CMS
Financial Management e-Resource Center

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How do I?

How do I complete a CMS-400, Printing Services Requisition Form?

See the CMS-400, Printing Services Requisition Form in the *Documents and Forms* section of the e-Resource Center. Instructions are included.

How do I complete an HHS-1, Travel Order?

When you are required to travel on official CMS business and you plan to use common carrier transportation or stay overnight, you must obtain approval through a Travel Order before starting the trip. Most travel orders and vouchers are electronically processed through the CMS Travel System (HTS). Refer to the CMS Travel System (HTS) Preparer's Guide for help with preparing and submitting Travel Orders and Travel Vouchers.

Long-term details and permanent change of station actions, including new hires, are processed manually. In these instances, you must prepare a hard copy HHS-1, Travel Order form and forward to DAO for processing. Follow the instructions below when processing a manual travel order:

Check the appropriate box–Original, Amendment No., or Cancellation

Item 1	Travel Order Number—The manual numbering system for travel orders consists of ten positions in the following format: • Positions 1 and 2—two-digit fiscal year • Positions 3 through 7—first five letters of the employee's last name • Positions 8 through 10—three-digit sequence number (001) Normally, only one travel order number is used for each employee. If you must prepare an additional travel order, the three digit sequence number increases from 001 to 002, 003, etc.
Item 2	Appropriation Number—The seven-digit number that designates the funding for the travel. The third digit is the only one that changes from fiscal year to fiscal year (i.e., an appropriation number for fiscal year 2005 is 7550511, the same number for 2006 is 7560511.
Item 3	Estimated Costs—Enter the total estimated costs on all travel orders; the number must equal the total costs shown in Item 14, Accounting Data.
Item 4	Name and Position or Rank—Enter your official name only (no nicknames) and job or functional title.
Item 5	Social Security Number
Item 6	Constituent/Bureau/Division/Region—Enter your Component or Regional Office, Group, Division, Bureau, whichever is applicable.

Item 7	Present Official Station—Your official duty station as shown on your current personnel record.
Item 8	Approximate Date of Departure—The date official travel will begin.
Item 9	Approximate Date of Return—The date official travel will end.
Item 10	Itinerary and Purpose of Travel—The official duty station city and state that your are traveling from and the city and state where you will be going to perform official government business. - Show all temporary duty sites in the order that they will be visited, for example, Baltimore, Maryland to Atlanta, Georgia, March 15-17, Atlanta, Georgia to Orlando, Florida, March 18-19, and return to Baltimore on March 20. - Show the purpose of the travel for each temporary duty site. - Any additional information concerning the trip should be explained in this area, for example, dates and times of annual leave or personal time, if applicable, should be shown. Justifications for a different mode of transportation than common carrier should be explained in this area.
Item 11	Special Authorization—Check "employee" box. The "dependents" box would be checked if the travel pertained to a change of station. It is very important that all authorized boxes are checked in this area.
Item 12	Travel and Per Diem—Check the box "FTRs" if you are a civilian employee or the box "JTRs" for if you are a Commissioned Corps employee. Write in the amount of per diem authorized, under "Rate". Break it out between lodging amount and Meals and Incidental Expenses (M&IE) amounts. M&IE amounts will be fixed depending on the locality of the temporary duty station, i.e., $44, $46, $50 per day. Maximum lodging rates will differ depending on the locality of the temporary duty station, as well as, the method used. For example, the lodgings plus method for determining the maximum allowable lodging rate is the normal method and most frequently used method. However, the Conference Lodging Allowance (25 percent more than the lodgings plus maximum allowable amount) may be authorized for lodgings at conference or meeting hotels. The Actual Expense method may be justified if lodgings cannot be obtained by the other methods.
Item 13	Foreign Travel—Complete boxes as indicated, if applicable.
Item 14	Accounting Data—Enter the fiscal year, common accounting number (CAN), object class, and estimated costs in columns 40-47, 48-51, and 52-63, respectively. When multiple CANs and/or object classes are being charged with the costs, enter a separate line entry and separate amount for each CAN or object class applicable. The designated funds certifier must certify funds and sign their name in the "Certified Funds Available" block in this section.

Item 15	Name and Title of Officer Recommending Above Travel
	First line—Signature and title of your supervisor or other authorized person at least one organizational level higher than you.
	Second line—Signature and title of the official delegated the authority to approve official travel. The travel-authorizing official is responsible for the final review of the travel order to ensure that it properly reflects expenses authorized for the official travel to be performed and is consistent with governing regulations.

How do I complete an HHS-350, Training Nomination and Authorization?

See the HHS-350, Training Nomination and Authorization form in the *Documents and Forms* section of the web site. Instructions are included.

How do I complete a Miscellaneous Obligation Document (MOD)?

A Miscellaneous Obligation Document (MOD) is a CMS internal form that you use as the source document for the commitment and obligation of funds for the procurement of certain goods and services for which the use of a purchase order, contract, or BPA is not feasible. The CMS component responsible for the goods or services being acquired prepares the MOD.

Enter the following information on the MOD:
- Name and address of component responsible for obligation
- Purpose of the MOD
- Title and signature of the approving officer (Division or Group Director)
- Fiscal year funds being charged
- Ten-digit obligating document number (this number is assigned by DAO)
- Period of performance covered by the MOD (cannot be for more than 12 months)
- Supplement number (e.g. 1 for initial MOD, 2, 3, 4, etc. for subsequent MODs)
- Appropriation number being charged
- Common Accounting Number (CAN) being charged
- Object Class that best describes the goods or services being acquired
- Previous obligation amount or zero if this is the initial obligation
- Increase or decrease amount to the MOD
- Total obligation (including current and previous supplement amounts)
- Funds certification signature of an individual authorized to sign for funds under the CAN cited
- Date of funds certification by component

How do I pay for travel expenses?

When you are required to travel on official CMS business and you plan to use common carrier transportation or stay overnight, you must obtain approval through a Travel Order before starting the trip. Most travel orders and travel vouchers are processed electronically through the CMS Travel System (HTS).

Manual travel orders and vouchers are required for permanent change of station (PCS) including new hires, and long term details. Forward these hardcopy documents to DAO for processing.

Do not incur travel expenses prior to the completion of a fully approved travel order. Although not required by regulation, it is suggested that you keep a copy of the approved travel order with you while in travel status.

Overnight travel	1. Prepare and submit a travel order through HTS that includes the estimated costs of your trip. The system sends the order to the person responsible for approving and certifying your travel expenses This document initiates funds obligation. 2. Generally, you will pay for travel expenses associated with an approved travel order with the U.S. Bank Government Travel Card. After the trip, submit a travel voucher through HTS detailing your expenses. The system sends the voucher to the person responsible for approving and certifying your travel expenses. The travel voucher is processed through HTS into the Accounts Payable system in FACS and an electronic reimbursement is issued to you.*
Local travel that requires using public transportation	1. Obtain verbal pre-authorization from your supervisor/manager. 2. After the trip, prepare and submit a local travel voucher through HTS for your out-of-pocket authorized expenses. The system sends the voucher to the person responsible for approving and certifying your travel expenses. Do not use the Government travel card while on local travel except for expenses associated with a rental car and gas when on a site visit.
Long-term details, including new hires, and permanent change of station	1. Manual processing is required. Prepare Form HHS–1, Travel Order, to commit and obligate funds for these circumstances. 2. Prepare Form SF-1012, Travel Voucher, to request reimbursement of expenses. Attach all receipts and supporting documentation, except for meals and incidental expenditures (M&IE) to the travel voucher and forward to OFM/AMG/DAO to request reimbursement. Travel vouchers for long-term details and permanent change of station are subject to a 100% audit by OFM/AMG/DAO. Upon successful completion of the audit, you will be reimbursed via direct deposit.*
*You are responsible for providing current banking information for input into FACS. The banking information contained in the FACS vendor file, not the banking information provided for payroll reimbursement, is used to make employee reimbursements for travel expenses. Your component determines how information is entered into HTS; it may be your responsibility	

as the traveling employee or you may be required to put your request in writing and a designated employee will enter the data into HTS. Refer to the CMS Travel System (HTS) Preparer's Guide for help with preparing and submitting Travel Orders and Travel Vouchers.

How Do I Prepare a Request for Contract (RFC)?

1. Prepare the following documents to include in the RFC:
   - Request for Contract Action memo which includes:
     - Signature of the division director for the program component
     - Purpose of the action (new contract or modification to existing contract/task order; if a modification, it must have the contract/task order number)
     - Period of performance for the action being processed
     - Any special clearances/approvals (e.g., Privacy Act, Public Relations, Office of the General Counsel (OGC))
     - Project officer point of contact information
     - Technical evaluation criteria if competitive (attach the names/contact information of possible sources for competition
   - Statement of Work (SOW) which includes detailed information on the technical requirements and deliverables (goods or services) of the procurement: It includes:
     - Purpose, goals, and objectives of the project
     - Tasks to be performed or types of deliverables required
     - Quality assurance measures
     - References
     - Deliverable schedule
     - Period of performance
   - Independent Government Cost Estimate (IGCE): An estimate of the total cost to perform the proposed contract and an estimate for individual phases or areas of the work (refer to OAGM for information).
   - HHS-393, Purchase/Service/Stock Requisition Form: The funding document that leads to the commitment of funds. (This form is usually prepared by your Executive Officer). It includes:
     - Project number if applicable
     - Appropriation number if known
     - OIS signature if action involves any IT equipment or services
   - Justification for Other Than Full and Open Competition (JOFOC) if the effort is being proposed for one vendor only (refer to OAGM for information).
   - Checklist Requirements for Processing a 393: Required only when the value of the contract is over $100,000.
2. Submit the RFC with all supporting documents to OAGM for approval. An OAGM representative will contact you if the RFC is incomplete.

How do I submit a funds request for FY+1 and FY+2?

1. Read the integrated call letter.
2. Download your component-specific spreadsheets.
3. Provide cost estimates and glossaries for your projects.

4. Complete a spreadsheet for each funding source:
   - Medicare Operations (Med Ops)
   - MMA (2006 only)
   - Research
   - Survey and Certification
   - Federal Administration (each of the following requires a separate spreadsheet)
     - Printing and Postage
     - Travel
     - Administrative Contracts and Intra-Agency Agreements
     - Inter-Agency Agreements (non-DHHS)
     - Training

     List each activity/project with funding requested. Refer to the call letter for specific instructions for each funding source.
5. Include a glossary for each project excluding travel and training.
6. Post the completed documents and spreadsheets on the server.

Generally, the component's Executive Officer is responsible for compiling information supplied by the project owners and submitting budget requests.

How do I request emergency funding?

Ask your budget representative or Executive Officer to send an e-mail to the OFM/FSG director explaining the nature of the emergency request. Include the following:
- A justification for the request
- The amount needed during the current fiscal year
- The proposed funding source
- If applicable, associated funding requirements projected for 3 out-years.

How do I request funding for a new project or additional funding for an approved project in the current fiscal year?

Provide the following information about the project to your component's budget representative or Executive Officer to forward to OFM:
- A justification for the request
- The amount needed during the current fiscal year
- The proposed funding source

If applicable, associated funding requirements projected for 3 out-years.

How do I write a project justification for a glossary?

Follow these guidelines when writing a justification:
- Provide enough detail so someone unfamiliar with the project can understand why you need the money you are requesting.
- Use clear and concise language; do not use jargon that someone outside your program may not understand.

- Tie the project to the goals of the Agency.
- Spell out all activity/project titles completely at first mention followed by the acronym in parenthesis. After the initial mention, type the acronym without parenthesis.

FAQs

Q.   **How can I determine if a project involves an IT investment?**

A.   If you answer "yes" to any of the following four questions, the project is subject to the IT Investment Management Process.

1. Does the project require the collection or receipt of data or the storage of data in a database?
2. Does the project generate data that are used by another system or entity or that are made available to people through the Internet/intranet?
3. Does any part of the project involve automating a part of the process or improving a part of the process by moving to newer technology?
4. Does the project turn raw data into information for analysis or decision making?

Q.   **What do I do with funds if a project is canceled?**

A.   Return all funds allotted for that project to OFM for reallocation **or** transfer funds to an underfunded project. You can move up to $100,000 or 15% of the approved amount for either the project receiving or giving the funds, whichever is less. You do not need approval from OFM to move funds within the designated limits.

Q.   **If the cost of a project is more than the approved amount, can I move funds from one project to another?**

A.   You can move up to $100,000 or 15% of the approved amount for either the project receiving or giving the funds, whichever is less. You must have OFM approval for any additional amount. You do not need OFM approval to move funds within the designated limits.

Q.   **If the cost of a training project is more than the approved amount, can I move funds from one project to another?**

A.   You can move up to $2,000 or 15% of the approved amount for either the project receiving or giving the funds, whichever is less. You must have OFM approval for any additional amount.

Exception to the rule: You can move training dollars, in excess of the $2,000 or the 15% level, from one approved line item to another approved line item, provided the movement occurs within the same learning priority.

Q.   **What do I do if the cost of a project is less than the approved funding level?**

A.   You may transfer the excess funds to an approved, underfunded project or return them for reallocation.

Q. **Can I get additional travel funds?**

A. A component must spend a minimum of 75% of its fiscal year travel allocation before requesting additional travel funds. OFM will consider exceptions to this guideline if a component experiences a new mandated CMS initiative or expanded requirements for a current mandated initiative for which funding has not been previously requested.

Q. **Can I get funding for a new project that is not included in the current Operating Plan or request additional funding for an approved project?**

A. You must get approval from OFM.

Provide the following information about the project to your component's budget representative or Executive Officer to forward to OFM.
- A justification for the request
- The amount needed during the current fiscal year
- The proposed funding source
- If applicable, associated funding requirements projected for 3 out-years

Contacts

If you need information about …	Contact this office, division or group:	At the Main Office of Component
Budget formulation	OFM/BAG	410-786-1593
Budget execution	OFM/FSG	410-786-2070
Estimating costs:		
Contracts	OAGM	410-786-9280
Printing services	OOM/DPMS	410-786-1051
Travel	OFM/AMG/DAO	410-786-5412
Training	OOM/LRG	410-786-0968
Information Technology	OIS/PMSG	410-786-1805
Full Cost Budget Worksheet	OIS/PMSG	410-786-1805
GPRA goals	OFM/BAG	410-786-1593
Inter/Intra-Agency Agreements (IAs)	OAGM	410-786-9280
Managing Medicare contractors funds	OFM/FSG/DBME	410-786-2070
Preparing RFC	OAGM	410-786-9280
Travel Payments	OFM/AMG/DAO	410-786-5412

Overview

Introduction

Funding for CMS operations and programs is provided by a variety of budget accounts. Most funding for projects and activities related to CMS operations is drawn from the Program Management account. The source of this account is the Labor/Department of Health and Human Services (DHHS) appropriation that is approved by Congress each year. This account provides operating funds only; it is not used to pay benefit payments to Medicare beneficiaries.

The Program Management account consists of the following line items. The percentage of the total appropriation applied to each area is shown in parenthesis.

- Medicare Operations (64%): The majority of this line item covers the operational costs of CMS Medicare contractors.
- Federal Administration (25%): Covers the costs associated with the operation of CMS programs, including personnel, travel, training, and rent.
- Medicare Survey and Certification (10%): Covers the expenses associated with administering surveys to Medicare-participating health care entities across the United States to ensure they are meeting Medicare's conditions of participation.
- Research (less than 1%): Covers the costs associated with conducting various research projects, demonstrations, and evaluations.

Revitalization Plan (less than 1%): A capital investment fund that provides a dedicated, multi-year funding stream to address long-term information technology (IT) issues.

The Budget Process

The budget process spans a 3-year timeframe during which the budget is developed, revised, approved, and finally managed as the money is being spent. Anyone at CMS who undertakes work that requires funds to pay contractors; hire additional staff; or purchase facilities, equipment, or printing, participates in the budget process.

There are two stages of the budget process, formulation and execution. During the formulation stage, the Agency develops a budget that provides funding for a future fiscal year. During the execution stage, the Agency develops a detailed plan, called the Operating Plan, for spending the funds appropriated by Congress and manages funds as they are spent.

Roles and Responsibilities

Each component (office or center) is responsible for determining its funding needs for new and continuing projects, requesting funds to support the projects, and managing funds provided to them.

Many organizations, within and external to CMS, have roles in the budget process that impact the funding levels that components receive.

The CMS components and boards with significant roles in the budget process are the:

>Office of the Administrator (OA)
>Office of Financial Management (OFM)
>Office of Information Services (OIS)
>Office of Legislation (OL)
>The Strategic Planning and Management Council

The organizations external to CMS that impact the budget are:

>The Department of Health & Human Services (DHHS)
>The Office of Management and Budget (OMB)
>Congress

Office of the Administrator (OA)

The Office of the Administrator includes the Administrator, Deputy Administrator, and the Chief Operating Officer (COO). This office makes final decisions on funding targets and priorities for the FY+2 budget and has final approval of the budget and Operating Plan.

Office of Financial Management (OFM)

OFM has overall responsibility for the fiscal and program integrity of Medicare and Medicaid and is made up of budget, accounting, and operations management staff. OFM is organized into four groups:

- The Program Integrity Group (PIG) focuses on program integrity (PI) issues, manages PI policy development, and is responsible for the overall PI program.
- The Financial Services Group (FSG) is responsible for budget execution, manages CMS internal and external financial operations and coordinates CMS financial activities.
- The Budget and Analysis Group (BAG) is responsible for budget formulation and works with components to develop budget justification materials. BAG is the CMS liaison with DHHS, OMB, and the congressional appropriations committees and is responsible for all aspects of the appropriation process. BAG also runs some of the internal financial systems at CMS and conducts data analysis.
- The Accounting Management Group (AMG) ensures that CMS accounting and financial reporting functions are in compliance with all Government procedures, policies, and regulations, prepares CMS financial statements, and is responsible for certification of Agency funds as well as the certification of Agency disbursements through Treasury.

Office of Information Services (OIS)

OIS, headed by the Chief Information Officer (CIO), is responsible for developing and managing an Information Technology (IT) investment management process. The process includes the selection, control, and evaluation of all IT investments at CMS. OIS also helps components develop their IT budget requests as needed, and complies the Agency IT budget.

Office of Legislation (OL)

OL develops and coordinates the Agency's legislative program with officials in DHHS, OMB, and congressional staff. OL plays a key role in the area of Congressional relations and legislative tracking and works with components to develop proposals and Agency policy, including proposed notices and rules. Approved proposals addressing program policy are included in the President's budget that is sent to Congress.

The Strategic Planning and Management Council
The Strategic Planning and Management Council is the governing board for all of the Agency's activities. The COO chairs the Council and the Chief Financial Officer (CFO) serves as the Executive Director. Council membership includes Center Directors, Regional Administrators, and some Center Deputy Directors. The Council serves as the discussion group to determine agency direction and sets priorities.

Department of Health & Human Services (DHHS)

CMS is one of twelve agencies, or operative divisions, within DHHS. Throughout the budget process, CMS works closely with DHHS to gain approval for its budget requests. DHHS provides limits on the amount of funding that CMS may request from OMB and works closely with CMS, OMB, and Congress to get an appropriation.

Office of Management and Budget (OMB)

OMB helps the President oversee the preparation of the Federal budget. In formulating the President's budget, OMB:

- Evaluates the effectiveness of Agency programs, policies, and procedures
- Assesses competing funding demands among agencies Sets funding priorities
- Analyzes budgets and conducts hearings on submissions and appeals

Ultimately, OMB identifies final budget amounts and submits the final budget to Congress.

Congress

Congressional subcommittees review, analyze, and make decisions about each Department's programs and budget. Congress considers the President's budget proposals and approves, modifies, or disapproves them. Congress also changes funding levels and eliminates or adds programs as necessary. Ultimately, Congress makes an appropriation for each program and enacts legislation that authorizes Departments and Agencies to implement the programs.

Budget Years

CMS operates by a yearly accounting period known as the fiscal year (FY). The fiscal year for the Government begins on October 1 and ends on September 30 of the following year. The fiscal year is designated by the calendar year in which it ends; for example, fiscal year 2006 (FY 06) begins on October 1, 2005, and ends on September 30, 2006.

The budget for any given year goes through a 3-year cycle starting with 2 years out and ends with the current fiscal year during which funds are being spent. The 3 budget years are referred to as:

- **FY+2 (2 years out).** The FY+2 budget is in the formulation stage. Information is being gathered from each component about its funding needs, and the budget begins a lengthy approval process.
- **FY+1 (1 year out).** Formulation activities continue as the budget goes through the approval process. CMS begins the execution stage of next year's budget by planning how the funds will be spent.
- **FY (the current fiscal year).** The current FY is in the execution stage in which the money is being spent and programs are being funded.

During 1 fiscal year, CMS simultaneously conducts formulation and execution activities for three different budget years.

Timeline

The CMS timeline chart displays the activities CMS performs for 3 budget years during 1 calendar year. It also shows the timeline for the Budget and Performance Requirements (BPRs) process. The chart is color coded for easy identification of each process:

- Blue: Budget Formulation Process
- Red: Budget Execution Process
- Purple: BPRs Process
- Green: Acquisition Process

See the Budget Timeline in the *Forms and Documents* section of the web site.

Government Performance and Results Act (GPRA) of 1993

The Government Performance and Results Act of 1993 (GPRA) was designed to hold Government agencies accountable for setting program goals and achieving program results. To comply with GPRA, Government agencies defined their mission statement and goals and are judged according to their performance in meeting those goals.

GPRA has an impact on budget formulation, since all budget requests must be tied to the goals and mission of the Agency. The CMS mission statement reads: We assure health care security for beneficiaries.

CMS goals are:
- Protect and improve beneficiary health and satisfaction
- Foster appropriate and predictable payments and high-quality care
- Promote understanding of CMS programs among beneficiaries, the health care community, and the public
- Promote the fiscal integrity of CMS programs and be an accountable steward of public funds
- Foster excellence in the design and administration of CMS programs
- Provide leadership in the broader health care marketplace to improve health

See the CMS Web site for more information.

IT Budgeting

The IT Investment Budgeting Process is currently being revised. Information concerning this process will be added at a later time.

Prepare Your Budget

Introduction

Every year, your component prepares a budget request submission detailing the funding needed for projects in the next 2 years. The submission includes requests for the FY+2 budget which is in the formulation stage, and for the FY+1 budget, which is in the execution stage.

The processes for formulating and executing a budget begin when the Office of Financial Management (OFM) issues a memorandum to components, referred to as the budget call letter. Your component responds to the call letter with their budget request submission.

OFM uses the FY+2 requests to formulate an initial budget with assistance and guidance from the Administrator and Deputy Administrator. The budget goes through a lengthy process of approval by the Department of Health and Human Services (DHHS), the Office of Budget Management (OBM), and finally Congress. Along the way, the figures are reworked and concessions are made.

While the FY+2 budget is being formulated, CMS begins to prepare the FY+1 budget by using prior budget submissions to develop an Operating Plan that lists all projects approved for that year and their funding levels.

Budget Process Timeline

The following timeline follows the 2-year process of budget formulation and Operating Plan development. It displays the Agency's budget activities and the responsibilities of the individual components. These may be the responsibilities of a manager, project officer, or Executive Officer.

	Month	Budget Activities	Component Responsibilities
FY+2	January-March	The Administrator and the Deputy Administrator make decisions on funding targets and priorities for FY+2.	Consider budget needs; what new projects will be required; what existing projects will remain in place and, if so, what changes to funding will be required.
	March - April	OFM issues an integrated budget call letter requesting information on each component's spending plans.	Submit a response to OFM within 4 to 6 weeks or whatever time period designated in the call letter.
	May	The Chief Financial Officer (CFO), the Chief Operating Officer (COO), the Administrator, and Deputy Administrator analyze the responses.	
	Month	**Budget Activities**	**Component Responsibilities**
	June	CMS submits its Performance Budget to DHHS for review. This is often referred to as the Redbook. The Performance Budget tells DHHS in detail how much money CMS needs to run the Agency and fulfill its operational responsibilities.	Be prepared to answer questions about the funding request.
	July	Senior CMS managers are involved in a series of budget meetings; they answer questions and defend the programs that fall within their jurisdiction.	Prepare senior managers by providing appropriate background information and talking points.
	August	The DHHS Secretary gives CMS a budget figure, known as a mark. CMS appeals the mark or adjusts the budget.	Be prepared to answer questions about the funding request.

	Month	Budget Activities	Component Responsibilities
FY+1	September	Around Labor Day, CMS' revised Performance Budget, commonly referred to as the Bluebook is submitted to OBM. OMB is responsible for ensuring that the budget meets the President's goals and priorities.	Be prepared to answer questions about the funding request.
	November	Around Thanksgiving, OMB issues a passback though DHHS to CMS. The passback provides details concerning what level of funding CMS can request from Congress. CMS has a short time to formulate an appeal and negotiate with OMB.	Be prepared to answer questions about the funding request.
	February	Once OMB and CMS agree on a budget, CMS submits the President's budget to Congress. This is commonly known as the Greenbook or Congressional Justification.

The Congressional Appropriations Committee reviews CMS' President's Budget request and holds hearings to determine the amount of funding that should be given for the year. CMS leadership testifies at these hearings to explain requests, describe how different levels of funding will affect CMS programs, and answer questions. Deliberations continue until an appropriations bill is passed. | |
| | **Month** | **Budget Activities** | **Component Responsibilities** |
| | April | While Congress continues to deliberate on the budget, CMS uses the funding levels in the President's Budget to develop the Operating Plan.

OFM issues an integrated budget call letter. | Submit a spending plan for FY+1 within 4–6 weeks or whatever time period is designated in the call letter. |
| | May | OFM reviews and summarizes all responses. | |

	June	Budget Small Groups review and prioritize funding requests within specific budget categories. OFM establishes funding level options and funding baselines.	
	August	Budget Small Groups make funding recommendations to OFM. OFM begins to develop the draft Operating Plan recommendation.	
	September	OFM assembles the Operating Plan recommendation and specifies funding priorities and concerns by budget accounts.	
	September–October	The CFO presents the plan to the COO. The CFO and COO submit the Operating Plan recommendation to the Administrator and Deputy Administrator for approval. They review the recommendation and may request specific changes. The final Operating Plan is contingent upon Congressional appropriation. If Congress does not approve the budget at the funding levels requested by the President's budget, the CFO will revise the Operating Plan.	
Current FY	By October 1	Congress approves the budget. If agreement on the budget is not reached by October 1, the start of the new fiscal year, then CMS must operate under a Continuing Resolution until Congress reaches agreement.	

Roles and Responsibilities

Agency Roles and Responsibilities

The **Office of Financial Management (OFM***)* issues an integrated budget call letter requesting funding needs for the FY+2 and FY+1 budgets. Two groups in OFM have key roles.

- The **Budget and Analysis Group (BAG)** has a key role in formulating the FY+2 budget. Its responsibilities are:
  - Work with components to develop budget justification materials
  - Review and analyze components' FY+2 budget submissions
  - Determine if the submissions line up with the Administrator on established targets
  - Submit an FY+2 budget recommendation to the Administrator and Deputy Administrator
  - Develop and present all CMS budget requests to DHHS, OMB, and Congress
- The **Financial Services Group (FSG***)* has a key role in executing the budget. Its responsibilities are:
  - Specify funding priorities and concerns by budget accounts
  - Review the Operating Plan submissions, eliminate duplications, and prioritize spending plans
  - Assemble the Operating Plan recommendation

The **CIO Planning, Management, and Support Group (PMSG)** in the Office of Information Services (OIS), has a key role in developing the budget for IT investments. Its responsibilities are:
- Support the Chief Information Officer (CIO)
- Plan, organize, and manage the CMS IT investment portfolio to ensure that IT resources are acquired and managed effectively
- Work with components to develop IT budget justification materials
- Formulate the Agency IT budget
- Make recommendations to OFM to develop the Operating Plan
- Prepare reports to OMB concerning IT investments

The **Administrator and Deputy Administrator** determine Agency priorities and spending levels and approve the Redbook (FY+2) budget that is submitted to DHHS.

The **Strategic Planning Council** evaluates and recommends for approval the annual Operating Plan and any other major changes that are made to it throughout the year.

Budget Small Groups evaluate all component funding needs and provide the Chief Financial Officer (CFO) with recommendations that ensure the successful achievement of Agency strategic, programmatic, and management objectives.
Groups are chaired by agency senior staff. Each group will have representation by a few components that utilize the majority of the funds from the group's area of responsibility. The CFO and supporting staff develop the Operating Plan based on recommendations from these small groups. The small groups are:
- Information Technology and Investment Review Board (ITIRB)
- Federal Administration

- Medicare Operations
- Survey and Certification
- Quality Improvement Organizations
- Research
- Medicare Integrity Program

Component Roles and Responsibilities

Managers should become familiar with ongoing projects and activities and internal and external issues that may help anticipate the needs of 2 years in the future. They use this knowledge to help develop a budget that allows for continuation and growth in ongoing operations as well as for new initiatives.

Project officers consider the resource needs of their own projects and inform their manager or Executive Officer. Project officer responsibilities are:
- Estimate the needs for projects that will be in place in FY+2
- Prepare a justification of projects included in the budget request
- Develop briefing materials for the CMS Administrator hearings
- Prepare senior managers with appropriate background information and talking points as necessary
- Develop justification materials for OMB before apportionments are issued
- Develop questions and answers for the congressional subcommittee
- Review the President's budget and last year's Operating Plan to request funds for the following year
- Prepare answers to questions from OFM concerning projects

Executive Officers are responsible for submitting the budget request for their component. They compile information provided by project officers and budget support staff to develop the submission.

Call Letter

OFM issues an integrated call letter to all components in April requesting their funding needs for the next 2 years. It contains the following information:
- General instructions for preparing and submitting a budget request
- A timeline explaining the schedule and deadlines
- An explanation of the review process
- The funding levels included in the President's budget
- Agency priorities and new initiatives
- A contact list
- Instructions for preparing project glossaries
- Specific budget account instructions
- Spreadsheets with directions for entering budget request information

Call Letter Response

Components respond to the integrated call letter with their funding requests for projects and activities expected to be in place in FY+2 and FY+1. It is difficult to develop a request for a budget that is 2 years in the future; therefore, budget requests at this stage of the process will not be exact. The Agency uses the FY+2 information to formulate the initial budget request presented to DHHS. The request for FY+1 funds is more precise. The Agency uses these figures to develop the Operating Plan.

All components are required to submit their budget request using a standard format. How each component compiles and prepares its submission may differ. The following process describes the general process of preparing a budget request; refer to your manager for the specifics of your component.

Generally, project officers and budget support staff develop a request for their projects. There are three steps to prepare a budget request: Go to the next page to look at the first step.

1: Identify the needs of the project
2: Estimate the cost of each purchase
3: Prepare and submit the budget request

Identify the Needs of the Project

Determine whether your funding need is for a new or an ongoing project. An ongoing project has been assigned a project number and has been funded at a certain level for the current year. Review the current Operating Plan to identify the funding amounts that have been approved for the project to date. Determine if you need any additional resources to continue the project.

For new projects, identify what you need to purchase to achieve your end result. Make sure you include all purchases needed to support the final product or objective. Also estimate the timeframes to start and finish the purchases. Some of your items may not be needed until a future year. Do not submit funds requests for FY+1 when you do not need the funds until FY+2.

Keep in mind that the Agency will not hold funds allotted to a project in an Operating Plan that cannot be obligated or committed within that specific fiscal year. See the Purchasing Process section in the Manage Your Budget topic for information on how to obligate or commit funds.

Answer the following questions to help you estimate the needs for a project:

Answer the following questions to help you estimate the needs for a project:
- ✓ What will be the workload?
- ✓ How many people do you need to complete the project?
- ✓ Of those people, how many need to be full time? Can some be part-time? Can they be borrowed from other components? Can you use contractors?
- ✓ Do these people need training or special skills? If the project goes over several years, will you need to train new people?
- ✓ What kind of equipment do you need (hardware, software, telecommunications, office equipment, books)?

Estimate the Costs

Estimate the costs of each purchase identified for your project by answering the following questions:

- ✓ How much will the equipment cost? Will the equipment need to be replaced during the life of the project?
- ✓ Will travel be required? If so, how much? How many individuals? For how long? Where will they be going (use to estimate per diem costs)?
- ✓ What cost overrun margin do you have?
- ✓ What other direct costs do you have (printing, postage, photocopying, courier services)?
- ✓ What are your indirect costs, such as the cost of attrition?
- ✓ What are the hidden costs in putting out work for bid? For example, does it lengthen the project timeline? Does it require more staff for a particular timeframe?
- ✓ How much will the contractors cost? (Contact the Office of Acquisition and Grants Management (OAGM) for help making your estimate. You can also ask the contractor to make an independent estimate.)

For help with estimating these costs…	Contact this division or group:	At the main office of center:
Contracts	OAGM	410-786-9280
Printing services	OOM/DPMS	410-786-1051
Travel	OFM/AMG/DAO	410-786-5412
Training	OOM/LRG	410-786-1051

Prepare and Submit the Budget Request

The integrated call letter contains the general instructions for preparing a budget request as well as specific directions for preparing the necessary documents and spreadsheets. It is important to read the call letter and attachments because documents and instructions may change from year to year.

Budget Request Spreadsheets

Each component prepares one submission that includes all its proposed projects. The budget submission includes a separate budget request spreadsheet for each funding source that the proposed project draws from.

The following are funding sources:
- Medicare Operations (Med Ops)
- The Medicare Prescription Drug Improvement and Modernization Act of 2003 (MMA) (2006 only)
- Research
- Survey and Certification
- Federal Administration (each of the following requires a separate spreadsheet):
  - Printing and Postage
  - Travel
  - Administrative Contracts and Intra-Agency Agreements

– Inter-Agency Agreements (non-DHHS)
– Training

OFM provides component-specific spreadsheets that include the current funding levels for approved projects. Directions for downloading these spreadsheets are included in the call letter.

OFM provides component-specific spreadsheets that include the current funding levels for approved projects. Directions for downloading these spreadsheets are included in the call letter.

Glossaries

Most funding sources require a glossary, which is a justification of the request. Prepare one glossary per project regardless of how many funding sources it draws from. You do not need a glossary for travel or training expenses.

A glossary contains the following information:
- The funding source and amount requested
- A description and justification
- The performance goal and anticipated accomplishment (tie the program to current CMS and DHHS goals and initiatives listed in the call letter)
- The consequences if not funded
- The reason for increased or decreased funding for an ongoing project

Follow these guidelines when writing a justification:
- Provide enough detail so someone unfamiliar with the project can understand why you need the money you are requesting.
- Use clear and concise language; don't use jargon that someone outside your program may not understand.
- Tie the project to the goals of the Agency.
- All activity/project titles should be spelled out completely at first mention, followed by the acronym in parenthesis. After the initial mention, type the acronym without parenthesis.

Generally, project officers provide project information and prepare glossaries, and Executive Officers prepare spreadsheets and submit all materials on the CMS server.

IT Budgeting

The IT Investment Budgeting Process is currently being revised. Information concerning this process will be added at a later time.

OFM Recommendation and COO Approval

OFM and Budget Small Groups use the spending targets established in the President's budget (the budget sent to Congress for approval) to allocate funding among components. The Small Groups make recommendations to OFM and the Chief Financial Officer (CFO) who use the recommendations to develop the Operating Plan and present to the Chief Operating Officer (COO) for review. The Operating Plan lists approved projects and their funding levels. The Administrator and Deputy Administrator review the proposed Operating Plan and give the final approval.

The Operating Plan is sent to the component directors and Executive Officers for implementation after Congress approves the budget. If Congress does not approve the budget by October 1, the Agency will operate under a Continuing Resolution that funds specific ongoing activities.

Project Numbers

If your project is approved by OFM, the Budget Small Groups will assign it a number that you will place on any document related to the project for tracking purposes.

The following charts display the project categories and the number range assigned to each.

Non-MMA	
IT Activities	0000–0999
Medicare Contractor Operations	1000–1999
Medicare Integrity Program (MIP)	2000–2999
Survey & Certification	3000–3599
BBA (Balanced Budget Act of 1997)	3600–3699
Medicare + Choice (Medicare Advantage)/National Medicare Education Program (NMEP)	3700–3799
HIPAA (Health Insurance Portability and Accountability Act of 1996)	3800–3899
BIPA (Benefits Improvement and Protection Act of 2000)	3900–3999
Research	4000–4999
QIO (Quality Improvement Organizations)	5000–5999
Federal Administration	9000-9999

MMA Related		Program Non-IT	Admin Non-IT	Program IT
Drug Card	6000–6499	6000–6299	6300–6399	6400–6499
Drug Benefit	6500–6999	6500–6799	6800–6899	6900–6999
Regulatory Reform	7000–7499	7000–7299	7300–7399	7400–7499
Contracting Reform	7500–7999	7500–7799	7800–7899	7900–7999
Miscellaneous Medicare Reform	8000–8999	8000–8799	8800–8899	8900–8999
Federal Administration	9000-9999			

BPRs Process

The components that manage Medicare contractors (carriers and fiscal intermediaries [FIs]), request funding for the contractors in their FY+2 budget submission. They base the request on the previous year's funding levels, and once approved, the figures are included in the President's budget.

Budget requests for the FY+1 budget are used to develop the Operating Plan and must be more exact. Budget and Performance Requirements (BPRs) specify the work that contractors are expected to perform in the next fiscal year. Once contractors know what work they are required to perform, they can prepare their budget requests.

Under the Program Management budget, BPRs represent activities such as paying claims, handling appeals, responding to inquiries, enrolling providers and suppliers, educating providers and beneficiaries, enrolling and overseeing participating physicians, settling cost reports, and recovering overpayments.

BPRs Timeline

	Month	Budget Activities
FY+1	February	OFM and the Center for Medicare Management (CMM) issue a BPRs call letter to components requesting preparation and submission of their draft BPRs. The Division of Budget Management and Execution (DBME) in OFM answers questions on preparing the draft BPRs.
	March	Components that work with Medicare contractors submit their draft BPRs to OFM. OFM compiles the submissions and briefs senior managers on new requirements.
	April	A BPRs workgroup is formed to discuss BPRs content with components. The workgroup consists of members from the Central Office, Regional Offices (ROs), and about six Medicare contractors. Draft BPRs are sent to the ROs and contractors for comments. ROs consolidate their comments with comments received from their contractors and forward them to DBME.

	May	Components address all questions received from the ROs and contractors and submit final BPRs and contractor funding targets to OFM.
	June	OFM and CMM submit final BPRs to the FMIB for approval. Final BPRs with funding targets are released to the Medicare contractors. Contractors begin preparation of budget requests.
	July	Contractors submit budget requests; ROs begin negotiation with contractors to reconcile differences between the budget request and the funding target.
	August	ROs submit recommendations on Medicare contractors' budget requests to OFM.
		OFM forwards RO recommendations to components and incorporates them into the Operating Plan.
Current FY	By October 1	OFM issues full-year funding to Medicare contractors if appropriation has been passed or Continuing Resolution funding if appropriation has not been passed. Notice of Budget Approval (NOBA) documents are sent from the RO to OFM/FSG/DBME to Accounting for certification. These are the accounting documents that allow contractors to withdraw funds

BPRs Call Letter

OFM and CMM issue an Agency-wide call letter requesting a narrative of requirements for the Medicare contractors. The letter contains the following information:
- Summary level funding targets based on the President's budget submission and the previous year's Operating Plan
- New initiatives for contractors
- Requirements for preparing the narrative and submitting the draft BPRs
- Timeline

BPRs Call Letter Response
Components use the funding level targets listed in the call letter to develop BPRs. Your submission should be a narrative with instructions for your contractors and should include the following information:

- ✓ The requirements that the Medicare contractors will be expected to perform for each ongoing function within a component's area of responsibility
- ✓ A statement as to whether the activities included in a function are mandatory or discretionary
- ✓ A narrative at the beginning of each functional SOW stating CMS goals and priorities
- ✓ A list of significant SOW changes from the previous year's BPRs
- ✓ Any request and justification for an increase in the funding target for Medicare contractor ongoing functions
- ✓ The name and telephone number of a contact person within the component for each functional area (i.e., Appeals, Medicare Secondary Payer [MSP])
- ✓ A description of what differs from the previous year's budget; for example, new priorities, increased expectations, or level of effort

Use the previous year's BPRs as a template to create your component's new BPRs submission.

Manage Your Budget

Introduction

After Congress approves the President's budget for the new fiscal year, components can begin spending money for projects included in the Operating Plan. Project owners must use specific methods and procedures to spend money allotted for approved projects. These methods and procedures are used with the following categories:
- Purchasing goods and/or services through a contract
- Purchasing goods and/or services with a credit card
- Purchasing goods and/or services through Inter/Intra-Agency Agreement (IA)
- Purchasing printing services
- Funding employee training
- Funding employee travel
- Funding Medicare contractors through a Notice of Budget Approval (NOBA)

If Congress does not approve the budget by October 1, the first day of the new fiscal year, Federal agencies operate under a Continuing Resolution. This means that new obligations are on hold and only awards for essential services are issued.

Roles and Responsibilities

Agency Roles and Responsibilities

The **CIO Planning Management and Support Group (PMSG)** in the Office of Information Services (OIS) is responsible for project planning, scheduling and management of all Information Technology (IT) investments. Responsibilities include:
- Review and sign all IT purchases before the component submits them to OAGM or OFM
- Support IT acquisition activities

The **Division of Accounting Operations (DAO)** in the Accounting Management Group (AMG) of the Office of Financial Management (OFM) is responsible for administering the Program Management appropriation. The three primary functions of this division are:
- Administrative Payments (AP)—Process commercial vendor invoices, bankcard invoices, miscellaneous reimbursements to employees, and payments to other Federal agencies through the Intra-Governmental Payment and Collection (IPAC) system
- Funds Control (FC)—Enter commitments and obligations into the Financial Accounting Control System (FACS), register incoming invoices, and verify invoices before they are scheduled for payment by Treasury
- Travel Payments—Process travel payments to CMS employees and other commercial vendors

All transactions are entered into FACS and comprise the information contained on the accounting reports. This information is utilized in the preparation of the financial statements.

The **Division of Budget Management and Execution (DBME)** in the Financial Services Group (FSG) in OFM prepares a consolidated Status of Funds report several times during the fiscal

year. This report is based on input from components responsible for the different funding accounts and includes the approved current fiscal year funding by activity or project, any adjustments, the revised approved amount, the amount obligated or committed, the balance remaining, and the spending rate percentage. DBME distributes the report to fund managers and their budget support staff, center/office directors, and regional administrators.

DBME also manages the administrative costs incurred by Medicare contractors.

The **Division of Publications Management Services (DPMS)** in the Office of Operations Management (OOM) issues print orders with the Government Printing Office (GPO).

The **Office of Acquisition and Grants Management (OAGM)** works with project officers to help them procure goods or services through a contract. Responsibilities include:
- Meet with project owners to plan acquisitions strategies and review Statements of Work (SOWs)
- Continually monitor acquisitions plans to maintain milestone schedules
- Conduct competitive acquisitions whenever possible and issue award documents
- Review all credit card purchases

Component Roles and Responsibilities

As a project officer, you manage funds that have been allotted to your approved projects. Your responsibilities include:
- Review the Operating Plan to ensure that projects have been approved by the Chief Financial Officer (CFO) and Chief Operating Officer (COO)
- Prepare commitment documents with the proper signatures and required clearances, if necessary, and send to OFM/AMG/DAO
- Provide OAGM with updated lists of planned acquisitions
- Work with OAGM to award contracts to vendors
- Keep the IT Spending Plan up-to-date in the IT Database
- Make sure that funds are obligated by cutoff dates so they are not "swept" by OFM
- Keep records of all credit card expenditures
- Approve invoices for reimbursement
- Track expenditures of approved projects
- Identify excess funds for redistribution by OFM; if a project is cancelled, all approved funds must be returned for reallocation
- Adhere to execution guidelines as established by OFM in the Rules of the Road memo
- Communicate with the component's budget representative and/or Executive Officer

Executive Officers are responsible for the budget within their component. Responsibilities include:

- Make sure that funds are committed or obligated by the cutoff dates
- Request additional funds from OFM when needed
- Reconcile accounting reports, identify and report discrepancies to OFM/AMG/DAO, and provide positive confirmation of report reconciliation to DAO on a monthly basis

The Purchasing Process

Begin the process of purchasing goods or services for a project by preparing an accounting document such as an HHS–393, Purchase/Service/Stock Requisition Form. This document initiates a five-step purchasing process:
1. Project authorization
2. Funds certification
3. Funds commitment
4. Funds obligation
5. Invoice certification

Although you may not be directly involved with all steps, it is important to understand the process so that you can ensure that resources are available when needed to fund an approved project.

This section describes the general purchasing process for all methods of purchases. Refer to Acquisitions, Travel Expenses for instructions on preparing the accounting document.

Project Authorization

After preparing the accounting document, obtain the following three signatures from within your component:
- Requested by (project officer or equivalent)
- Recommended by (requestors immediate supervisor or higher level manager)
- Approved by (center, office, or group director responsible for the project)

Submit all non-IT-related accounting documents to the certifying official. Submit accounting documents that fund any IT-related good or services to OIS for their approval.

Funds Certification

Obtain the signature of an authorized funds certification official (i.e. a person delegated by the component to certify funds availability for certain funding accounts). Your own component certifies funds for travel, supplies, and training. For all other accounts, the component with the overall responsibility for the account signs as the certifying official. The following chart displays the accounts and the certifying component.

Account	Certifying Component
Medicare Contractor, Medicare Integrity Program (MIP), Medicare Advantage	The Division of Budget Management and Execution (DBME) in OFM/FSG
Administrative Common Expense Account	The Division of Budget Management and Execution (DBME) in OFM/FSG
Health Care Fraud and Abuse Control Program	Program Integrity Group (PIG) in OFM
State Survey and Certification	Survey and Certification Group, Center for Medicaid and State Operations (CMSO)

Research	Office of Research, Development, and Information (ORDI)
Quality Improvement Organization (QIO)	Quality Improvement Group, Office of Clinical Standards and Quality (OCSQ)

Once funds are certified, the certifying component forwards the document to OFM/AMG/DAO for funds commitment.

Note: OFM/AMG/DAO issues a memorandum at the beginning of every fiscal year on the procedures for authorization and certification of accounting documents. This memo requires components to submit signatures of authorized funds certification officials by Common Accounting Number (CAN). CANs are established by DAO and assigned to CMS components and regions. Click here to display a sample Authorization and Certification memo.

Funds Commitment

Funds commitment is a reservation of monies to be used to finance a specific project. Once an accounting document is authorized and certified, FC within OFM/AMG/DAO enters a commitment of funds into FACS.

FC sends the form to the appropriate procurement office, OAGM or OOM/DPMS, for issuance of the obligation document.

Funds Obligation

Funds obligation is an order placed, contract awarded, service rendered, or similar transaction during a given period that will require payments during the same or a future period. When OAGM or OOM/DPMS issues an obligation document, FC records the obligation in FACS.

The following chart lists the accounting documents used to commit funds, the obligating document they generate, and the group or division responsible for issuing the obligating document.

Commitment (Accounting) Form	Obligating Documents	Issued By:
HHS–393, Purchase/Service/ Stock Requisition Form	• Form 347, Order for Supplies or Services • Form 26, Award/Contract • Form 30, Amendment of Solicitation/Modification of Contract • Form 33, Solicitation, Offer and Award • Form 1449, Solicitation/Contract/Order for Commercial Items • Blanket purchase agreements (BPAs)	OAGM
CMS–400, Printing Services Requisition Form	• SF–1, Printing and Binding Requisition • GPO–2511, Desktop Print Order	OOM/DPMS
Medicare Contractor Administrative Costs – Notice of Budget Approval (NOBA)	Commitment document that serves as the obligation document. NOBAs are issued to pay the administrative costs of the Medicare contractors.	OFM/FSG/DBME
None	HHS–350, Training Nomination and Authorization (used for training classes, tuition, and registration fees)	Component
None	Miscellaneous Obligation Document (MOD) (used for postage, telephones, machine repairs, motor pool, miscellaneous services costing not more than $500 for the 10 ROs, transit subsidy, and liability insurance)	Component
None	HHS–1, Travel Order	Component

Invoice Certification

Vendors send invoices to OFM/AMG/DAO for processing by the Administrative Payments Unit. The certification required for invoices is dependent upon the type of award document used and the dollar amount of the invoice:

- Fast Pay Invoices–Invoices under $25,000 against a purchase order do not require your certification prior to payment unless they constitute a one-time payment or final invoice. These invoices are subject to post-payment audit.
- Non-Fast Pay Invoices–Invoices greater than $25,000 against a purchase order require your certification prior to payment.
- Negative Payment Certification–All invoices for contracts are sent to you and the contract officer for negative certification prior to payment. Click here to display a sample Negative Payment Certification Procedures memo.

You will receive invoices from OFM/AMG/DAO for certification when required. After you complete the invoice certification, DAO will schedule payment by Treasury.

The following are exceptions to the invoice certification process:

- Travel Reimbursement—Employees submit travel orders and travel vouchers electronically through the CMS Travel System (HTS). HTS downloads the orders and vouchers daily into FACS.
- Grant Awards and NOBAs—DAO certifies funds but the disbursements are processed through the DHHS Payment Management System (PMS).
- IAs and Print Orders—DAO certifies funds but disbursements are processed through the IPAC.
- Ratification—Components request approval from OAGM for unauthorized procurements. This situation occurs when an individual who lacks procurement authority enters into an agreement on behalf of the Government. Any invoice received that cannot be matched to an award document will result in initiation of a ratification action with OAGM.

Acquisitions

When you need to procure goods and services through a contract, you will work closely with a contracting officer from OAGM. Contracting officers are responsible for certifying all requests for contracts and for awarding contracts to vendors. In order to plan for the new fiscal year, OAGM must become aware of all proposed large contracts by developing an Acquisition Plan, also called a Procurement Plan. This plan lists all projects requiring a contract action exceeding $100,000. OAGM uses this list to plan for acquisitions throughout the year.

OAGM begins development of the list by issuing an initial information request letter to components asking for their project information. Components respond with a spreadsheet listing their planned acquisitions. Your Executive Officer will prepare the spreadsheet and ask you to provide the following information about each of your projects:

- Project name or title
- Project number
- Expected value of the project
- Expected date of the Request for Contract (RFC) submission
- Expected date of the contract award

OAGM sends components followup letters that include the current Acquisition Plan and a request for information about any projects missing from the plan. A final letter called Notification of Cutoff Dates lists the last possible date for new contract submissions to OAGM.

Acquisition Timeline
Depending upon the complexity and needs of the program, an acquisition can take 1 to 2 months. To ensure that funds are obligated and contracts are awarded before cutoff dates, you should be aware of the acquisition timeline.

Month	OAGM Role	Component Responsibility
October	OAGM reviews the draft Operating Plan to identify and plan for acquisitions in the new fiscal year.	Review the Operating Plan to ensure their projects have been approved.
November–December	OAGM issues an initial information request memo to components requesting a list of their projects for the current fiscal year that require contracts exceeding $100,000.	Send a list of projects to OAGM.
January–Febuary	OAGM issues a Notification of Cutoff Date letter to components with the cutoff dates for contract submissions.	Make sure all project officers are preparing to submit contracts to OAGM before the cutoff date.
Early July	Cutoff for submission of contracts over $100,000.	Submit contracts to OAGM before the cutoff date.
Mid July	Cutoff for submission of contracts under $100,000.	Submit contracts to OAGM before the cutoff date.
Early August	Cutoff for administrative budget obligating documents (i.e., travel orders, training, credit card purchases), grants, interagency agreements, and printing requisitions.	Submit documents to OAGM before the cutoff date.
September	Deadline for awarding contracts for the current fiscal year.	

Request for Contract

Prepare a Request for Contract (RFC) to begin the process of procuring goods or services through a contract. A complete RFC includes the following items:

1. Request for Contract Action memo:
   - Signature of the division director for the program component
   - Purpose of the action (new contract or modification to existing contract/task order; if a modification, it must have the contract/task order number)
   - Period of performance for the action being processed
   - Any special clearances/approvals (e.g., Privacy Act, Public Relations Office of the General Counsel [OGC])
   - Project officer point of contact information
   - Technical evaluation criteria if competitive (attach the names/contact information of possible sources for competition)

2. Statement of Work (SOW) with detailed information on the technical requirements and deliverables of the procurement:
   - Purpose, goals, and objectives of the project
   - asks to be performed or types of deliverables required
   - Quality assurance measures
   - References
   - Deliverable schedule
   - Period of performance

3. Independent Government Cost Estimate (IGCE): An estimate of the total cost to perform the proposed contract and an estimate for individual phases or areas of the work (refer to OAGM for information).

4. HHS–393, Purchase/Service/Stock Requisition Form: The funding document that leads to the commitment of funds. (This form is usually prepared by your Executive Officer). Includes the:
   - Project number if applicable
   - Appropriation number if known
   - OIS signature if action involves any IT equipment or services

5. Justification or Other Than Full and Open Competition (JOFOC) if the effort is being proposed for one vendor only (refer to OAGM for information).

6. Checklist Requirements for Processing a 393: Required only when the value of the contract is over $100,000.

Contact OAGM for help if you have any questions concerning preparing the RFC. Submit the completed RFC with all supporting documents to OAGM for approval. A contracting officer will contact you if the RFC is incomplete. Funds Control within OFM/AMG/DAO is responsible for committing the funds in FACS and stamping the 393 to indicate certification of funds. The stamped RFC is known as a certified 393.

A CO prepares a Request for Proposal (RFP) to obtain information from prospective contractors. You will work with the CO to evaluate and select a contractor. All contractors must be registered in the Central Contractor Registry (CCR).

Once the selection process is completed, OAGM issues an award document that obligates funding for the project. Refer to the Federal Procurement Process Tasks and Steps job aid and the OAGM Web site for more information.

Credit Card Purchases

Selected individuals (usually Executive Officers) within each component and regional office are issued a CMS credit card to be used for making allowable credit card purchases within their assigned purchase limit. If you are issued a credit card, you will receive training from OAGM on the rules for using it. You will also receive a Bankcard Procedures Memo. Follow these rules carefully, all credit card purchases are reviewed by OAGM.

For those purchases in which an alternative funding source is used (i.e., Medicare Contractors, Training, IT Common Expense, etc.), you must obtain a completed Credit Card Purchase Authorization Form before making the purchase. Attach this form to the bankcard statement.

Once a month, you must turn in your credit card statement to your Executive Officer. Provide the following information for every item on the statement:
- The project number that identifies the purchase
- The CAN that identifies the source of funding
- The Object Class that best describes the purchase (Refer to the Bankcard Object Classes Memo for more information.)

Executive Officers compile the statements for every cardholder in their component and prepare and submit a Bankcard Summary Report with credit card statements to OFM/AMG/DAO for processing of the payment and coding into FACS.

Inter/Intra-Agency Agreement (IAs)

You may use an Inter/Intra-Agency Agreement to place an order for goods or services with another Government agency. Interagency Agreements are between a DHHS component and another Federal agency. Intra-Agency Agreements are between two or more agencies within DHHS.

You should use an IA when it is more cost beneficial and convenient to CMS than using an outside vendor. In many cases, the other agency may have an existing outside contractual agreement, that CMS can access through an IA. The other agency will bill CMS through the IPAC.

Both interagency and intra-agency agreements are prepared in a Word format. OAGM coordinates the processing of IAs for CMS. Contact OAGM for guidance when preparing an IA.

Printing Services

All Government printing orders over 25,000 pages must be done by or through the GPO. Government printing includes printing, binding, and blank-book work for use by an executive department, independent agency, or establishment of the Government. Your contracting officer can help you determine if there are any applicable exceptions involving your project.

Use the CMS–400, Printing Services Requisition Form as the commitment form when procuring printing services. DPMS will issue the award document.

Travel Expenses

When you are required to travel on official CMS business and you plan to use common carrier transportation or stay overnight, obtain approval through a travel order before starting the trip. Most travel orders and travel vouchers are processed electronically through HTS.

Manual travel orders and vouchers are required for permanent change of station (PCS) including new hires, and long term details. Forward these hardcopy documents to OFM/AMG/DAO for processing.

Do not incur travel expenses prior to the completion of a fully approved travel order. Although not required by regulation, it is suggested that you keep a copy of the approved travel order with you while in travel status.

To obtain funding for:	Follow these steps:
Overnight travel	1. Prepare and submit a travel order through HTS that includes the estimated costs of your trip. The system sends the order to the person responsible for approving and certifying your travel expenses This document initiates funds obligation. 2. Generally, you will pay for travel expenses associated with an approved travel order with the U.S. Bank Government Travel Card. After the trip, submit a travel voucher through HTS detailing your expenses. The system sends the voucher to the person responsible for approving and certifying your travel expenses. The travel voucher is processed through HTS into the Accounts Payable system in FACS and an electronic reimbursement is issued to you. *

Local travel	1. Obtain verbal pre-authorization from your supervisor/manager. After the trip, prepare and submit a local travel voucher through HTS for your out-of-pocket authorized expenses. The system sends the voucher to the person responsible for approving and certifying your travel expenses. Do not use the Government travel card while on local travel except for expenses associated with a rental car and gas when on a site visit.
To obtain funding for:	**Follow these steps:**
Long-term details, including new hires, and permanent change of station	1. Manual processing is required. Prepare Form <u>HHS–1, Travel Order</u>, to commit and obligate funds for these circumstances. *2.* Prepare Form SF–1012, Travel Voucher, to request reimbursement of expenses. Attach all receipts and supporting documentation, except for meals and incidental expenditures (M&IE) to the travel voucher and forward to OFM/AMG/DAO to request reimbursement. Travel vouchers for long-term details and permanent change of station are subject to a 100% audit by OFM/AMG/DAO. Upon successful completion of the audit, you will be reimbursed via direct deposit. *
* You are responsible for providing current banking information for input into FACS. The banking information contained in the FACS vendor file, **not** the banking information provided for payroll reimbursement, is used to make employee reimbursements for travel expenses.	

Your component determines how information is entered into HTS. It may be your responsibility as the traveling employee, or you may be required to put your request in writing and a designated employee will enter the data into HTS. Refer to the CMS Travel System (HTS) Preparer's Guide for help with preparing and submitting Travel Orders and Travel Vouchers.

Per Diem Allowances

- Lodgings Plus: Travel is more than 12 hours and overnight lodging is required. Employees are reimbursed their actual lodging cost not to exceed the maximum lodging rate for the Temporary Duty (TDY) location or stopover point. Meals and incidental expenses (M&IEs) are also paid not to exceed the established limit for each TDY location.

- Reduced Per Diem: CMS determines in advance that lodging and/or meal costs will be lower than the established rate for the TDY location or stopover point.

- Conference Lodging Allowance: Employees attending a conference who desire to stay at the conference hotel, where the rooms are over the maximum lodging rate, may be authorized an additional 25% of the maximum lodging rate. If the 25% increase is not enough to cover the cost of the room, other lodging facilities should be sought or actual and necessary subsistence expense must be requested.

- Actual Expenses: May be requested by an employee when one of the following occurs:

    – Lodging and/or meals are procured at a prearranged place such as a hotel, where a meeting, conference, or training session is held
    – Costs have escalated because of special event (e.g., sporting event, convention, natural disaster); lodging and meal expenses within the prescribed allowances cannot be obtained nearby; and costs to commute to and from the nearby location consume most or all of the savings achieved from occupying less expensive lodging
    – Mission requirements
    – Any other reason approved by the Agency

Training Expenses

The HHS–350, Training Nomination and Authorization Form is used to procure training services such as college courses and conferences. Use this form for all Government and non-Government training of 8 hours or more. Complete one form for each training course.

Send the completed form to OFM/AMG/DAO. DAO will return the certified 350 to your component. Send a copy to the vendor (college, training facility, etc.)

Funding Medicare Contractors

OFM/FSG/DBME is responsible for managing the administrative costs incurred by Medicare contractors. Regional Offices (ROs) as well as some Central Office (CO) components also have a role in the management process. These organizations use the automated Contractor Administrative Budget and Financial Management (CAFM) System II to monitor contractor administrative expenses and to determine each contractor's compliance with its individual budget. Refer to the CAFM II User Guide for instructions on how to use this system.

There are several processes in place to administer and monitor funds provided to Medicare contractors.

Contractor NOBA and Budget Distribution Process

1. The Central Office component issues a Financial Operating Plan (FOP) through CAFM II to each RO (after the budget for the new fiscal year is approved). FOPs release funding authority to the regions, by quarter, for the upcoming year.

2. ROs use the FOP to prepare NOBAs for their contractors and submit to the Central Office through CAFM II, for approval.

3. The Division of Budget Management and Execution (DBME) in OFM does an initial review of the NOBA, checking for compliance with previously issued guidelines, and either certifies or rejects it.

4. The NOBA goes to OFM/AMG/DAO. If it was certified by OFM/FSG/DBME, DAO reviews the NOBA, certifies or rejects it, and enters the decision into CAFM II. If DAO certifies the information, it is entered into the Payment Management System (PMS) Smartlink system, which allows the contractor to withdraw administrative funds up to the NOBA limits for the quarter and fiscal year.

5. The Central Office releases the NOBA to the RO. The RO signs a jointly certified NOBA, sends a hard copy to the contractor, and releases the NOBA on CAFM II to make it available to the contractor. The RO reviews a rejected NOBA and determines whether to initiate a new NOBA.

6. The contractor uses the quarterly distribution amounts to draw administrative funding through the Smartlink.

7. Within 30 days, the contractor prepares and submits, via CAFM II, a Budget Distribution (BD) for the initial NOBA for the new fiscal year. Submission of a BD for subsequent NOBAs is at the contractor's discretion.

8. The RO reviews the BD and approves or rejects it. An approval is entered in CAFM II. The RO notifies the contractor of a denial by phone and explains the problem. The contractor prepares and submits a new BD.

Contractor Administrative Costs Monitoring Process

Contractors compile their Medicare administrative costs monthly for the fiscal year-to-date and enter the amount into the Interim Expenditure Report (IER) format in CAFM II.
1. Four times a year, contractors use CAFM II to generate system variances, contrasting the BD, IER, and NOBA information, and create a Variance Analysis Report. Contractors review variances to determine why they exist and what actions can be undertaken to solve problems. The explanations are prepared in a word processing format, and a hard copy is submitted to the RO.

2. The RO reviews the information and decides if a contractor needs more funding. If additional funding is not needed, the RO works with the contractor to reduce administrative costs. If the RO feels that the contractor should receive additional funding, it may support the contractor's submission of a supplemental BD and/or prepare a NOBA with appropriate funding changes. The RO submits a regional Financial Status Report (FSR) to Central Office for review, including information about additional funding.

3. The Central Office reviews the RO FSRs and develops a national FSR that highlights potential budget overruns and underruns by operation. The report helps support the

approval or disapproval of SBRs submitted by contractors for additional funding. The report also highlights areas of potential underspending, enabling the Central Office to target specific areas and pull back funding that can be used in other operations.

Contractor Administrative Draw Monitoring Process

1. OFM/AMG/DAO records the draw limit, established by the NOBA, in Smartlink.

2. Contractors request reimbursement for their administrative costs through Smartlink. Smartlink determines if the request keeps the contractor's total draws for the quarter/fiscal year within the established limits.

   If the draw request puts the contractor over the quarterly limit, the entire draw is rejected and the contractor can reduce the draw request. If the contractor's year-to-date costs indicate that they will exceed their total NOBA, the contractor must determine whether to request additional funding or reduce spending.

   If the draw request is within the quarterly limitation, the contractor receives funding.

Contractor Reconciliation of Funds Drawn Process

1. Contractors compile administrative draw information monthly and enter the information on the IER through CAFM II.

2. OFM/AMG/DAO gets a report from Smartlink on the monthly draw and sends it to DBME.

3. OFM/FSG/DBME compares administrative draws with costs information. If a discrepancy is found, DBME and the ROs review the data with the contractor to determine where the discrepancy occurred and take one of the following actions:
   - If there is an error in the PMS figures, DBME works through OFM/AMG/DAO to rectify the problem.
   - If there is an error in the figures reported on the IER, the contractor prepares a supplemental IER for the month.

   - If the contractor inadvertently drew the wrong amount in Smartlink, the contractor enters a correcting draw.

Contractor Supplemental Budget Request (SBR) Process

1. The contractor prepares an SBR and submits it through CAFM II. They may also submit a hardcopy with explanations and/or justifications for this additional funding request to both the RO and Central Office.

2. The RO initiates a review and makes a recommendation. If the funding request is denied, the RO sends a denial letter to the contractor and a copy to the Central Office. If the RO recommends approval for any or all of the amounts requested in the SBR, the recommendation is forwarded to Central Office.

If the Central Office approves the SBR, a FOP is issued to the RO. The NOBA and BD process begins.

If the funding request is denied, the Central Office informs the RO in writing, citing the reason for disapproval. The RO informs the contractor of the denial, whether it came from the RO itself or the Central Office. The contractor may send an Abatement Letter. This is a formal letter stating that, in the absence of additional funding, the contractor must abate a function (as set forth in the contract). Within 60 days, CMS must respond by telling the contractor precisely what they can abate and how to go about it.

Contractor Fiscal Year Closeout Process

1. Within 3 months after the end of the fiscal year, contractors compile their costs for the entire year, submit a Final Administrative Cost Proposal (FACP) through CAFM II, and send a hardcopy to the Central Office and RO.

2. The RO, occasionally with the Central Office, performs a risk assessment review at the contractor's office. The RO determines if a full audit is necessary or a closing agreement can be prepared. If a full audit is necessary, the RO compiles the information and the Office of Inspector General (OIG), or an agent of the OIG, performs the audit.

3. Preliminary audit results are prepared by the OIG (or its agent). Copies are sent to the contractor, RO, and Central Office for review.

4. The RO prepares a closing agreement, which states the resolution of funding (either the contractor owes or is owed money).

5. The contractor reviews the closing agreement. If the contractor disagrees with the proposed closing agreement, the RO will negotiate any unresolved areas, with Central Office assistance, if necessary. This negotiation session may result in a revised closing agreement.

6. If no agreement can be reached, a Final Determination Letter is prepared by the RO. The letter discusses the reasons for upholding the auditor's findings and explains to the contractor their appeal rights. (This letter is reviewed by Central Office and OGC prior to being sent to the contractor.)

   The contractor has up to 1 year to appeal. If no appeal is filed within that time period, the findings in the letter are automatically upheld. A letter is sent to the contractor to inform them of the end of the appeal time and to request payment. If the Final Determination letter is appealed, a court case results. Resolution of the audit issues is decided by the court.

Rules of the Road

OFM sends components a memorandum known as the Rules of the Road, which explains the rules for spending appropriated funds. OFM establishes the rules to make sure that components adhere to the approved Operating Plan and remain within the appropriation.

The rules can change from year to year. It is the components' responsibility to adhere to the current Rules of the Road. Each component determines what funds to return for redistribution by OFM, what funds to transfer between line items following the $100,000 or 15% rule (training limited to $2,000 or 15%), or when to request additional funding or funding for a new project from OFM. Refer to your manager or Executive Officer for guidance.

The following are common budget management questions and answers according to the "rules."

Q. What do I do with funds if a project is canceled?

A. Return all funds allotted for that project to OFM for reallocation **or** transfer funds to an underfunded project. You can move up to $100,000 or 15% of the approved amount for either the project receiving or giving the funds, whichever is less. You do not need approval from OFM to move funds within the designated limits.

Q. If the cost of a project is more than the approved amount, can I move funds from one project to another?

A. You can move up to $100,000 or 15% of the approved amount for either the project receiving or giving the funds, whichever is less. You must have OFM approval for any additional amount. You do not need OFM approval to move funds within the designated limits.

Q. If the cost of a training project is more than the approved amount, can I move funds from one project to another?

A. You can move up to $2,000 or 15% of the approved amount for either the project receiving or giving the funds, whichever is less. You must have OFM approval for any additional amount.

Exception to the rule: You can move training dollars, in excess of the $2,000 or the 15% level, from one approved line item to another approved line item, provided the movement occurs within the same learning priority.

Q. What do I do if the cost of a project is less than the approved funding level?

A. You may transfer the excess funds to an approved, underfunded project or return them for reallocation.

Q. Can I get additional travel funds?

A. A component must spend a minimum of 75% of its fiscal year travel allocation before requesting additional travel funds. The OFM will consider exceptions to this guideline if a component experiences a new mandated CMS initiative or expanded requirements for a current mandated initiative for which funding has not been previously requested.

Q. Can I get funding for a new project that is not included in the current Operating Plan or request additional funding for an approved project?

A. You must get approval from the OFM.
Provide the following information about the project to your component's budget representative or Executive Officer to forward to OFM.

- A justification for the request
- The amount needed during the current fiscal year
- The proposed funding source
- If applicable, associated funding requirements projected for 3 out-years

The Sweep Process

OFM conducts a periodic sweep of funds beginning in the third quarter of the fiscal year to make sure funds are being spent appropriately and in a timely fashion. OFM looks at the due dates of approved projects to determine if the funds have been committed or obligated. If they have not, OFM recoups or "sweeps" the funds and uses them for underfunded projects.

The sweep includes funds held by Medicare contractors in their NOBA. Excess funds are recouped when contractors are under-running their NOBA and there is no reason to believe spending will accelerate before the end of the fiscal year.

To facilitate the sweep of funds and ensure that all obligations are recorded in FACS, OAGM issues a Notification of Cutoff Dates letter to inform components of the cutoff dates for submitting an RFC. Also, OFM/AMG/DAO issues a letter requesting that bankcard estimates be provided to DAO for purchases that will be made during the month of September. These estimated obligations are processed in FACS to reserve funds to pay for September credit card activity that will be billed in October. After the sweep is completed, each component is left with a $2,000 reserve. If additional funds are needed, the component must contact OFM/FSG/DBME.

To avoid losing funding for an approved project:
- Be sure to include your projects on the OAGM Acquisition Plan.
- Monitor the due dates on the Acquisition Plan and make sure that you send the commitment documents to OFM/AMG/DAO.
- Review and adhere to instructions in memos sent by OAGM informing components of cutoff dates to commit funds.
- Review and adhere to instructions in the memo issued by OFM/AMG/DAO (usually in early August) regarding end-of-year cutoff dates for the Federal Administration budget and requesting bankcard estimates for purchases that will be made during the month of September.

Funds that are committed or obligated will not be swept by OFM.

IT Budgeting

The IT Investment Budgeting Process is currently being revised. Information concerning this process will be added at a later time.

Reports

On a monthly basis, Executive Officers are required to reconcile accounting reports to source documents in order to identify discrepancies in allowances, commitments, and obligations. They report any discrepancies to DAO. If there are no discrepancies, they state that the reports were reconciled and no discrepancies were found. Components use the following accounting reports to identify discrepancies:

- R310, Status of Funds by Allowance (high level, subtotal of allowances)
- R311, Report of Open Documents (detailed activity, includes obligations and expenditures)

Hard copies of the R310 and the R311 are distributed after the close of each month. Daily versions of these reports are available on-line. This reporting process lets Executive Officers know when funds have not been obligated by due dates. Your Executive Officer informs you that your funds may be swept if not obligated.