executive Order 13111.