

**CHAPTER 8****VIOLATIONS--CAUSES, PREVENTION, AND CORRECTION**0801. CAUSES OF VIOLATIONS

080101. Based on an analysis of investigations of violations, the following list identifies the most frequent causes of violations of the Antideficiency Act:

- A. Established internal controls and standard operating procedures not followed.
- B. Inadequate supervisory involvement or oversight.
- C. Lack of appropriate training.
- D. Inadequate standard operating procedures and internal controls.

080102. As the above list indicates, supervisors of NASA personnel who have responsibility for control and use of NASA funds should ensure that their personnel are provided with proper oversight, support, and necessary training to help prevent violations. The following section discusses specific actions that can be taken to reduce or prevent violations.

0802. PREVENTING VIOLATIONS

080201. To help prevent violations of the Antideficiency Act, NASA personnel should be knowledgeable of the requirements in this Volume. Supervisors at all levels should provide their employees with the requisite training and experience in the control and use of funds at levels commensurate with their responsibilities. Furthermore, supervisors should perform oversight and validation checks to ensure that established internal controls and standard operating procedures are adequate and are being consistently followed by their employees. Supervisors shall use their internal management control programs to assess periodically the reliability of internal control systems and employee internal management control accountability.

080202. One of the most effective ways to prevent violations is to perform regular reviews of the status of funds reports. In this regard, commitments shall not be added to obligations to determine whether a violation has occurred. However, if the amount of commitments and the amount of obligations (undelivered orders, accrued expenditures unpaid, and accrued expenditures paid) exceed the total availability of an allotment, allocation, or appropriation, a violation could occur if all or some of the commitments eventually become valid obligations.

080203. The most common types of violations can be significantly decreased by proactive measures specifically tailored to address the causes and corrective actions required to

prevent their occurrence. NASA personnel with responsibilities for the control and use of funds of the types described below should be aware of these common types of violations and shall be required to take positive actions to avoid their occurrence.

080204. Violations can be minimized or prevented through proper education and effective training of personnel and ensuring that adequate internal controls and standing operating procedures are in place and being followed.

A. This volume should be used to communicate the importance of learning about violations to the personnel throughout NASA. Other sources on the subject of the Antideficiency Act include the United States Code and opinions and decisions of the Comptroller General.

B. This volume should be used as source material to conduct seminars and workshops targeted to general and specific audiences including program managers, engineers, contracting, information systems, comptroller personnel, supervisors, and managers.

C. Formal education on the Antideficiency Act is another option. Formal courses can be used to alert personnel to common violations and high-risk business transactions and decisions that can result in a violation.

080205. On-the-job training is the responsibility of all supervisors and personnel. Supervisors and managers should incorporate the provisions of this volume in their on the job training programs for those employees responsible for funds administration and for use of funds.

### 0803. NO VIOLATION--ERRONEOUS CHARGING OR RECORDING

080301. No violation of the Antideficiency Act is considered to have occurred when an overobligation or overexpenditure is solely the result of not recording available documents or transactions that increase fund availability, recording an erroneous transaction, or recording a transaction erroneously. In each instance, the potential violation status is eliminated by correcting the erroneous transaction, or by posting the omitted transaction. However, such actions should not include the deletion or adjustment of any valid transactions. If after the proper recording of the transactions, an overobligation or expenditure remains, a potential violation of the Antideficiency Act has occurred.

080302. A violation of Title 31, United States Code, section 1517, may exist when the amount of funds granted to other activities exceeds the amount of funds available under the applicable authorization of funds received. Sometimes errors occur when recording transactions that have the effect of showing more funds in the allotment, operating budget authority, or other administrative subdivision of funds than are actually available. When such errors do occur and the funds are not obligated or expended, there generally is no potential violation. However, the error must be corrected as soon as it is detected. Conversely, errors which require correction by obtaining additional funds in the administrative subdivision of funds cannot eliminate the fact that a violation has, indeed, occurred and must be investigated.

080303. An erroneous recording is the recording of an authorization of funds, obligation, commitment, or expenditure in an incorrect fund or account; or the posting of an amount other than the correct amount for the transaction. An erroneous recording may occur by citing the wrong fund, appropriation, subhead, budget project, or allotment on an obligation and/or expenditure document. Examples may also include the recording of duplicate payments or overpayments and/or related obligations. An omission is the failure to post a properly executed authorization of funds (either received or granted), a purchase request, commitment, an obligation, or an expenditure, when the document/transaction is available for recording.

080304. Once incurred, failure to record valid obligations or expenditures, in the official accounting records will not preclude or avoid a potential violation. All obligations or expenditures shall be recorded accurately and promptly even if the recording results in a negative amount in the accounting records.

080305. A potential violation may not exist after an error in the records has been corrected if the following situation exists: Neither obligations nor expenditures incurred exceed the amount of the applicable authorization of funds received at the time of correction and would not have exceeded the applicable authorization of funds received at the time of the initial transaction(s) that are being corrected.

080306. A failure to record a valid obligation or expenditure as of the date incurred does not avoid the occurrence of a violation of the Antideficiency Act if the recording results in the account balance or other limitation being exceeded. A potential violation must be reported if this occurs. Obtaining additional funds to cover the violation is required. However, obtaining the additional funds does not eliminate the fact that a violation occurred.

#### 0804. CORRECTIVE ACTION

080401. Part of an investigating officer's responsibilities includes recommended actions to prevent future violations of a similar type (procedural corrections) and to correct the specific adverse funding condition (funding corrections) that resulted from the violation.

080402. The report of violation does not serve to condone, retroactively approve, or financially justify, a violation. All violations must be corrected with the proper funding or the necessary approval from the proper approving authority.

##### 080403. Procedural Corrections

A. These corrective actions usually are made by the organizational unit causing the violation and may include training or changes in procedures to preclude similar violations. Other activities may also be involved. For instance, it is possible that, as a part of an organization's overall corrective action, a change in local procedures for an organization such as contracting, engineering, information systems, or accounting office--which supports the NASA office--is required. Additionally, changes in practices or procedures by the finance office could

provide benefits to the activity that caused the violation. However, unless individuals in the finance office caused the violation, corrective actions taken by that office would be secondary to the corrective actions taken by the responsible organization.

B. Recommendations for future consideration of organization-level corrective actions are not acceptable in the report. The report must state what corrective actions were actually taken and are being taken to preclude similar violations in the future.

C. The investigating officer also may make recommendations for improvements in the contents of the Checklists or other portions in this Volume.

080404. Funding Corrections

A. The report must state what actions were taken to request the proper funding. Wording in the report to the effect that funds will be requested is not sufficient.

1. Under Title 31, United States Code, section 1301(a), appropriations shall be applied only to the objects for which the appropriations were made, except as otherwise provided by law. This means that if funds were used for a purpose other than for which they were appropriated, they have been used incorrectly. Correct funds must be used as provided by law. The funding correction should be made as soon as possible. However, since it may take some time to obtain the proper funds, the report should not be held until the funds are provided. The report shall state what action has been taken to ensure the violation is “financially corrected” and when the funds are expected to be received.

2. Care must be taken when correcting financial transactions that involve foreign currency fluctuations budget rates. The appropriate budget rate for the year must be used.

a. The appropriation from which the incorrect transaction took place must be corrected as well as the applicable foreign currency fluctuations centrally-managed allotment from which any gain or loss (difference between the current rate actually paid and the budget rate actually obligated) was incorrectly credited or charged.

b. Corrections applying to foreign currency fluctuations centrally-managed allotments require coordination with the funds manager of the applicable foreign currency fluctuations centrally-managed allotment for the NASA office.