FM 1-06

FINANCIAL MANAGEMENT OPERATIONS

APRIL 2014

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FINANCIAL MANAGEMENT OPERATIONS

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Preface

Field Manual 1-06*, Financial Management Operations*, provides doctrine on how financial management (FM) supports unified land operations. The intent of this manual is to describe how FM complements combat power, supports strategic and operational reach, and enables endurance. This manual provides the foundation that supports development of the doctrine, organization, training, materiel, leadership and education, personnel, and facilities domains to support the modular Army, and establishes how FM operations integrates and synchronizes into the overall operations process.

The principal audience for Field Manual 1-06 is all members of the profession of arms. Commanders and staffs of the Army headquarters serving as joint task force or multinational headquarters should also refer to applicable joint or multinational doctrine concerning the range of military operations and joint or multinational forces. Trainers and educators throughout the Army will also use this publication.

Commanders, staffs, and subordinates ensure that their decisions and actions comply with applicable United States, international, and in some cases host-nation laws and regulations. Commanders at all levels ensure that their Soldiers operate in accordance with the law of war and the rules of engagement. (See Field Manual 27-10.)

Field Manual 1-06 uses joint terms where applicable. Selected joint and Army terms and definitions appear in both the glossary and the text. Terms for which Field Manual 1-06 is the proponent publication (the authority) are italicized in the text and are marked with an asterisk (*). Terms and definitions for which Field Manual 1-06 is the proponent publication are boldfaced in the text. For other definitions shown in the text, the term is italicized and the number of the proponent publication follows the definition.

Field Manual 1-06 applies to the Active Army, Army National Guard/Army National Guard of the United States, and the United States Army Reserve unless otherwise stated.

The proponent of the Field Manual 1-06 is the United States Army Combined Arms Center. The preparing agency is the Combined Arms Doctrine Directorate, United States Army Soldier Support Institute. Send comments and recommendations using Department of Army (DA) Form 2028 (*Recommended Changes to Publications and Blank Forms*) to Commander, U.S. Army Soldier Support Institute, ATTN: ATSG-CDI, Building 10000, Fort Jackson, SC 29207-7045, by email to usarmy.jackson.93-sig-bde.list.jackson-atsg-cdid-fm-doctrine@mail.mil; or submit an electronic DA Form 2028.

Introduction

The Army's two capstone publications, Army Doctrine Publication (ADP) 1, The *Army*, and ADP 3-0, *Unified Land Operations*, describe future United States military operations as joint campaigns requiring the cooperation of, and coordination with, joint, interagency, and multinational organizations in addition to Army forces. The core unit, the brigade combat team (BCT) consists of organic forces that are augmented and organized based on mission, enemy, terrain and weather, troops and support available, time available and civil considerations (METT-TC). Field Manual 1-06 describes FM capabilities that support these doctrinal publications.

This manual replaces the core functions of resource management (RM) and finance operations (FO) as terms. Financial Management integrates these core functions under one term. The individual with singular responsibility for FM at the theater Army, corps, and division (DIV) level is the assistant chief of staff, Financial Management (G-8), who consults with the Financial Management Support Center (FMSC). The Army has deployed modular FM units as part of the sustainment warfighting function within the theater sustainment command (TSC), Expeditionary Sustainment Command (ESC), and the Sustainment Brigade (SUST BDE).

Army Financial Management is comprehensive in scope, from developing and analyzing funding requirements, distributing available funds, executing and maintaining controls and auditable records, and producing internal management and external accounting reports. This involves establishing a responsive and realistic requirements process, and inculcating a cost culture that incentivizes good stewardship. The key system enabler for accomplishing Army FM is the General Fund Enterprise Business System (GFEBS).

GFEBS is the Army's integrated financial management system for funds distribution, execution and reporting. The system provides real-time visibility of transactions as well as historical data to enable better analyses and to make better informed decisions. GFEBS complies with statutory and regulatory requirements, enforces internal controls and is the Army's centerpiece for achieving unqualified financial audit opinions. GFEBS is an Enterprise Resource Planning (ERP) system, and like all ERPs, results in the integration of related data (e.g., contracting), as well as changes to business processes.

GFEBS is implemented across the Army (i.e., Active Army, Army National Guard and Army Reserve), within the Continental United States (CONUS), and with the deployed Army worldwide. While GFEBS involves a new system, changes in business processes and the integration of data, it also involves standardization and common business processes across the Army.

The FM mission includes support to stability operations such as providing FM support to host nation banking institutions, developing economic assessments for a theater of operations, and coordinating with unified action partners to implement the United States (U.S.) instrument of economic power. *Unified action partners* are those military forces, governmental and nongovernmental organizations, and elements of the private sector with whom Army forces plan, coordinate, synchronize, and integrate during the conduct of operations (ADRP 3-0).

Field manual 1-06 makes numerous changes from the first version. The most significant is the elimination of all the appendices included in previous versions. The information has been modified and embedded throughout the publication. All figures and tables have been revised and updated to reflect a more contemporary and accurate description.

Field manual 1-06 contains eight chapters, in which the financial management core competencies are described to reflect the broad reach of FM operations throughout the Army. These five core competencies are Fund the Force, Banking and Disbursing, Accounting Support and Cost Management, Pay Support and Management Internal Controls.

Chapter 1 discusses financial management mission, principles, and its core competencies. It describes the tactical, operational, and strategic level support and the organization responsibilities and relationships with unified action partners. The chapter articulates the different financial management staff elements and the organization structure including SRC-14 details.

Chapter 2 provides an overview of core competency; fund the force. Appropriations and authorization process is described to include the different applicable legislative key terms, statues and laws.

Chapter 3 discusses the core competency banking and disbursing. A description of all aspects of banking support and disbursing support, to include the close relationship between the two is explained in the various sections of the chapter.

Chapter 4 provides information about pay support as a core competency in relation to both active duty and reserve component pay.

Chapter 5 contains information on accounting support and cost management as core competencies. It describes the stages of transactions at the strategic, operational, and tactical levels of accounting support. It also describes the cost management process and its importance during every operation.

Chapter 6 covers the operational art and planning and all aspects of the military decision making process in concern to financial management operations.

Chapter 7 describes the management internal controls as a core competency and the responsibilities inherited during financial management operations.

Chapter 8 discusses the information management aspects of financial management operations. It gives a description of the different automation systems in support of the mission.

Chapter 1

Financial Management Operations

Financial Management **(FM) is defined as the sustainment of the U.S. Army and its unified action partners through the execution of Fund the Force, Banking and Disbursing, Accounting Support and Cost Management, Pay Support and Management Internal Controls.** FM operations have transformed to better support the combatant commander (CCDR) by integrating all FM responsibilities under the G-8. Commanders must leverage fiscal policy and economic power to enable decisive action during unified land operations.

SECTION I – FINANCIAL MANAGEMENT MISSION AND PRINCIPLES

1-1. The Financial Management mission and principles remain steady and it is more relevant than ever during these times of fiscal restraints and cost efficient planning.

MISSION

1-2. The FM mission is to ensure that proper financial resources are available to accomplish the Army's mission in accordance with (IAW) commanders' priorities. These capabilities are conducted by properly sized, modular FM structures in the context of FM operations planned and executed in consideration of operational variables such as political, military, economic, social, information, infrastructure, physical environment and time and mission variables such as METT-TC. FM capability resides at the Army's strategic, operational and tactical levels of support. The primary purpose of FM is to sustain and support operations until successful mission accomplishment. FM operations extend Army forces' operational reach and prolong operational endurance, thereby allowing commanders to accept risk and create opportunities for decisive results.

1-3. The FM mission is to analyze resource requirements, ensure commanders are aware of existing resource implications in order for them to make resource informed decisions, and then obtain the necessary funding that allows the commander to accomplish the overall unit mission. Key tasks are advising the commander; identifying sources of funds; analyzing requirements; forecasting; capturing, analyzing and managing costs; acquiring funds; distributing and controlling funds; certifying fund availability, and managing commitments and obligations; managing reimbursement processes; documenting and communicating key controls to process owners; and establishing and managing the Army Managers' Internal Control Program (MICP).

1-4. The FM mission also supports the sustainment of Army, joint, and multinational operations through the execution of key contingency tasks. These tasks provide timely contracting payments, various pay and disbursing services, oversight and management of the Army's Banking Program, implementation of FM policies, and guidance prescribed by the Office of the Under Secretary of Defense (Comptroller) (OUSD[C]). In addition, guidance is prescribed by national FM providers (e.g., U.S. Treasury, Defense Finance and Accounting Service (DFAS), and Federal Reserve Bank [FRB]).

PRINCIPLES OF FINANCIAL MANAGEMENT

1-5. Similar to sustainment, there are six FM principles: stewardship, synchronization, anticipation, improvisation, simplicity, and consistency. These principles are critical to maintaining combat power, operational reach throughout the levels of war, and the endurance of Army forces. Although independent of one another, these principles must be integrated in the planning and execution of FM operations at the

strategic, operational and tactical levels of war. This integration facilitates the optimal allocation of financial resources to accomplish the mission. FM principles are depicted in figure 1-1.

Example. FM leaders must provide responsive FM support that meets the changing nature of the operational environment (OE). They must be able to anticipate changing requirements created by changes in the mission or the OE. By applying the simplicity principle, FM leaders ensure the transparency of their operations and demonstrate stewardship through the proper use of resources by complying with existing regulations and statutes.

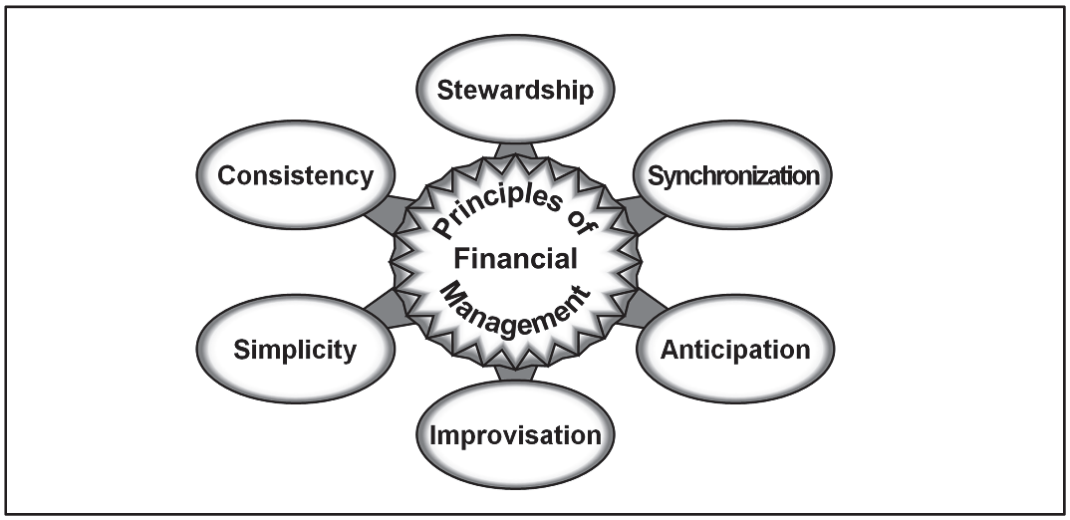


Figure 1-1. Principles of Financial Management

STEWARDSHIP

1-6. The Department of Defense (DOD) is entrusted by the American people as steward of the vital resources (funds, material, land, facilities) provided to defend the nation. All available resources shall be used in the most efficient means possible (JP 1-06). The Army operates under the mandate to use all available resources in the most effective and efficient means possible to support the CCDR. Although not mutually exclusive, these two goals – effectiveness and efficiency do not have the same meaning. FM leaders must understand that effectiveness describes how well consumed resources achieve the desired outcome or end state. Efficiency speaks to the manner in which those resources are consumed in order to produce the maximum amount of output with the least amount of input, regardless of whether the output achieves the desired outcome – "doing things the right way". Certainly, the efficient use of resources is always an important consideration for Army leaders and financial managers; however, the primary focus regarding the use of financial resources must always center on accomplishing the mission and/or attaining the desired end state. Good stewardship requires the availability of timely and accurate financial information to facilitate sound decision-making and ensure that resources are used in compliance with existing statutory and regulatory guidance.

SYNCHRONIZATION

1-7. Synchronization is the arrangement of military actions in time, space, and purpose to produce maximum relative combat power at a decisive place and time (JP 2-0). Synchronization of FM operations requires that FM leaders arrange the placement of FM units and personnel in time, space, and purpose in order to ensure that commanders receive the requisite FM support. In order to achieve synchronization, FM leaders coordinate with the appropriate Military Services, DOD organizations, national FM providers and intergovernmental organizations, as necessary, to align FM capabilities to theater requirements. Financial

managers use the planning and orders process to synchronize FM throughout all phases of an operation and tailor FM support to the unique and changing dynamics of the OE and mission.

ANTICIPATION

1-8. Anticipation is the ability of FM leaders to forecast requirements based upon professional judgment honed by experience, knowledge, education, intelligence, and intuition. The ability of Army forces to combine its core competencies into a fluid mix of offensive and defensive tasks, and stability operations depends on a philosophy of command that emphasizes broad mission-type orders, individual initiative within the commander's intent, and leaders who can anticipate and adapt quickly to changing conditions (ADP 3-0, *Unified Land Operations*). Financial managers must also visualize future operations and determine the appropriate support. This requires a flexible and responsive execution of operations providing FM support to the right place, at the right time and in the right composition. Anticipating requirements necessitates staying abreast of operational plans (OPLANs), continuously coordinating with supported units and higher headquarters, constant assessment of the OE, and positioning FM assets within the area of operation (AO) to meet present and future operational needs in a continually evolving OE. Financial managers anticipate changes in their mission and the OE through detailed planning and continual coordination with supported commanders' staff. Leaders frequently survey the OE to anticipate shifts in requirements that impact FM operations. Anticipation also involves adjusting training plans prior to deployment to ensure FM units and staffs can execute directed missions once in theater.

IMPROVISATION

1-9. Improvisation is the ability to adapt operations and plans for FM to changing situations and missions. It includes task organizing FM units in non-traditional formations, submitting fiscal legislative proposals to acquire new fiscal authorities, applying existing financial and communication technologies in new ways, and creating new tactics, techniques and procedures to meet evolving requirements resulting from changes in the OE and consequent modifications to the mission.

SIMPLICITY

1-10. *Simplicity* relates to processes and procedures to minimize the complexity of sustainment (ADP 4-0). This principle speaks to FM processes, procedures, and the requirement to minimize complexity in functions in order to reduce confusion. Simplicity fosters efficiency in the conduct of operations and enhances the effective control of FM support to our forces. Clarity of tasks, standardized and interoperable procedures, and clearly defined command relationships contribute to simplicity. Simplicity facilitates the optimal utilization of resources, while ensuring effective support of forces.

CONSISTENCY

1-11. The principle of consistency involves the provision of consistent FM support and guidance to forces throughout the AO. Financial managers must coordinate with the appropriate DOD organizations and other Military Services to ensure the uniform provision of support to all forces in theater. This includes making appropriate provisions for pay and services, establishing banking and cash management/currency support payment of travel entitlements and cash operations to support the acquisition process (JP 1-06*, Financial Management Support in Joint Operations*). Consistent FM guidance requires involvement in the running estimate process and the command's requirements board's process, developing FM appendices to OPLANS, and close coordination among FM units within theater.

SECTION II – FINANCIAL MANAGEMENT CORE COMPETENCIES

1-12. Financial management core competencies are the essence of what the Army expects us to do. They represent our responsibilities and capabilities during unified land operations. Figure 1-2, on page 1-4, illustrates FM core competencies.

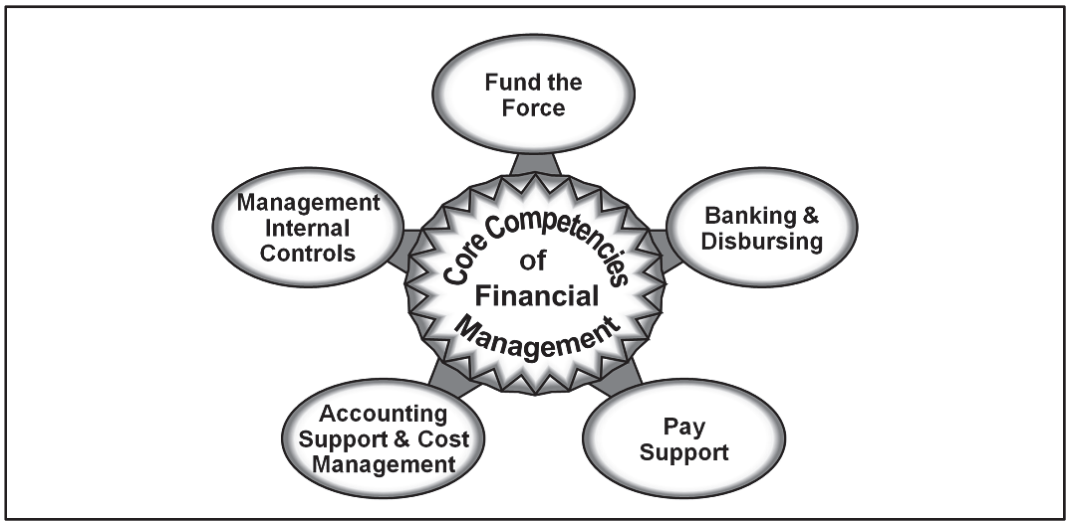


Figure 1-2. Financial management core competencies

FUND THE FORCE

1-13. ***Fund the force*** **is the critical capability that matches legal and appropriate sources of funds with thoroughly vetted and validated requirements**. FM leaders execute this core FM capability across the unified land operations. Fund the force applies to all levels of war – strategic, operational and tactical. ADP 3-0, *Unified Land Operations*, acknowledges that strategic success requires full integration of U.S. military operations with the efforts of unified action partners. In the context of military operations, strategy develops an idea or set of ideas for employing the instruments of national power in a synchronized and integrated fashion to achieve theater, national, and/or multinational objectives, JP 3-0, *Joint Operations*. Fund the force at the strategic level entails operations that include setting policy, planning resources, interpreting DOD and specific Office of the Undersecretary of Defense (Comptroller) (OUSD(C)) guidance, coordinating DFAS policies, following congressional legislation, and maintaining effective oversight of execution at the program level.

1-14. The operational level links the tactical employment of forces to national and military strategic objectives, JP 3-0, *Joint Operations*. At this level, FM provides commanders the required resources and ensures the resources are used effectively and efficiently in compliance with existing fiscal laws and regulations that involve executing funding, anticipating future requirements, and planning supporting operations. At the operational level, the primary objective is to establish conditions favorable to the successful conduct of tactical operations.

1-15. Tactics is the employment and ordered arrangement of forces in relation to each other. Joint doctrine focuses this term on planning and executing battles, engagements, and activities at the tactical level to achieve military objectives assigned to tactical units or task forces, JP 3-0, *Joint Operations*. Financial Management operations at the tactical level focus on short term objectives that enable the mission of maneuver units to succeed. At this level, fund the force tasks encompass immediate receipt and distribution of funding. See Chapter 2, Fund the Force, for more information.

BANKING AND DISBURSING

1-16. ***Banking support*** **is the provision of cash, non-cash and E-commerce mechanisms necessary to support the theater procurement process and host nation banking infrastructure.** Banking support major tasks include: (1) Identifying partner agencies and documenting economic analysis of support host country (2) Establishing theater Army Banking Policy & Procedures (3) Coordinating for E-commerce & supporting technology (4) Opening and maintaining limited depositary account (LDA) and (5) Coordinating for Host Nation Banking capability.

1-17. ***Disbursing support*** **is the paying of public funds to entities in which the United States government is indebted; the collection and deposit of monies; the safeguarding of public funds; and the documenting, recording, and reporting of such transactions**. Disbursing support is comprised of currency management and support to operational contract support. Disbursing support major tasks include: (1) Establishing Disbursing Station Symbol Number (DSSN) (2) Establishing and maintaining theater cash holding authority (CHA) (3) Providing Cash Management/currency support (4) Providing report requirements (5) Opening, maintaining and closing a limited depositary account (LDA) (6) Providing Procurement support (7) Making special payments and (8) Performing personal cash services support. See chapter 3, Banking and Disbursing Support for more information.

PAY SUPPORT

1-18. FM includes the provision to ensure military pay support is provided to all personnel assigned or attached within the Financial Management Support Unit's (FMSU) AO. FM units providing military pay support must ensure that all Soldiers, regardless of component, receive timely and accurate pay in accordance with existing statute and regulations. See chapter 4, *Pay Support*, for more information.

ACCOUNTING SUPPORT AND COST MANAGEMENT

1-19. ***Accounting support*** **is the accurate and complete recording of financial transactions within the Army Financial Management Information Systems and the review and reconciliation of these financial transactions to ensure the proper expenditure of entrusted funds in support of unified land operations**.

1-20. Accounting requirements for unified land operations are immense, and they begin before the first troop deployment. The quality of accounting records depends on the timely receipt and accuracy of financial information. The level of accounting support depends upon the level of conflict and the complexity of the operation. Accounting support also entails the accurate and complete recording of financial transactions within the Army Financial Management Information Systems (FMIS). Additional accounting support involves review and reconciliation of these financial transactions to ensure the proper expenditure of entrusted funds.

1-21. Effective decision-making necessitates the consideration of resource implications of possible courses of action in relation to both short term and long term objectives. Cost management enhances effective decisions by collecting and linking financial (cost) data with non-financial output and performance data, thereby presenting information in a way directly related to major mission objectives whether at the Headquarters Department of the Army (HQDA) level or at the tactical unit level. Cost management will provide Army leaders and managers - from HQDA down to brigade level - with real-time costs that are tied to operational and functional activities.

1-22. ***Cost management*** **collects and links financial (cost) data with non-financial output and performance data, presenting the information in a way directly related to major mission objectives.** Cost management transforms accounting data into valuable and accurate cost information that enables the commanders' decision-making process. Commanders throughout the Army use cost information for effective decision-making and performance management by analyzing their decisions in the context of both short and long-term cost implications, selecting effective trade-off decisions in order to achieve the optimal application of limited resources, and holding subordinates accountable for improving the effectiveness and efficiency of their operations. For FM leaders, cost management demands a departure from the previous FM culture that focused on input. Maximizing the budget was the mantra that drove many decisions regarding budget execution. The cost culture requires the Army and in particular, the FM community to optimize the use of fiscal resources by focusing on output and outcomes. Army leaders at all levels must formulate and effect timely decisions that capitalize on available resources to achieve the best outcomes in support of mission accomplishment. See chapter 5, *Accounting Support and Cost Management*, for more information.

MANAGEMENT INTERNAL CONTROLS

*1-23. **Managers' internal control program*** **provides reasonable assurance that establishes accountability and control procedures to comply with applicable laws and regulations.** In accordance with Army Regulation (AR) 11-2, *Managers' Internal Control Program*, all commanders and managers have a statutory and inherent responsibility to establish and maintain effective management controls, assess areas of risk, identify and correct weaknesses in those controls and keep their superiors informed. Financial managers coordinate management controls throughout the unit. The MICP provides reasonable assurance that established accountability and control procedures comply with applicable laws and regulations. As it pertains to FM, the MICP provides reasonable assurance that obligations and costs comply with applicable laws, funds are protected, payments are properly disbursed, and proper accounting is kept of all expenditures (stewardship). The MICP must be established as soon as possible, but not at the expense of operational or tactical considerations.

1-24. With the Chief Financial Officers Act of 1990, Congress mandated that all federal agencies produce auditable financial statements. All federal agencies, except the DOD, have been able to produce auditable statements. In order to focus the DOD efforts, The Office of the Under Secretary of Defense (Comptroller) (OUSD(C)) outlined the Department of Defense (DOD) priorities for improving financial information and achieving financial statement audit readiness. The 11 August 2009 OUSD(C) memorandum directs DOD Components to improve budgetary information, as this is the information most useful to the Department's decision makers. Specifically, DOD Components should focus on improving budgetary processes and information to obtain an unqualified audit opinion on the Statement of Budgetary Resources (SBR). Financial Managers document and communicate key controls to process owners in support to audit readiness. See chapter 7, *Management Internal Controls*, for more information.

THE FISCAL TRIAD

1-25. ***The fiscal triad***, depicted in figure 1-3, illustrates **the legally binding process that governs the critical path between contracting and financial management for acquisition management, internal controls, and fiscal law prescribed for the procurement process**. FM, contracting and legal counsel (staff judge advocate (SJA) fiscal lawyer) comprise a system that fulfills required fiscal support, from the acquisition and certification of funds, to the legal review of the proposed contracting action, to the contracting for goods and services, and finally to the disbursing and accounting of public funds. At the center of the Fiscal Triad is the unit commander, who generates mission requirements, and initiates the process. This illustration emphasizes that the process exists solely to satisfy the unit commander's mission requirements. All elements of the Fiscal Triad must coordinate to conform to existing policies, regulations, and laws to prevent fraud, waste and abuse of government funds. To ensure separation of duties, each element of the triad is independent, yet each element works closely with the other to obtain products or services to meet the commander's needs in compliance with applicable laws and regulations. See chapter 3**,** *Banking and Disbursing Support***,** for more information.

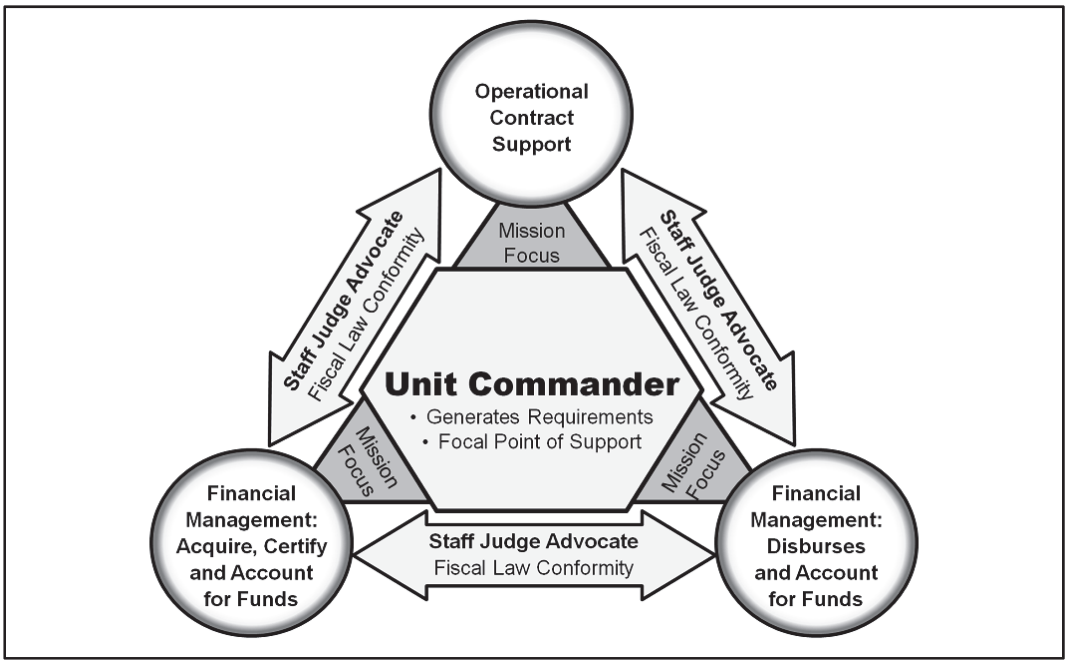


Figure 1-3. Fiscal triad

FINANCIAL MANAGEMENT SUPPORT TO FORCE PROJECTION

1-26. Force projection is the military element of national power that systemically and rapidly moves military forces in response to requirements across the range of military operations (Field Manual 3-35, *Army Deployment and Redeployment*). Force projection requires the Army, as part of a joint force, to alert, mobilize, rapidly deploy, and operate effectively anywhere in the world. Successful force projection relies on the proper and expeditious reception, staging, onward movement and integration (RSOI) of combat forces into a theater of operations in support of a joint force commander. RSOI supports generating the requisite combat power made available to a joint force commander to execute his mission in support of national objectives. FM support to the RSOI process and supporting theater opening operations is critical to the expeditious build up and sustainment of combat forces in a theater of operations. During a crisis response, the Army deploys an assessment team composed of elements from the contingency command post (CCP) within the Army Service component command (ASCC) headquarters. Integration of the Fiscal Triad elements into the assessment team enhances the capabilities of the CCP to meet mission requirements as the situation develops.

1-27. As the tactical military unit responsible for the theater opening mission, the SUST BDE will be one of the first organizations into a theater of operations and designated as the Sustainment Brigade theater opening. Elements from the Financial Management Support Unit (FMSU) and/or Financial Management Support Detachment (FMSD) should deploy along with the SUST BDE Theater Opening in order to execute Disbursing operations critical to the success of RSOI. Likewise, the G-8 within the responsible corps or division should immediately deploy their early entry personnel in order to perform necessary FM tasks. Theater opening is the ability to rapidly establish and initially operate ports of debarkation (air, sea, and rail) to establish sustainment bases and to facilitate port throughput for the reception, staging, and onward movement of forces within a theater of operations. (ATP 4-93, *Sustainment Brigade*). These operations rely heavily on initial reception support in the form of contracted support, host nation support, and/or military assets to immediately support the arrival of deploying units and their equipment. As part of the Fiscal Triad, FM capabilities must be part of the initial flow of forces into theater to support the contracting effort. Initial FM capability include:

- Fund the Force.

- Identify and obtain appropriate funding.
- Certify funds and track costs.

- Disbursing Operations.
  - Cash management/currency support.
  - Procurement support.
  - E-commerce support

1-28. Well planned RSOI ensures that the required FM capabilities, along with representatives from other elements of the Fiscal Triad, are sequenced early in the time-phased force and deployment data and are in theater functioning before the first unit arrives. Even if this means initial displacement of some combat forces, the benefits accrued include higher throughput, faster buildup of combat power, and earlier force closure in the operation.

SECTION III – ARMY FINANCIAL MANAGEMENT WITH UNIFIED ACTION PARTNERS

1-29. Today, the Army finds itself operating not only with other Services but other U.S. agencies ((e.g., Department of State (DOS), Treasury, U.S. Agency for International Development (USAID), intergovernmental organizations and other nations as well). In the current OE, successful FM support requires a broad understanding of the unique capabilities that other U.S. agencies, intergovernmental organizations and our multinational partners bring to a theater of operations, typically in support of stability operations. Along with these considerable capabilities, these partners introduce new complexities with respect to FM planning and operations. Careful and constant coordination reduces the degree of complexity and improves interoperability between U.S. Army forces and these other organizations. Intergovernmental organizations exert either global or regional influence. These organizations possess well defined structures, roles, responsibilities, expertise and resources to not only participate in complex operations but lead these operations as well.

Note. Examples of global intergovernmental organizations are the United Nations (UN), its agencies and the World Bank. Examples of regional intergovernmental organizations are the North Atlantic Treaty Organization (NATO), the African Union, the European Union and the Organization of American States. During stability operations, FM may entail either the provision to or the receipt of support from these organizations requiring the use of one or more legal authorities. For example, the Foreign Assistance Act of 1961, the United Nations Participation Act of 1945, and Executive Order 10206 authorize various types of U.S. military support to the UN, either on a reimbursable or non-reimbursable basis.

1-30. Each of the Services retains Title 10 United States Code (USC) responsibilities for the sustainment of its respective forces. Title 10 USC Sec. 3013 grants the Secretary of the Army authority necessary to conduct all affairs of the Department of the Army to include: recruiting, organizing, supplying, equipping (including research and development), training, servicing, mobilizing, demobilizing administering (including the morale and welfare of personnel), maintaining, and other functions described in the statute. The Secretary of the Army exercises his or her Title 10 responsibilities through the Chief of Staff for the Army (CSA) and the ASCC commander assigned to each combatant command. The ASCC is responsible for all Army Title 10 functions within the combatant commander's (CCDR) area of responsibility (AOR). When assigned in support of a geographical combatant command (GCC), the ASCC is designated as a theater Army and exercises administrative control (ADCON) over all Army forces within the combatant commander's AOR. The ASCC is responsible for preparing, training, equipping, administering, and sustaining Army forces assigned to the CCDR.

1-31. Joint integration requires joint interoperability at all levels. This integration of joint forces and its attendant capabilities create a joint interdependence where one or more of the Services purposely rely on another Service's capabilities to maximize the complementary and reinforcing effects of all Services involved in the joint operation. Army forces operate as part of an interdependent joint force. The other Services depend on Army forces to complement their capabilities. Combined joint capabilities defeat

enemy forces by destroying their ability to operate as a coherent, effective entity. Integration is combining all of the sustainment elements within operations assuring unity of command and effort. It requires deliberate coordination and synchronization of sustainment with operations across all levels of war. Army forces integrate sustainment with joint and multinational operations to maximize the complementary and reinforcing effects of each Service components and national resources. One of the primary functions of the sustainment staff is to ensure the integration of sustainment with operations plans. Sustainment of joint forces is the deliberate, mutual reliance by each Service component on the capabilities of two or more Service components (ADRP 4-0). Figure 1-4 illustrates the authorities that define the theater Army (TA) sustainment responsibilities.

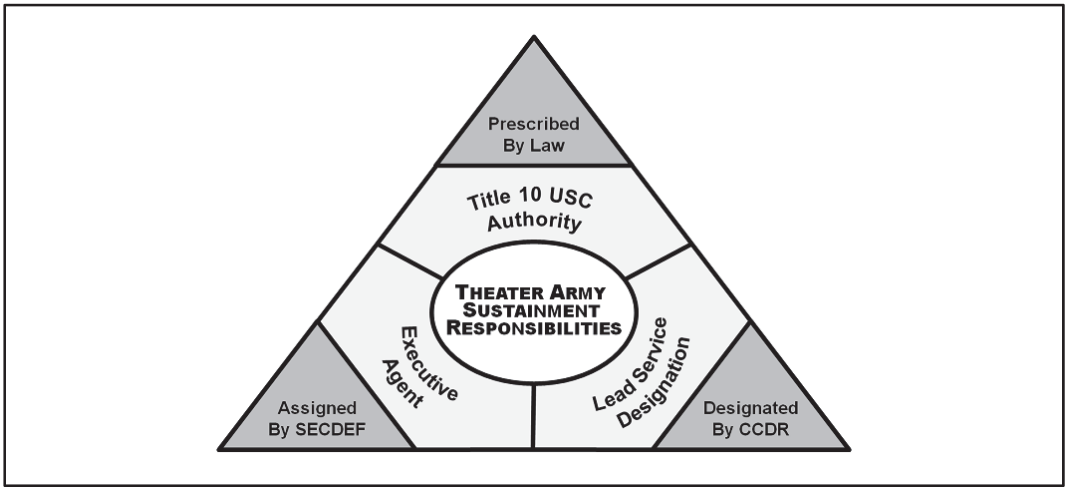


Figure 1-4. Authorities for theater Army sustainment responsibilities

1-32. The Secretary of Defense (SECDEF) may designate an executive agent (EA) IAW DOD Directive (DODD) 5101.1, *DOD Executive Agent*. This EA is normally the Secretary of a military department and with the EA designation retains the responsibilities, functions, and authorities to provide defined levels of support for operational missions, administrative, or other designated activities that involve two or more DOD components. By definition, the designation as an EA makes the organization responsible for a joint capability within the boundaries of the EA designation (ADRP 4-0).

1-33. The CCDR possesses Directive Authority for Logistics authorizing the CCDR to issue directives to subordinate commanders, to include directives regarding the provision of common user logistics. Under the Directive Authority for Logistics, the CCDR may select a Service component as the lead Service to execute specific common user logistics functions to include planning and execution of one or multiple common user logistic functions. The CCDR may augment the lead Service logistics organization with capabilities from another component(s) logistics organization as appropriate. The lead Service must plan issue procedures and sustainment funding for all services/support issued to other Services as well as a method for collecting reimbursement or items from the other Services (ADRP 4-0). FM leaders must be aware of such designations and the impact of these designations on resource requirements in support of the assigned mission.

1-34. The supported CCDR designates the lead Service for FM in the joint operation plan or order; the CCDR should designate the same Service as lead Service for both FM and contracting. When designated as the Lead Service for FM, the Army will normally fund multi-Service contract costs, unique joint force operational costs, special programs, joint force headquarters (HQ) operational costs, and any other designated support costs. During joint operation planning, the subordinate Joint Forces Commander (JFC), based on guidance from the supported CCDR must delineate funding responsibilities between the FM lead Service and other Service components.

1-35. ***Direct cost,* cost such as labor, material or supplies that can be directly attributed to producing a specific output of an organization, product or service**. When required by DOD, separate cost accounts are established to capture direct costs incurred in support of other organizations such as multinational

forces and nongovernmental organizations (NGO). Joint FM doctrine identifies four FM objectives to facilitate unified action and the prudent use of resources. These four objectives are:

- Provide commanders with the necessary information to make resource informed decisions and then obtain mission-essential funding as quickly and efficiently as possible using the proper source and authority of funds as directed in applicable guidance and agreements.
- Reduce the impact of insufficient funding on readiness. Financial managers can accomplish this through such actions as seeking alternative funding sources, recommending no cost alternatives, and ensuring that accurate cost estimates are provided to assist in the timely reimbursement of Service component appropriated expenses.
- Ensure fiscal year integrity and avoid anti-deficiency violations. Fiscal year integrity and possible anti-deficiency violations are a legal concern in joint operations. These concerns are more pronounced when substantial contingencies occur in the third or fourth quarter. Basic fiscal controls on appropriated funds are essential to protect against Anti-deficiency Act violations.
  - Obligations and expenditures are incurred only by authorized individuals and only with proper authorization (e.g., execute order).
  - Obligations are incurred only after an appropriation or continuing resolution has been passed by Congress.
  - Obligations are incurred within the purpose, time, and amount limits applicable to the appropriation.
- Conduct detailed FM planning and coordinates efforts between the Services and combatant commands to provide and sustain resources. In addition, unity of effort in a joint environment demands an increased financial situational awareness and will often include collaborative work across the joint, interagency, intergovernmental, and multinational arenas.

1-36. These objectives and their application in the development of FM concepts of support for operational plans and orders are discussed in detail in JP 1-06, *Financial Management Support in Joint Operations*.

1-37. When the Army is appointed the lead Service responsible for common FM support, the FM mission with unified action partners ensures support of all aspects and agencies involved in the mission including support to other Services. The mission also involves financial analysis and recommendations to help the joint force make the most efficient use of its fiscal resources. Effective FM support across the range of military operations from peacetime military engagement to major combat operations is a combat multiplier in that it provides the commander with the financial resources needed to accomplish the mission. FM support structure must provide the essential funding to support contracting requirements and accomplish joint special programs.

1-38. Early and active participation by the senior joint task force (JTF) financial manager, in the deliberate and crisis action planning processes is critical to successful integration of all components' FM operations. The senior financial manager must obtain and analyze the economic assessment of the joint operations area (JOA) and begin initial coordination with the DFAS crisis coordination center. Furthermore, this individual recommends JOA FM policies and develops the concept of FM operations support outlined in the FM appendix to the operation plan (OPLAN)/operation order (OPORD). Other sources of information available to the JTF FM element include the Department of State, the local embassy, the U.S. Department of the Treasury, U.S. Department of Commerce, and the Central Intelligence Agency's The World Fact Book country reports. For a more detailed description of and instruction on the economic analysis, refer to JP 1-06.

1-39. FM during humanitarian and disaster relief operations is critical to ensuring the proper use and allocation of scarce fiscal resources supporting these complex operations and accomplishing the mission. Humanitarian assistance and disaster relief operations are normally of relatively short duration-usually less than 12 months. When the Army and the other Services provide assistance to an area outside the United States, other nations participating in the relief operation will likely provide some financial assistance. At the same time, U.S. costs will be incurred in providing support to other participating nations. Due to the requirement to provide quick response to emergencies, participating forces must plan for any contingency. Other Federal departments and agencies will also be involved. The Federal Emergency Management

Agency (FEMA) coordinates the federal government's role in preparing for, responding to, and recovering from domestic disasters. The USAID and the Office of Disaster Assistance extend assistance to countries recovering from foreign disasters. These organizations address FM issues related to reimbursement, burden sharing, assistance in kind (AIK), and cash contributions from other nations.

1-40. As a nation, the United States wages war employing all instruments of national power — diplomatic, informational, military, and economic (JP 3-0, *Joint Operations*). At the strategic level, activities could include providing foreign aid, granting or denying market access, seizing financial assets and imposing or lifting economic sanctions. Examples at the operational level include, security assistance, fiscal policies regarding the use of local versus U.S. currency, funding for employment generation programs, and support to host nation banking institutions. Finally, at the tactical level, fiscal authorities can be requested to infuse dollars into local economies to create employment and to support local communities.

1-41. CCDRs and subordinate JFCs must work with U.S. chiefs of mission, DOS, and other agencies to best integrate military operations with the diplomatic, economic, and informational instruments of national power to promote unity of effort in securing national objectives. FM operations in partnership with unified action partners could include direct and indirect support to the theater commander's efforts to synchronize military operations and resources with those of other U.S. agencies in the application of the nation's economic power. In this role FM leaders must work as part of an integrated civilian-military team ensuring security, developing local governance structures, promoting bottom-up economic activity, rebuilding infrastructure, and building indigenous capacity for self governance. See chapter 2**,** *Section V, Financial Management Support to Military Operations in a Multinational Environment***.**

SECTION IV – FINANCIAL MANAGEMENT ORGANIZATIONS, RESPONSIBILITIES AND ORGANIZATIONAL RELATIONSHIPS

1-42. The Army recognizes the requirement for representation of the sustainment warfighting functions in headquarters staffs at divisions, corps, and ASCCs. Each of these warfighting headquarters has an integrated sustainment cell consisting of the assistance chief of staff, personnel (G-1), assistant chief of staff, logistics (G-4), G-8, and surgeon designed to function as the focal point for integrated sustainment planning. FM assets are added to BCTs and sustainment brigades, providing an inherent FM capability to sustain brigade operations for an extended duration of time.

1-43. FM capabilities are maximized when properly planned, synchronized, and executed with the expeditionary contracting command (ECC), consisting of the following subordinate contracting formations: contracting support brigades (CSB) at theater level, contingency contracting battalions (CCBN) at corps and division level, and contingency contracting teams (CCT) at brigade level echelons. Figure 1-5 found in page 1-12 depicts current FM operations.

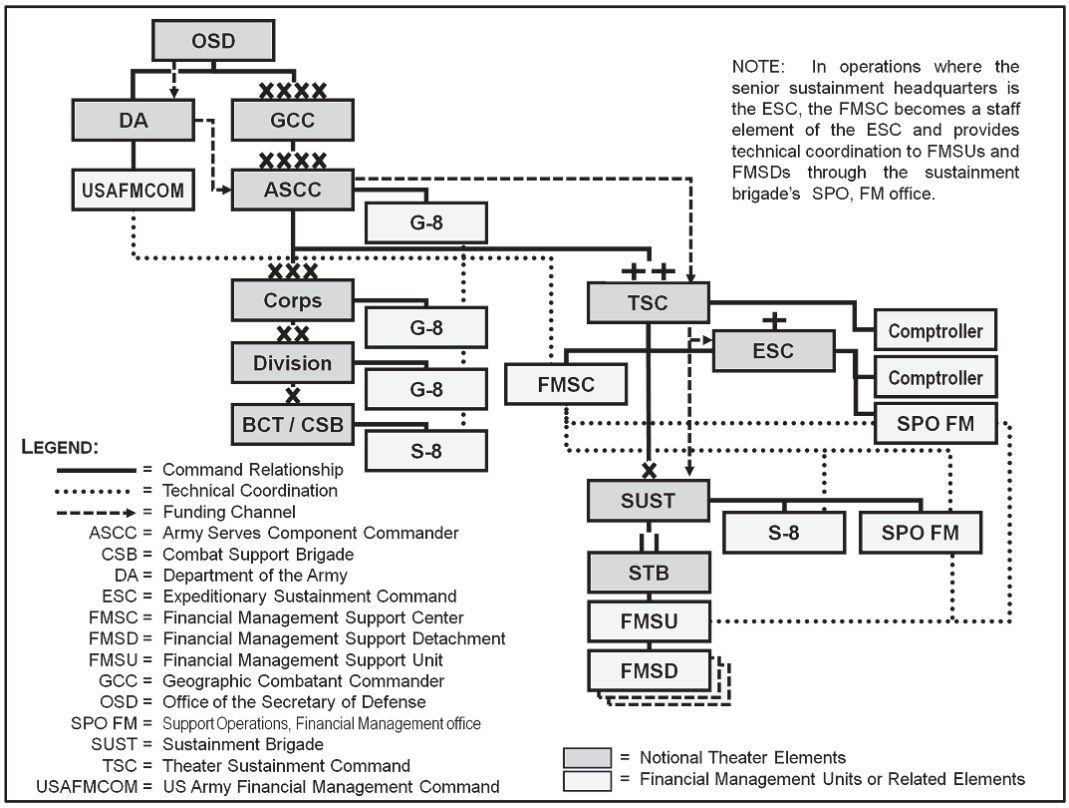


Figure 1-5. Financial management operations

STRATEGIC FINANCIAL MANAGEMENT

1-44. FM at the strategic level applies resources to achieve national objectives and provides strategic level support to the combatant commander's sustainment concept, theater security cooperation plan, nation building strategy, and efforts to implement national policy. Financial managers follow statutory and regulatory requirements and congressional or the administration's mandates as they support the combatant commander's concept. The Assistant Secretary of the Army (Financial Management & Comptroller) (ASA [FM&C])), United States Army Financial Management Command (USAFMCOM), and DFAS may provide guidance and implementing instructions for strategic FM; however, direct communication between Army FM organizations and the combatant commanders is critical. At the strategic level, Assistant Secretary of the Army (Financial Management and Comptroller) (ASA [FM&C])) coordinates and synchronizes procurement policy with the Assistant Secretary of the Army (Acquisition, Logistics and Technology) (ASA [ALT]). FM organizations must synchronize policy and execution practices with contracting command counterparts at the operational and tactical level to maximize use of resources, while preventing fraud, waste and abuse. Other strategic partners include the Treasury, Army Audit Agency (AAA), and the Department of Defense Inspector General (DODIG).

UNDER SECRETARY OF THE DEFENSE (COMPTROLLER)

1-45. The Under Secretary of Defense (Comptroller) (USD(C)) is the Department of Defense Chief Financial Officer and who advises and assists the Secretary of the Defense in performing such budgetary and fiscal duties as required of the Secretary of Defense. The USD(C) establishes and supervises the execution of principles, policies, and procedures relating to the preparation and execution of DOD budgets; fiscal, cost, operating, and capital property accounting and required progress and statistical reporting. The USD(C) also establishes and supervises the execution of policies and procedures relating to the expenditure and collection of funds administered by the DOD. Furthermore, the USD(C) shall inform each of the

congressional defense committees regarding all matters related to the budgetary, fiscal, and analytic DOD activities under the supervision of the USD(C).

ASSISTANT SECRETARY OF THE ARMY (FINANCIAL MANAGEMENT AND COMPTROLLER) (ASA[FM&C])

1-46. ASA (FM&C) issues guidance and policies regarding all FM issues within the active Army. It allocates funds for programs appropriated by Congress, monitors their execution, and recommends major reprogramming of funds in coordination with the DA staff. Its mission is to formulate, submit, and defend the Army budget to Congress and the American people; oversee the proper and effective use of appropriated resources to accomplish the Army's assigned missions; provide timely, accurate, and reliable financial information to enable leaders and managers to incorporate cost considerations into their decision-making; provide transparent reporting to Congress and the American people on the use of appropriated resources and the achievement of established Army-wide performance objectives; and manage and coordinate programs for the accession, training, and professional development of Army financial managers.

ASSISTANT SECRETARY OF THE ARMY (ACQUISITION, LOGISTICS AND TECHNOLOGY) (ASA (ALT))

1-47. ASA (ALT) serves, when delegated, as the Army Acquisition Executive, the Senior Procurement Executive, the Science Advisor to the Secretary, and as the senior research and development official for the Department of the Army. The ASA (ALT) also has the principal responsibility for all Department of the Army matters related to logistics. Some of the responsibilities of the Office of the ASA(ALT) can include: exercising the procurement and contracting authority oversight functions, including exercising the authorities of the agency head for contracting, procurement, and acquisition matters pursuant to laws and regulations, the delegation of contracting authority; designation of contracting activities; execution of the acquisition function and acquisition management system for the Department of the Army. All Army contracting authority flows from the ASA (ALT) through formal written delegation of authority to senior contracting officials called Heads of Contracting Activity.

UNITED STATES ARMY FINANCIAL MANAGEMENT COMMAND (USAFMCOM)

1-48. The USAFMCOM is a strategic level command that serves as a field operating agency of ASA (FM&C). USAFMCOM provides strategic financial management oversight and support to include: financial management operations policy; field coordination for national provider support; Army liaison with DFAS; administering the Army banking program; strategic Electronic Commerce and FM systems integration, deployment and training; contingency operations technical training and validation for deploying units, G-8s, and Financial Management Support Operations (FM SPO); systems deployment and support; coordination for Army FM audits; classified financial management and accounting oversight; and Army / Joint staff coordination.

DEFENSE FINANCE AND ACCOUNTING SERVICE (DFAS)

1-49. DFAS is responsible for the delivery and responsive accounting and financial management services for DOD. They provide timely and useful information to decision-makers who can more effectively manage their resources in support of our troops at home and abroad. DFAS is an agency supporting the Office of the Under Secretary of Defense, Comptroller, and the principal advisor to the Secretary of Defense for fiscal matters. As such, it is the responsibility of DFAS to coordinate and collaborate with all civilian defense agencies, the military Services and combatant commands. DFAS may provide liaison personnel to augment the FM staffs and in establishing theater accounting requirements.

OPERATIONAL FINANCIAL MANAGEMENT

1-50. Operational FM encompasses the support required to conduct major Army and joint operations, and complements the sustainment focus on theater support operations involving force generation, force sustainment, and redeployment. The TA G-8 is singularly responsible for all FM within theater. The TA G-

8 is the principal FM advisor to the commander and directs, prioritizes, and supervises the operations and functions of the G-8 staff sections assigned to the G-8 and the CCP. In coordination with the FMSC and through the TSC, the G-8 establishes and implements command FM policy. The ASCC G-8 is responsible for those operational FM tasks supporting theater, and advises the theater commander on laws and FM regulations governing obligations, expenditures, and limitations on the use of public funds. The G-8 coordinates FM policies and practices with the ECC to ensure guidance is executed IAW DA mandates. The FMSC supports ASCC, TSC, and ESC by providing cash management, internal controls, accounting, automation, and technical oversight for FMSUs and FMSDs. The Corps G-8 is the primary financial manager that manages funds to support the commander's efforts and priorities during major combat operations.

1-51. The TA is the primary headquarters to support the CCDR providing Area of Responsibilities (AOR) wide Title 10, Army support to other Services (ASOS), common user logistics, and EA support for joint and multinational forces deployed to a JOA. Each TA is designed to perform as a JTF / Joint Forces Land Component Command (JFLCC) during small scale contingency operations (e.g., noncombatant evacuations operations (NEO), Humanitarian Assistance and Disaster Relief) with reach back to the Main Command Post and the initial entry CCP.

THEATER ARMY G-8

1-52. The theater Army G-8 mission is to analyze the commander's priorities and missions in order to recommend the best allocation of resources to accomplish the mission. The G-8 develops, coordinates and synchronizes theater FM policy, requirements, and support. The G-8 manages the planning, programming and budget execution (PPBE) process, identifies resource requirements and determines sources of funding for ADCON and ASOS functions (Fund the Force). The G-8 provides advice and guidance concerning FM planning and execution, and synchronizes operations within the JOA. The G-8 performs and oversees audit readiness, management internal controls, cost management, and accounting functions as required by the combatant commander. The G-8 mission is governed by regulatory guidance mandated by from public law. The ASA (FM&C) and DFAS provide guidance on the proper use, safeguarding, and disbursement of public funds in support of operations. Figure 1-6 depicts the theater Army G-8 organizational structure.

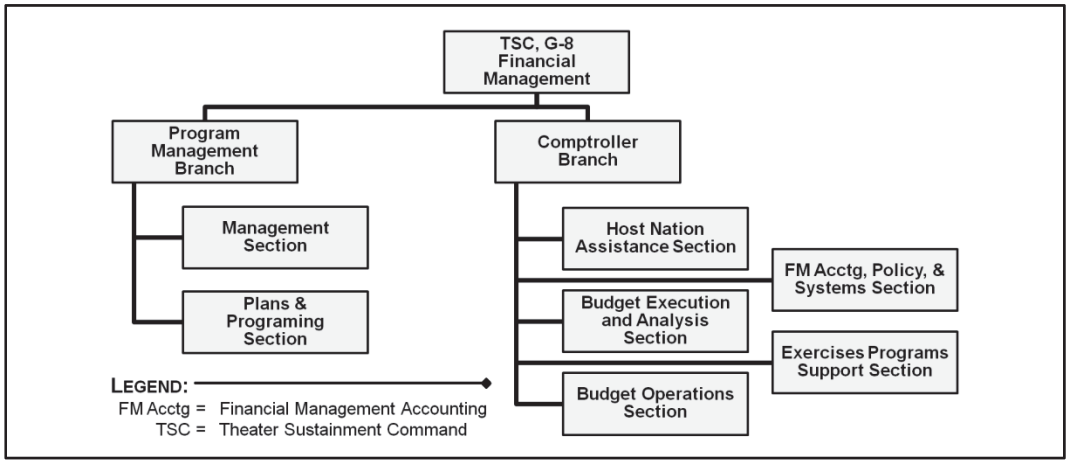


Figure 1-6. Theater Army G-8

Program Management Branch

1-53. The Program Management Branch plans and coordinates FM policy and support. The program management director supervises the management section and the plans and programming section. The branch capabilities include:

- Providing oversight to the coordination of the force flow for FM units.
- Managing the review and draft of policy, Standard Operating Procedures, and OPLAN annexes.

- Developing the Command's five year Internal Control Evaluation Plan.
- Coordinating all external audits by U.S. Government Accountability Office (GAO) / AAA / DODIG.
- Providing oversight of the FM staff assistance visits to subordinate offices.
- Coordinating the development of the combatant commander's integrated priority list (IPL) in coordination with the Combatant Command Joint Staff Directorate for Force Structure, Resource, and Assessment (J-8).
- Coordinating the Command's annual Contract Management Review Board.
- Providing oversight to the coordination of the Program Objective Memorandum (POM) submission for the Command.
- Coordinating ADCON and ASOS FM functions.
- Coordinating command and staff PPBE support to geographic combatant commander.

Management Section

1-54. The Management Section performs management functions for the command and monitors the orders process for resource implications. Section tasks and responsibilities include:

- Administers Audit Readiness.
- Administers the MICP.
- Validates cost factors associated with requirements.
- Conducts contract cost analysis, manpower management, and contract review and performs lean six sigma functions.
- Ensures proper coordination of audits with external agencies.
- Monitors operation orders (OPORDs) and fragmentary orders (FRAGOs) to ensure synchronization of FM support into unit operations.
- Plans and coordinates FM support and prepares FM annexes in support of orders/plans.

Programs Section

1-55. The Programs Section provides oversight of the programming portion of the PPBE process to acquire funding. The section chief is the command fiscal expert and advisor on DOD, Joint Chiefs of Staff (JCS) and DA planning and programming documents (e.g., Strategic Planning Guidance, The Army Plan (TAP)). The program section performs the following functions and responsibilities:

- Supervises and monitors legislative initiatives to assess impacts and provide input to Congressional Liaison personnel and the Command.
- Responsible for the production of extended future year plans; associated programs and supporting budgets IAW national and DOD policy guidance and the National Military Strategy (NMS).
- Provides policy guidance for contingency planning and fiscal guidance.
- Determines the constrained mix of assets, which best satisfies the defense posture expressed in the National Military Strategy, Strategic Planning Guidance, and other higher headquarters directives.
- Supervises the development of the POM and the IPL.
- Reviews and analyzes change proposals, program budget decisions (PBD), program decision memorandum (PDM), and attends joint quarterly readiness reviews and Joint Requirements Oversight Councils.

Comptroller Branch

1-56. The Comptroller Branch is responsible for identifying resource requirements, types and sources of funding, providing accounting and systems support of resources, supplying support for host nation exercises and theater program managers. The comptroller supervises the Finance, Policy and Accounting

Systems Section, Budget Execution & Analysis Section, Host Nation Assistance Section, and the Budget Operations Section. The branch capabilities include:

- Acquiring, distributing and managing funds.
- Performing budget execution as determined by the commander.
- Providing oversight and supervision for coordination and synchronization of resource requirements identification and fulfillment methods by identifying types and sources of funding.
- Providing advice and guidance concerning resource planning and execution to commanders and staff.
- Synchronizing FM operations between the G-8 and CCP throughout the AO.
- Supervising and providing leadership and guidance for budgeting, receipt, distribution, and execution of funding based on command requirements and priorities.
- Supervising and managing FMIS oversight.
- Coordinating for joint reviews, cost accounting, past year liquidation, past year trend analysis, and management accounting support.
- Providing accounting programs policy, advice, assistance, and cost management assessment during the military decision making process (MDMP) process for current and future operations.
- Preparing Budget Estimate Submission (BES).

Host Nation Assistance Section

1-57. *Nation assistance* is assistance rendered to a nation by foreign forces within that nation's territory based on agreements mutually concluded between nations (JP 3-0). The Host Nation Assistance Section performs the following functions and responsibilities:

- Reviews theater-wide international arrangements and assesses financial impacts.
- Coordinates with Department of State or U.S. Embassy to negotiate and execute host nation agreements regarding host-nation support (HNS) assistance in kind and applicable reimbursable costs.
- Provides input to host nation negotiations, as required.
- Coordinates with internal and external staffs to ensure legal requirements are met.

FM Accounting, Policy, and Systems Section

1-58. The FM Accounting, Policy, and Systems Section performs the following functions and responsibilities:

- Provides FM systems design, integration and modification.
- Identifies and manages funds available for immediate expenses.
- Captures operational costs via standard accounting systems and the management of the operations systems that account for obligations and disbursements.
- Manages prior year unexpired appropriations.
- Accounts for cost of DOD real estate, equipment, supplies, civilian personnel, and other assets.

Budget Execution and Analysis Section

1-59. The Budget Execution and Analysis Section is responsible for budget execution and funds certification in support of theater wide operations. This section performs the following functions and responsibilities:

- Responsible for budget execution and fund certification in support of theater-wide operations.
- Monitors budget execution and fund certification compliance with applicable statues and regulations.
- Tracks and reports costs of combat operations to support the reimbursement process.
- Coordinates with Army staff, supporting units, host embassies, host nation personnel, and the Combatant Command.

- Provides fund control, monitors fund execution, tracks and reports costs and obligations.
- Responsible for DD Form 448 (Military Interdepartmental Purchase Request), DA Form 3952 (Purchase Request and Commitment), temporary duty processing, files maintenance, and Defense Travel System (DTS) management.
- Civilian pay management/execution.

Exercises and Programs Support Section

1-60. The Exercises and Programs Support Section provides FM support to exercises and theater program managers (e.g. Flying Hours Program, JCS exercises, Combat Training Center). Tasks for this section include:

- Monitors TA exercise budget execution for legal compliance.
- Identifies and manages funds available for immediate expenses.
- Performs analysis, planning, administration and control of DOD resources.
- Provides cost and economic analysis, forecasting, current year analysis, life support and other sustainment costing, and strategic lift forecasting and tracking.

Budget Operations Section

1-61. The Budget Operations Section synchronizes operations between the main command post and the CCP for policy, advice, assistance, and technical oversight. Monitors current operations budget execution for compliance with fiscal law and current policy directives. The budget operations section also:

- Coordinates the execution of ADCON & ASOS FM functions.
- Monitors the orders process for resource implications.
- Reviews and coordinates contingency costs estimates.
- Provides fiscal advice, assistance & technical oversight during MDMP for current operations.
- Determines best practices and most efficient fiscal courses of action.
- Performs current FM planning and produces FM annexes in support of operational and fragmentary orders.
- Conducts resource distribution via standard accounting systems across the AO.

Theater Army Contigency Command Post (CCP)

1-62. The ASCC CCP provides an early entry command and control capability for brigade and below to execute humanitarian relief, peace enforcement, homeland defense/consequence management, and NEO (permissive and non-permissive). It can operate for up to 30 days until reinforced by additional assets or replaced by a division or corps headquarters. It contains FM capability to provide functions as initial theater contingency focal point for FM operations in the JOA. Key tasks are to support the expeditionary acquisition process through funds certification and execution, provide policy, advice, assistance, and technical oversight of all DOD resources executed in support of contingency operations.

THEATER SUSTAINMENT COMMAND (TSC)

1-63. The mission of the TSC is to plan, prepare, rapidly deploy, and execute operational-level logistics operations within an assigned theater. The TSC is capable of planning, controlling, and synchronizing operational-level Army deployment and sustainment for the ASCC or JFC. It provides a centralized logistics mission command structure for the theater Army, simultaneously supporting deployment, movement, sustainment, redeployment, reconstitution, and retrograde. The TSC executes its mission through the use of modular forces, to include ESC, SUST BDE, combat sustainment support battalions (CSSB), and other modular sustainment formations. Sustainment brigades, functional groups, CSSBs, and functional sustainment units (to include a FMSC and FMSUs and their subordinate detachments assigned to the SUST BDE) serve as the building blocks of the force structure designed to execute TSC missions within the theater. The Notional TSC Organizational Structure is depicted in figure 1-7 found on page 1-18.

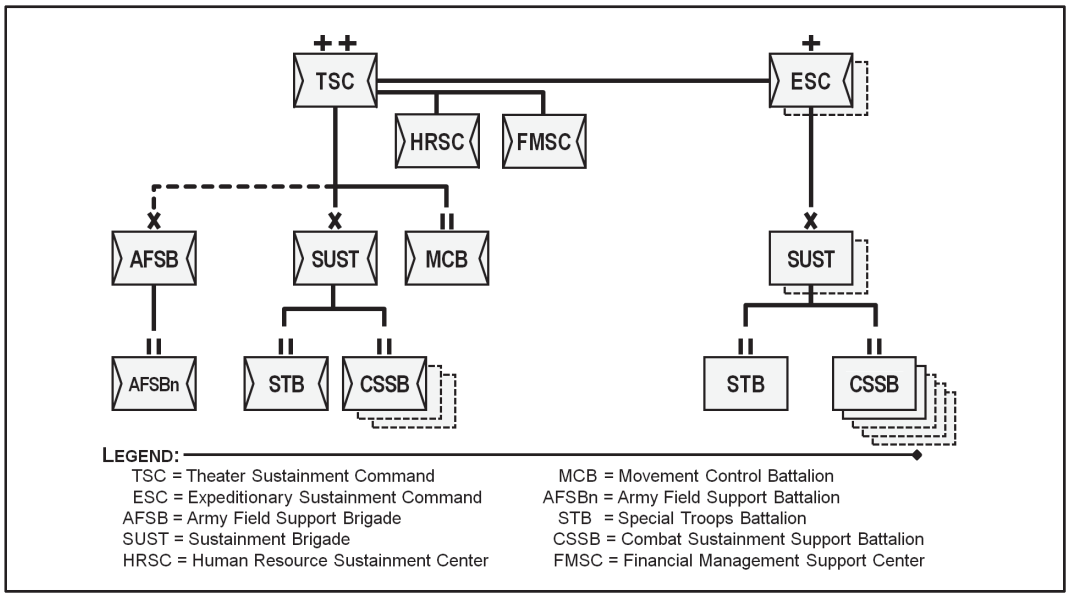


Figure 1-7. Notional theater sustainment command structure

1-64. As required by METT-TC, the TSC may extend its operational reach by deploying multiple ESCs or sustainment brigades into specified operational areas in order to more effectively provide responsive support to Army forces. ESCs can serve as forward headquarters of the TSC and provide mission command for theater opening, theater distribution, and theater sustainment on an area basis within and between specified operational areas. Depending on the command structure within the theater, ESCs and SUST BDEs may be employed to support specific Army forces within a specific operational area, or to support other ESCs or SUST BDEs with theater opening, theater distribution, and/or theater sustainment capabilities.

1-65. The TSC headquarters provides multifunctional sustainment: supply, maintenance, transportation, field services, FM, and human resources. The headquarters is geographically focused and globally employable. The TSC commands and controls Army operational-level sustainment (less health service support) in support of a joint or multinational force; and decentralized execution of sustainment operations throughout the theater. Its subordinate units are assigned to a TA. Doctrinally, the headquarters operates from fixed facilities in sanctuary and is collocated with the ASCC in order to most effectively perform its mission command functions. In many situations, the TSC headquarters will remain static. When required, the TSC employs ESCs as forward deployed command posts. The TSC may employ an ESC in this capacity to provide a forward mission command presence, improve span of control, or mission command a specified function. The combination of these capabilities gives the TSC commander the ability to organize and provide tailored support such as theater opening, distribution, support to theater forces, and support for redeployment, and retrograde of forces as directed by the theater Army IAW GCC directives and priorities. The TSC as well as the ESC has embedded G-8 capability to support funding the subordinate commands within the organization.

Expeditionary Sustainment Command

1-66. The ESC provides mission command for attached units in an area of operation as defined by the TSC. As a deployable command post for the TSC, the ESC provides operational reach and span of control. The ESC plans and executes sustainment, distribution, theater opening, and RSOI movement for Army forces in unified land operations. The ESC may serve as the basis for an expeditionary joint sustainment command when directed by the combatant commander or his designated multinational or JTF commander. It normally deploys to the operational area and provides command and control when multiple sustainment brigades are employed or when the TSC determines that a forward command presence is required. Depending on the command structure within the theater, they may be employed to support specific Army

forces elements within a specific operational area; or to support sustainment brigades with the theater opening or theater distribution capabilities. The ESC is focused on synchronizing operational-level sustainment operations to meet the day-to-day and projected operational requirements of the JTF.

Financial Management Support Operations (FM SPO)

1-67. The ESC FM SPO has undergone significant structural changes since the previous edition of this manual. Now, FM SPO personnel are only at the ESC level. The ESC FM SPO is critical to the successful execution of tactical FM operations within theater as this FM SPO plans, coordinates, and synchronizes FM disbursing support, in coordination with the FMSC, for all units within an entire ESC's assigned AO. The FM SPO must possess the necessary experience and knowledge in FM operations in order to be a principal FM asset to the ESC commander.

CORPS G-8

1-68. The modular corps is an operational level Army Headquarters capable of rapid transition to a JTF or JFLCC for mission command of joint /multinational forces engaged in unified land operations. However, the ability of the corps to transition to a JTF headquarters or JFLCC headquarters is heavily dependent on joint augmentation, receipt of joint enabling capabilities, and comprehensive pre-activation training as a joint headquarters. When required, a corps may become an intermediate tactical headquarters under the land component command, with operational control (OPCON) of any combination of division, BCT, or support brigades provided from the Army pool of forces or other Service equivalents. The corps headquarters primary mission is to mission command land forces. Their focus is on conventional war fighting during major combat operations through assignment of missions and allocation of resources to subordinate units.

1-69. The Corps G-8, Assistant Chief of Staff for Financial Management (FM), is the Corps Commanding General's (CG) principal advisor on FM and chief of the FM element. When the corps serves as the JTF HQ, the Corps G-8 is singularly responsible for all FM within the corps/JTF AOR. This element obtains guidance on policy, appropriations and funding levels and provides to tactical financial managers. It estimates, tracks, and reports costs for specific operations to support requests to the U.S Congress as required. This element establishes the aggregate levels of fiscal support to be allocated and imposes directed resource constraints. It provides input to higher HQs POM, prepares budget schedules and adjusts budgets based on PBDs. The Corps G-8 chairs funding boards for corps forces. In addition, this element is responsible for the following cells:

- FM Plans & Operations
- FM Budget Execution
- FM Special Programs

1-70. The Corps G-8 structure is illustrated in figure 1-8 on page 1-20.

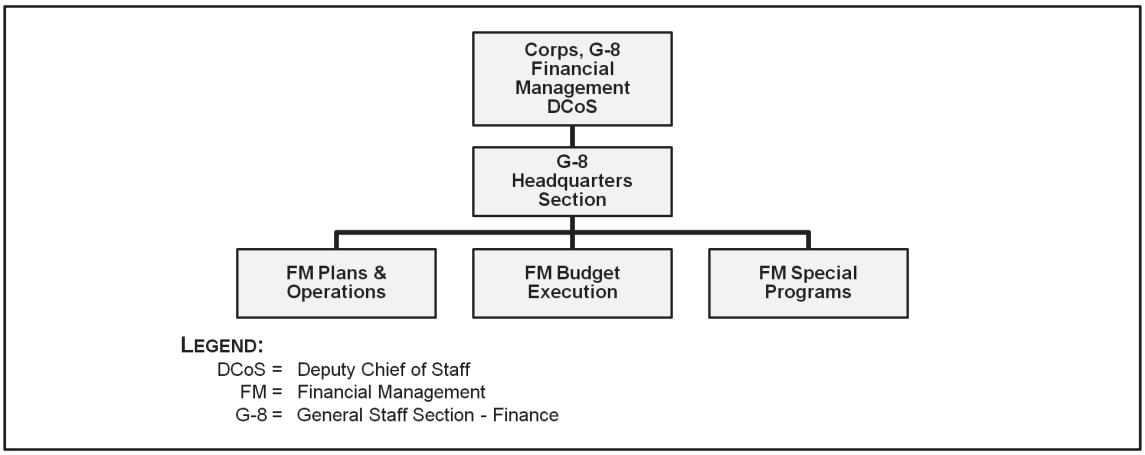


Figure 1-8. Corps G-8 organizational structure

Financial Management Plans & Operations

1-71. This cell provides the following capability:

- Identifies FM resource requirements and ensures related support is included in plans and orders.
- Provides costs to prepare and conduct operations.
- Performs analysis, planning, administration and control of resources.
- Provides policy and fiscal guidance for contingency planning.
- Synchronizes FM planning and execution with Contingency Contracting Battalion (CCBN).
- Executes the MICP.

Financial Management Budget Execution

1-72. This cell manages and provides financial oversight for appropriated funding programs (e.g., Operation and Maintenance, Army [OMA], Army Procurement, Military Personnel Army [MPA]). The cell performs the following:

- Develops the corps budget.
- Monitors and reports budget execution.
- Captures costs via standard accounting systems.
- Tracks and reports costs.
- Provides cost management.
- Identifies and accounts for DOD funds and assets.
- Identifies and manages funds available for immediate expenses of supported divisions and separate brigades.
- Certifies funds.
- Provides fund control.
- Monitors fund execution and obligations.
- Maintains accounting records.

Financial Management Special Programs

1-73. This cell manages and provides financial oversight for special funding programs (e.g. CERP, Iraq Security Forces Funds, Afghanistan Security Forces Funds, and Transition Team Implementation Funds and rewards funds). The cell performs the following:

- Develops the corps budget.
- Monitors and reports budget execution.

- Captures costs via standard accounting systems.
- Tracks and reports costs.
- Provides cost management.
- Identifies and accounts for DOD funds and assets.
- Identifies and manages funds available for immediate expenses of supported divisions and separate brigades.
- Certifies funds.
- Provides fund control.
- Monitors fund execution and obligations.
- Maintains accounting records.

THE FINANCIAL MANAGEMENT SUPPORT CENTER (FMSC)

1-74. The FMSC is a modular and tailorable operational FM unit whose mission is inextricably linked to the TA G-8, but assigned to a TSC. In order to provide adequate theater and national-provider responsiveness and support, the FMSC maintains visibility of all FM operations and placement of all operational and tactical FM units in theater. The primary mission of the FMSC is to provide technical oversight of all theater financial management units and serve as the principal advisor to the TA G-8 and the TSC commander on all aspects of theater disbursing operations. Technical oversight of theater FM units (FM companies and their subordinate detachments) encompasses the provision of recommendations and advice to theater commanders and staff regarding the employment, integration, direction, and control of their FM forces for the accomplishment of assigned missions. ***Technical oversight*** **encompasses the provision of recommendations and advice to theater commanders regarding the employment, integration, direction, and control of financial management forces for the accomplishment of assigned missions.** Figure 1-9 depicts the FMSC organizational structure. Examples of technical oversight include such matters as:

- Advising commanders on all aspects of FM operations.
- Assisting commanders with FM training and deployment preparedness through certification exercises, disbursing operations inspections, training assistance visits, facilitating backfill support, and planning with national providers.
- Identifying FM force structure requirements and recommending force flows of FM units.
- Recommending allocation and emplacement of FM units in theater

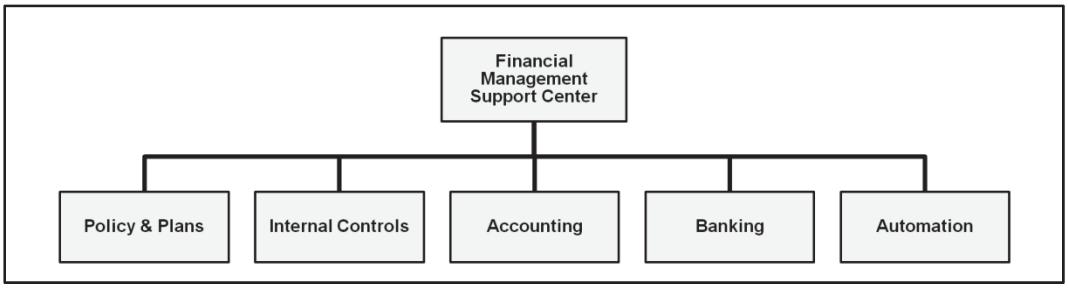


Figure 1-9. Financial management support center (FMSC)

1-75. In executing this mission, the FMSC, working in close coordination with FM support operations (ESC FM SPO) team and G-8 staff, provides FM units with technical oversight and assistance with technical training to ensure consistent, timely theater FM support in compliance with applicable regulations and statutes. Other missions include but are not limited to: negotiations with host nation banking facilities, advising unit commanders on the use of local currency, and coordination with national providers (e.g., Treasury, DFAS, ASA (FM&C), USAFMCOM) and the ECC to establish FM support requirements. Based on METT-TC, it can deploy an element as an early entry module to provide initial theater banking, currency, accounting, policy development, and other FM capabilities tailored to the mission. Other FMSC functions include:

- Advise commanders on the use of local currency.

- Develop FM policy and procedures for theater implementation.
- Prepare FM annexes in support of orders and plans.
- Provide advice regarding interpretation and dissemination of FM directives, policy, and guidance developed by DA and national providers.
- Provide and/or coordinate technical training assistance to the FMSU and FMSDs within the FMSUs AO.
- Indentify FM force structure requirements and monitor force flow of FM units.
- Establish and implement management internal controls for theater FM units to include FMSUs and FMSDs.
- Account for theater appropriated and non-appropriated funds.
- Perform theater cash management operations.
- Coordinate establishment of LDA.
- Coordinate and establish host nation banking requirements.
- Establish and maintain FM information network in coordination with theater signal providers.
- Coordinate software and hardware updates to FMIS.
- Provide early entry capability to plan and execute disbursing operations.
- Establish and maintain cash holding authority.
- Manage and coordinate E-commerce programs and initiatives.

Banking Section

1-76. This section is responsible for theater currency (U.S. and foreign) support. The section coordinates with host nation support and military banking operations to establish and sustain the flow of currency (local or U.S.) to the FMSUs, other DOD Agencies, Services and multinational forces IAW inter service and intergovernmental agreements. The Banking Section maintains a disbursing station symbol number (DSSN), and may be designated to provide currency to all components of a joint and/or multinational force. This section also coordinates with the State Department, local U.S. Embassy, USAFMCOM, DFAS, provisional reconstruction teams (PRT), Task Force for Business Stability Operations (TFBSO) and/or the Treasury to establish host nation banking support requirements. Banking Section is the U.S. Treasury account holder for the central funding account and coordinates the selection of any limited depositary (LD) institutions in theater. The Banking Section also facilitates the analysis of host nation financial institutions for LDAs and for the establishment of local banks on DOD Installations. The section obtains support and policy decisions from the DA Banking Officer.

Internal Control (IC) Section

1-77. This section operates under the direct control of the FMSC Director to ensure a high state of technical proficiency is maintained in all operational elements of the FMSC, subordinate FMSUs and FMSDs. The IC Section evaluates the effectiveness of existing accountability controls and ensures compliance with applicable regulations, legislative directives, and management controls. In order to ensure technical proficiency of theater units, this section conducts site assistance visits and on-site reviews of all theater FM units. This section maintains records of all findings from the FMSUs and FMSDs. These findings are provided to commanders and the TA G-8.

Automation Section

1-78. This section supports the information operations of the FMSC. The section coordinates and provides installation of software and hardware updates to the FMIS (e.g., Financial Management Tactical Platform (FMTP), Resource Management Tool (RMT), GFEBS, Stored Value Card (SVC) and Over the Counter Net [OTCnet]). It interfaces with the supporting signal unit for communications requiring external maintenance support for systems. The section ensures system integrity against viruses and ensures appropriate systems security measures are in place.

Accounting Section

1-79. This section is responsible for providing theater accounting support for ASCC, corps, and/or Division G-8. The ASCC G-8 coordinates with the TSC for FMSC accounting support. This mission includes cost capturing, maintaining current year and one prior year accounting records, and reporting the status of all funds distributed and disbursed to the supported commands as well as to HQDA and other national providers.

Policy & Plans Section

1-80. This section provides advice regarding the interpretation and dissemination of FM directives, policies, programs, and plans. It also coordinates with the ESC FM SPO on employment of FM units. During the pre-deployment stage, the Chief identifies FM functions required in theater, in conjunction with the Director, USAFMCOM, and TA G-8. The Policy and Plans Section provides technical operating guidance and data management for FM functions, and provides guidance for the types of funds, use of funds, and accounting of funds for the contingency operation. Policy and Plans personnel also coordinate civil-military operations with the civil-military operations directorate of a joint staff, and Assistant Chief of Staff for Civil Affairs Operations, (J-9 or G-9), and provide advice on inflationary trends, international balance of payments, and related wartime and economic issues within the theater of operation. This section conducts economic impact assessments of the operational area in concert with J-9 or G-9 and civilian officials.

TACTICAL FINANCIAL MANAGEMENT

1-81. Tactical FM generates and sustains combat power. Its focus is to provide FM support necessary to meet the commander's intent, concept of operations, and to maximize freedom of action at echelons below corps. Fund the Force capability is embedded within the corps and Division G-8s and battalion and brigade financial management staff officer (S-8). Aligned within the SUST BDE, a FMSU, and its FMSDs execute disbursing operations (e.g., disbursing, accounting, and commercial vendor service support).

DIVISION G-8

1-82. The Division G-8 is the division staff proponent for all FM within the division's AOR, and provides the commander with mission essential funding to ensure operational success, and protect funds from fraud, waste, and abuse. When the division serves as the JTF HQ, the Division G-8 is singularly responsible for all FM within the JTF AOR. Figure 1-10 on page 1-24 illustrates the Division G-8 structure. The Division G-8 coordinates, synchronizes, and funds validated resource requirements by identifying the appropriate source of funds. The Division G-8s primary responsibility is to provide advice and guidance concerning resources and that adequate funding sources are available to the division commander, the division staff, and subordinate BCTs.

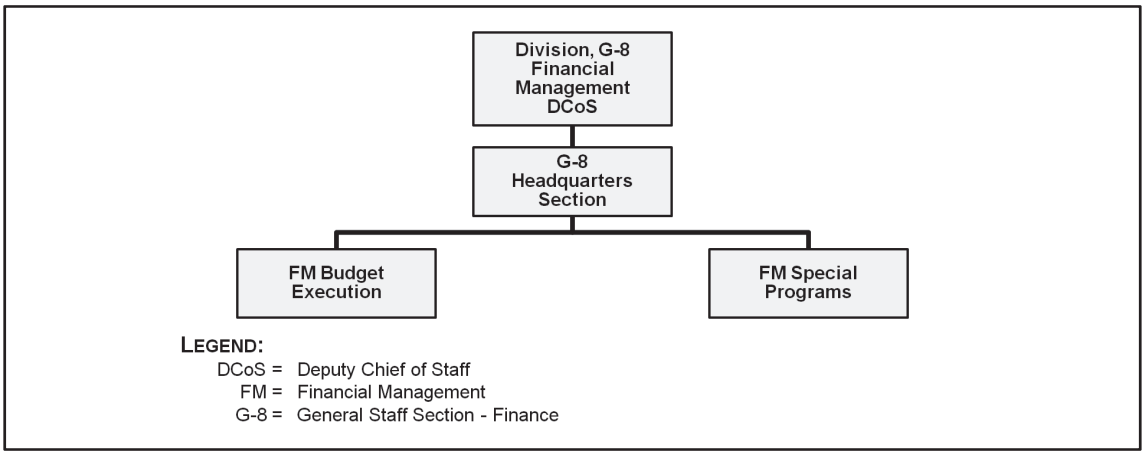


Figure 1-10. Division G-8 organizational structure

1-83. The Division G-8 conducts a continuous analysis of the commander's tasks and priorities in order to identify sources of funding and to ensure that appropriate financial resources are available and properly controlled. Responsibilities include:

- Provides FM advice to the commander and provides budget estimates for preparing and conducting operations.
- Conducts FM planning and synchronizes execution with CCBN, the fiscal lawyer, the ESC FM SPO, and the FMSUs in the division AO.
- Receives funding from higher headquarters and then distributes and controls funds; provides status of funds and monitors obligations rates.
- Estimates, tracks, and reports costs for specific operations to support data call requests to higher headquarters, the Army Budget Office (ABO), Office of the Secretary of Defense (OSD), and the U.S. Congress for appropriations.
- Performs analysis, planning, administration, and control of fiscal, financial, material, and other DOD resources.
- Provides policy and fiscal guidance for contingency operations through the division OPORD and FRAGO issuing process.
- Establishes the appropriate funded levels of support for each BCT based on approved spend plan from higher headquarters.
- Establishes Audit Readiness and the MICP throughout the division AO in order to provide reasonable assurance that financial resources are being used appropriately and that funds, property, and other assets are safeguarded against fraud, waste, and abuse.
- Provides input to higher headquarters for the annual supplemental funding request with appropriate justification.

Budget Execution Section

1-84. The Budget Execution Section is responsible for the direct funding (i.e., OMA) support to the division headquarters and subordinate assigned BCTs in the division AO. Primary functions include operating the FM commitment and obligation system of record (i.e., GFEBS and GCSS-Army); managing, loading and reconciling the document register; fund certification of all validated, approved, and funded requirements; developing and executing the division spend plan; managing the funding of recurring contracts; and providing support to the BCTs. Responsibilities include:

- Provides planning, programming, and budgeting support, budget analysis, management services, and force management support.
- Tracks and reports costs of battlefield operations to support efforts of reimbursement of costs initially paid from available training and readiness funds.

- Provides fund control, monitors fund execution, tracks and reports costs and obligations.

Special Programs Section

1-85. The Special Programs Section is responsible for managing all specially created Theater specific appropriated funds and provides financial oversight for all special funding programs. Ideally, the special programs section will be separate and distinct from the budget execution section with its own RMT ledger and document register. Responsibilities include:

- Identifies, certifies, and manages special funds available for immediate expenses for supported BCTs.
- Provides special funds planning, programming, and budgeting support, budget analysis, management services, and force management support.
- Tracks and reports special programs cost of battlefield operations.
- Provides fund control, monitors fund execution, tracks and reports costs and obligations of all special programs.
- Special funding could include funding approved projects that support the civilian populace (not U.S. Forces), a rewards program, and support to non-U.S. military forces.

Examples of special programs: Commander's Emergency Response Program, Iraqi Commander's Emergency Response Program, Iraq Security Forces Funds and Afghanistan Security Force Funds, Transition Team Implementation Funds, a subset of Iraq Security Forces Funds, Pakistan Counterinsurgency Capability Fund, Rewards Funds – DOD Rewards Program.

THE FINANCIAL MANAGEMENT SUPPORT UNIT

1-86. The FMSU offers a modular and tailorable unit that gives the commander the capability to mission command three to seven FMSDs during shape, deter, seize initiative, and dominate. During stabilize and enable civil authorities, this is reduced to a maximum of five FMSDs. Assigned to the sustainment brigade, the FMSUs primary mission is to provide general FM support on an area basis, to include support to joint and multinational commands, units, Soldiers, authorized civilians and contractors. The FMSU analyzes the supported commander's tasks and priorities to identify the financial resource requirements that will enable mission accomplishment. The FMSU is capable of augmenting other FM units to meet requirements at echelons above division. It ensures regulatory guidelines, directives, and procedures are followed by operational elements. The FMSU Commander is the primary account holder to the Treasury and the LDA. The commander is also responsible for funding subordinate FMSDs, determining currency requirements and replenishment (U.S. and foreign) needs, receiving collections, making payments on certified vouchers, conducting enemy prisoner of war (EPW) and civilian internee (CI) support, safeguarding funds, and protecting funds from fraud, waste, and abuse. Additionally, in conjunction with the FMSC Banking Section, the FMSU establishes banking relationships with host nation banking institutions. The FMSU is responsible for the management and execution of E-commerce programs, to include program oversight of its FMSDs. The FMSU is depicted in figure 1-11 on page 1-26. The location of the FMSU HQs should be determined by METT-TC. Strong consideration should be given to locating the FMSU in the proximity of the Division G-8 and the CCT due to its critical role in operational contract support

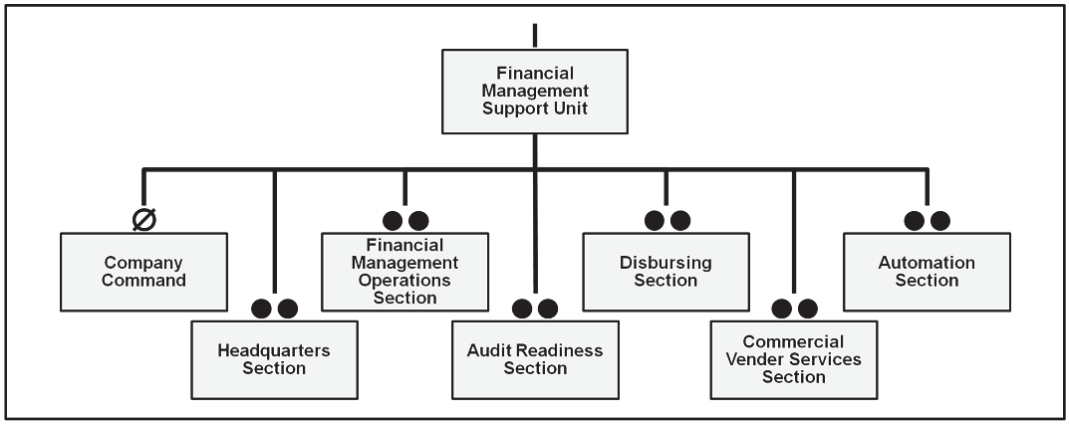


Figure 1-11. Financial management support unit (FMSU)

Headquarters Section

1-87. The Headquarters Section provides and coordinates unit level administration, training, and sustainment support to company personnel and three to seven FMSDs, depending upon the phase of operations. The section coordinates deployment of FM personnel and equipment. Upon arrival at a new operational location, the section supervises the physical establishment of facilities for the FMSU, to include the command post (CP). The FMSU requires sufficient transportation and communication assets to perform numerous and simultaneous support missions during day or night operations. The requirement to execute mission command increases the need for adequate transportation, maintenance, communication, power generation, global positioning, and life support assets.

Financial Management Operations Section

1-88. The Financial Management Operations Section coordinates the overall operation and readiness posture of the FMSU, provides financial policy and plans to subordinate FMSDs, and provides unit status reports. Working closely with the FMSC and the Brigade S-8, this section coordinates all FM support within the FMSU AO and tracks missions conducted by FMSDs. The section provides technical training assistance to the FMSDs to include coordinating with the FMSC and other providers.

Commercial Vendor Services (CVS) Section

1-89. The CVS Section certifies contract payments (not to be confused with the task of certifying funds), prepares payment vouchers, and forwards prepared vouchers to the disbursing section for payment. Reconciles subordinate detachment contract payments and develops/updates proper accounting records (Company Level Bill-Of-Register). The CVS section works closely with the CCBNs, the Senior CCT and the Division G-8 to coordinate contracting support and to ensure legality, prompt payment, and reconciliation of contract payments to identify unused funds that may be redirected for other critical requirements.

Disbursing Section

1-90. The Disbursing Section generates payments (e.g., cash, electronic funds transfers, checks) on properly prepared and certified vouchers, receives collections, receives and controls all currencies, maintains accountable records, forwards accountable records to DFAS, cashes negotiable instruments, makes foreign currency conversions, may maintain a contingency DSSN, and determines the need for currency and replenishment requirements. The disbursing section serves as the central funding element, providing cash management/currency support for assigned FMSDs. It also maintains inventory, replaces and distributes as appropriate, E-commerce hardware (e.g., EagleCash cards, kiosks, point of sale devices).

Audit Readiness

1-91. The IC Section, in conjunction with the FMSC IC section, establishes management internal control processes to provide reasonable assurance that government funds are protected and safeguarded and evaluates FM operations conducted by FMSDs, reporting deficiencies and citing corrective actions required. The section also evaluates the effectiveness of existing procedures and internal controls, and ensures compliance with applicable regulations, legislative directives, policies, and management controls. The IC section may be augmented as required by the IC section within the FMSC to provide a more detailed and robust IC capability, depending on the mission.

Automation Section

1-92. The Automation Section supports the information operations of the FMSU. The section coordinates the installation of software and hardware updates to FMTP. The section coordinates with the supporting signal unit for communications support and for external maintenance support. The section ensures system integrity against viruses and ensures appropriate system security measures are in place. It also supports E-commerce software and hardware requirements for the FMSUs and FMSDs, to include any required signal support.

Pay Support

1-93. The FMSU oversees the execution of pay support functions of subordinate detachments, generates, consolidates, and analyzes reports for distribution to higher FM echelons. The FMSU task organizes from existing company sections to accomplish the pay support mission. The FMSU, in coordination with the brigade S-8, reports systemic issues (i.e., Systems or policy) directly to the FMSC.

FINANCIAL MANAGEMENT SUPPORT DETACHMENT

1-94. The FMSD is the lowest echelon of FM support and is both a modular and tailorable force. The FMSDs primary mission is to provide general support typically within a division AOR or as directed by the FMSU. The increased complexity and decentralized nature of missions assigned to tactical level units may require direct FM support to units such as a brigade combat team (BCT) and other brigade-size elements. In these cases, the FMSU will determine the level of direct FM disbursing support and may embed an FMSD or Financial Management Support Team(s) (FMST) within the supported unit. This determination requires METT-TC analysis that considers several factors to include the nature of the supported unit's mission, geographic dispersion and composition of units/organizations supported, and availability of FM units. This assessment should be made in coordination with the Brigade S-8 and the FMSC. Within the detachment, the headquarters element provides mission command for four FMSTs, the CVS, and the disbursing sections. The FMST provides mobile support to all units and Soldiers in the designated AOR. Capabilities include timely and accurate payment for contractor and commercial vendor support, disbursing support, funding support, and pay support. The FMSTs can operate independently of the detachment headquarters over significant time and distance to support CCT and other critical operations. The detachment Disbursing Section provides currency to the teams for mobile missions, makes payment on certified vouchers, receives collections, controls all currencies, cashes negotiable instruments, issues local and partial payments, makes foreign currency exchanges, maintains accountable records, funds EPW pay support, and determines needs for U.S. and foreign currency. The Commercial Vendor Services Section certifies payment of contracts, working closely with CCTs, and the FMSU CVS Section to ensure legality, prompt payment, and reconciliation to identify unused funds. The FMSD is also capable of augmenting other FM units to meet requirements at all echelons for dispersed operations and mobile FMSTs (including multiple and simultaneous support missions), increasing the requirement for a detachment to have adequate transportation, maintenance, communications, global positioning, and night vision and life support assets. Enhanced communications and information technology equipment (e.g., FMTP) are critical for the FMSD to accomplish its mission. The FMST can be augmented with additional support from detachment leadership. Figure 1-12 on page 1-28 depicts the FMSD organizational structure.

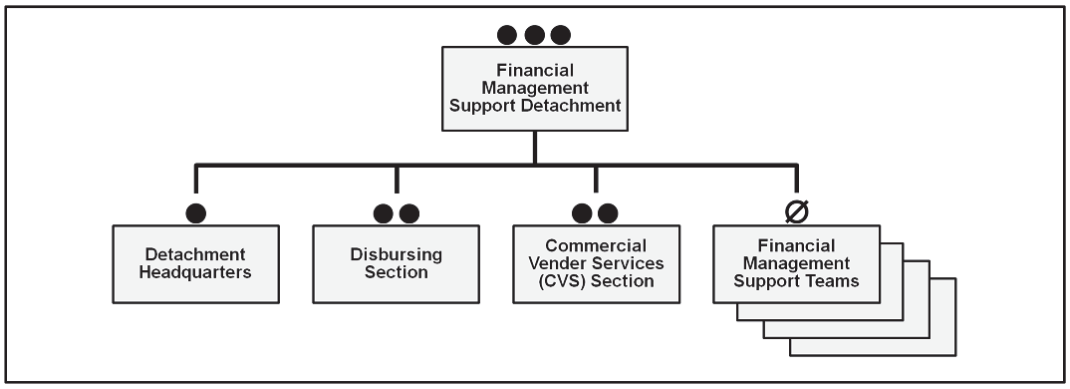


Figure 1-12. Financial management support detachment (FMSD)

Detachment Headquarters

1-95. The FMSD commander is responsible directly to the FMSU Commander and coordinates the deployment of detachment personnel and equipment. When deployed away from the unit location, the detachment Commander supervises the physical establishment of facilities for the detachment, to include the CP. The Detachment Sergeant coordinates administration, maintenance, and logistic support.

Disbursing Section

1-96. The disbursing section provides disbursing capability (cash, non-cash mechanisms and E-commerce tools) to the FMSTs and Pay Agents, makes payments on properly prepared and certified vouchers (not to be confused with funding certification), receives collections, receives and controls all currencies, cashes negotiable instruments, makes foreign currency exchanges, maintains accountable records, and determines currency requirements. The section is also responsible for the issuance of new or replacement EagleCash cards as well as maintenance and management of kiosk and point of sale devices in its supported area. The FMSD Disbursing Section augments the FMSU when co-located. The Disbursing Officer (DO) provides cash control and certifies payments.

Financial Management Support Team (FMST)

1-97. The FMST provides disbursing and pay support to all units and Soldiers in their AOR. The FMSD is designed to support mission requirements with four mobile teams. When METT-TC dictates, the FMST can be augmented with additional support from the detachment. All accountable items are cleared through the disbursing section of the detachment.

Commercial Vendor Services (CVS) Section

1-98. The CVS Section certifies payment of contracts (not to be confused with funding certification), prepares payment vouchers, and forwards prepared vouchers to the detachment Disbursing Section for payment. The CVS section works closely with the CCT, the CCBN, and the FMSU CVS Section to coordinate contracting support and to ensure legality, prompt payment, and reconciliation of contracts.

BRIGADE LEVEL FINANCIAL MANAGEMENT

1-99. Operating under the mission command of sustainment brigades, the financial management support of Army forces is essential to the overall mission in the area of operations.

SUSTAINMENT BRIGADES

1-100. Sustainment Brigades are the primary execution command of multifunctional operational-level sustainment support. They exercise mission command of operational-level sustainment operations (less

medical support) to include area support of supply, maintenance, transportation, FM and Human Resources throughout their specified AO. In consequence of their mission command role of FM tactical units, Sustainment Brigade commanders are responsible for the provision of Disbursing Operations within their AO and for the logistic and administrative support of attached FM units. Sustainment brigades may be placed in direct support of Army forces elements when appropriate to the operational area command structure.

1-101. The SUST BDE S-8 is the FM expert on the SUST BDE Commander's principal staff. It is the critical focal point in planning FM support that allows the SUST BDE to accomplish its mission. The S-8 accomplishes duties that include the following:

- Identify, certify, and manage funds available for immediate expenses.
- Integrate all FM requirements into SUST BDE's operational planning.
- Utilize staff, commanders, training calendar, fiscal triad, and analysis of full cost to develop funding requirements and submit requirements to the higher HQ.
- Assist in the develop the FM Concept of Support.
- Receive, develop, and disseminate FM guidance at the brigade level.
- Monitor and report status of funding.
- Submit and monitor the status of requirements packets/spend plans to the appropriate acquisition board.
- Coordinate contracting and FM support for the SUST BDE's Field Ordering Officers (FOO) and pay agents (PAs).
- Monitor execution of the SUST BDE's contract expenditures.
- Manage the Single Charge Card Solution program.
- Serve as the coordinator for the brigade's MICP.

BRIGADE COMBAT TEAMS (BCT) S-8

1-102. The BCT is the basic deployable unit of maneuver in the U.S. Army. A BCT consists of one combined arms maneuver brigade, and its attached support and fire units. Brigade combat teams are generally commanded by a colonel (O-6). In some rare instances, they will be commanded by a brigadier general. A BCT carries with it support units necessary to sustain its operations separate from its parent division for a limited duration. Figure 1-13 on page 1-30 depicts financial management operations during overseas contingency operations (OCO) in a GFEBS environment. To execute BCT operations, the BCT HQ requires the FM capability of the Brigade S-8 which include the following:

- Identify, certify, and manage funds available for immediate expenses.
- Integrate all FM requirements into operational planning.
- Utilize staff, commanders, training calendar, fiscal triad, and analysis of total cost to develop funding requirements and submit requirements to the higher HQ.
- Receive, develop, and disseminate FM guidance at the brigade level.
- Monitor and report status of funding.
- Submit and monitor the status of requirements packets/spend plans to the appropriate board.
- Coordinate contracting and FM disbursing support for FOOs and pay agents (PAs).
- Manage the Single Charge Card Solution.
- Serve as the coordinator for the brigade's MICP.
- Monitor execution of the BCTs contract expenditures.

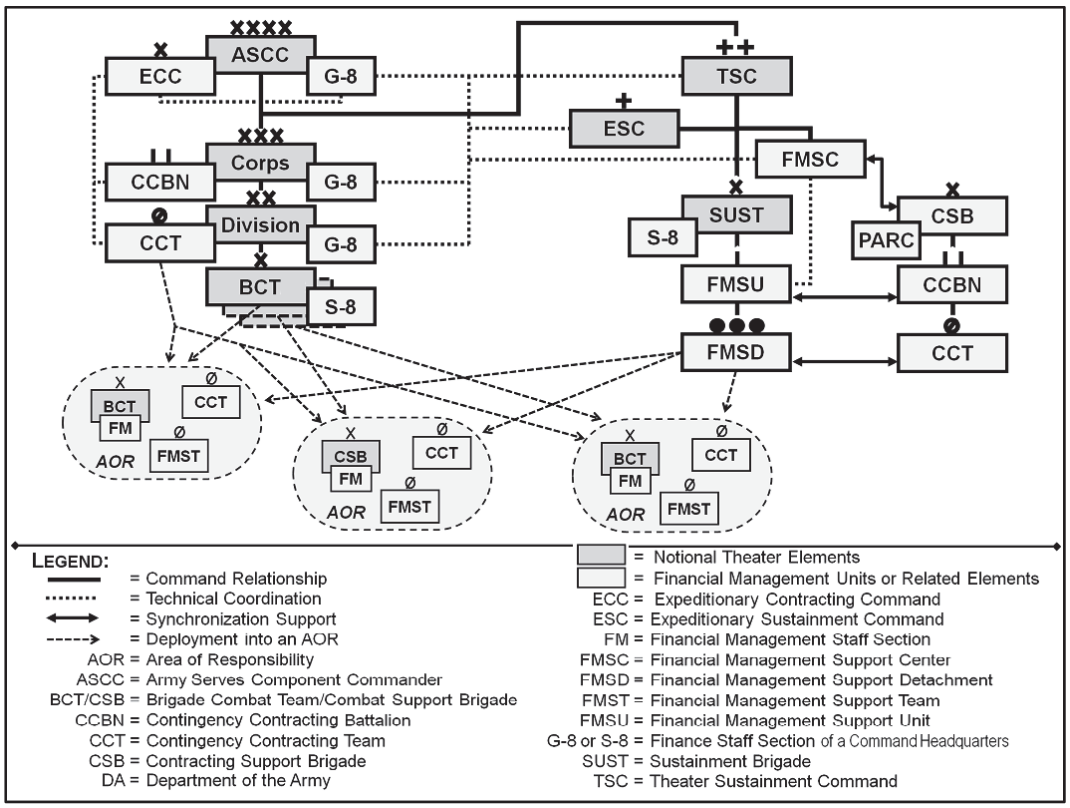


Figure 1-13. Notional FM overseas contingency operations (OCO)

Note. FMIS will be discussed in chapter 8. The General Fund Enterprise Business System (GFEBS) supports FM operations at the lowest level.

SECTION V – OPERATIONAL CONTRACT SUPPORT (OCS)

1-103. OCS is the ability to plan, orchestrate and synchronize the provision of contract support integration, contracting support, and contract management. These three capabilities are inextricably linked to meeting mission requirements through the acquisition process. The FM works closely with the following organizations depicted below to support funding and payment requirements for OCS.

1-104. Contingency contracting is a subset of OCS and includes the process of contracting for supplies, services, and minor construction from commercial sources in support of contingency operations.

EXPEDITIONARY CONTRACTING COMMAND (ECC)

1-105. The ECC, a subordinate command under the Army Contracting Command and Army Materiel Command, plans and provides effective and agile contracting support to Army Service component commands (ASCCs) in support of Army and joint operations. The ECC consists of theater- and corps-aligned contract support brigades (CSB), contingency contracting battalions (CCBN), and contingency contracting teams (CCT). While the Mission and Installation Contracting Command (MICC) provides contract support to CONUS installations, the ECC provides comparable effective and responsive contracting support for installations, expeditionary missions (including Army, joint, or multi-national exercise support), and contingency operations outside of CONUS.

CONTRACTING SUPPORT BRIGADE (CSB)

1-106. CSBs are command selection list, colonel-level TOE commands assigned to the ECC. The CSB commander is the Army's primary theater strategic and operational level contracting support planner and advisor, and has mission command of Army theater support contracting organizations. Currently, CSB Headquarters (HQs) are aligned to each theater Army, the one field Army (the theater and field armies are hereafter referred to as an army service component command or ASCC) and two Army corps headquarters. However, regardless of habitual alignment, the CSB may deploy to any theater of operations to support the ARFOR commander as directed. Once deployed within a theater of operations, the CSB can command multiple contracting battalions within the theater. Forward stationed CSB commanders are dual-hatted as the installation theater or field army principle assistant responsible for contracting (PARC) and, as such, have a PARC tables of distribution and allowances (TDA) office, in addition to the ASCC-aligned CSB TOE structure. While these forward stationed PARC TDA offices can provide limited reachback and temporary operational augmentation support, it is important to note the CSB TOE is a deployable organization separate from the theater or field army PARC TDA structure.

1-107. The primary operational contracting mission command headquarters is the CSB. The 22-person CSB headquarters can either be theater-committed and aligned to provide direct support to an ASCC, or it can be globally-available and aligned to provide direct support to a corps. In either case, the CSB Commander typically serves as the Army's Senior Contracting Official within an assigned area of operations. If the Army is designated as the lead service for contracting, the CSB Commander may also serve as Senior Contracting Official for Joint contracting personnel deployed to that same area of operations.

1-108. As the senior Army contracting element within the ASCC or corps, the CSB provides contracting advice and assistance to the supported commander and staff, including assisting with preparation of Annex W (Contract Support Integration Plan) to deliberate and crisis-action plans. The CSB plans and executes theater support contracting support within the assigned area of operations and performs tasks such as providing mission command for assigned or attached contracting personnel, establishing contracting priorities of support, participating in or, if designated as lead service for contracting, leading the Joint Contract Support Board, developing, reviewing, and managing the contingency contracting processes, and developing and implementing contracting-related policies and procedures to enable the operational commander's desired end-state. The CSB also coordinates with sister service, external support, and system support contracting elements to reduce competition for resources, deconflict priorities, and eliminate unnecessary, redundant support.

1-109. The FMSC should coordinate closely with the CSB Contract Support Plans and Operations officer to ensure FM and contract support are well-planned and synchronized within the theater.

CONTINGENCY CONTRACTING BATTALIONS (CCBN)

1-110. The CCBN is a globally-available unit providing mission command of subordinate contracting units or personnel and is responsible for planning, directing, and supervising contract award, administration, and closeout for supplies, services, and construction. The CCBN reviews internal and external contractual actions to ensure statutory, regulatory, and procedural compliance and establishes programs to ensure maximum competition.

1-111. The 13-person CCBN headquarters is typically employed in either the division or corps rear area. When aligned with a division headquarters, the CCBN provides mission command of CCTs providing direct or general support to units in the division AOR. As the senior Army contracting commander in the division area, the CCBN commander provides advice and mission planning assistance to the division commander and staff. When positioned in the corps area and aligned with a corps headquarters, the CCBN provides general support on an area basis through its assigned or attached CCTs. While the CSB also operating in the corps area is focused on operational-level planning, policies, and procedures, the CCBN is focused on mission command of downtrace elements as they execute tactical-level contract support. Though aligned and providing DS/GS to an operational force, the CCBN remains assigned to the CSB headquarters, even in small-scale operations where the CSB may not deploy forward.

1-112. In many operations, the CCBN will establish a Regional Contracting Center, with CCBN personnel forming the foundation of the Regional Contracting Center. The Regional Contracting Center provides general support on an area basis, as well as oversight and mission command of subordinate, geographically-dispersed regional contracting offices. The CCBN Commander serves as Chief of the Contracting Office (COCO) with greater authority than a typical contingency *contracting officer* who is the service member or Department of Defense civilian with the legal authority to enter into, administer, modify, and/or terminate contracts (JP 4-10).

1-113. The FMSU and/or FMSD should coordinate closely with the CCBN (or Regional Contracting Center) to ensure FM and contract support within the division or corps area is well-planned and synchronized.

CONTINGENCY CONTRACTING TEAM (CCT)

1-114. The CCT consists of five contingency contracting officers and is the foundational building block of theater support contract writing and execution. A CCT is capable of deploying individually in support of small-scale operations, particularly in direct support of a BCT, Sustainment Brigade, or other brigade-sized element. The CCT may also deploy as part of a larger CSB or CCBN structure to support large-scale operations typically involving a Joint Task Force, division, or corps headquarters. The CCT's mission and position, as well as operational phase, will dictate whether the CCT provides direct or general support, ultimately determined by the senior contracting commander. One or more CCTs may be combined to form a regional contracting office to provide general support on an area basis, with the senior officer designated as Chief of Contracting Office. The FMSD should synchronize and plan FM operations with the supporting CCT (or regional contracting office) to ensure effective, efficient support to the warfighter.

Note. Current Army force structure includes the Contingency Contracting Battalion (CCBN); however, the differences between the CCT and CCBN are minor and the two are generally interchangeable.

Chapter 2

Fund the Force

The Army cannot operate without funding. Funding the force constitutes one of Financial Management's core competencies and contributes to the Army's role in our nation's defense. Commanders leading formations at all levels of war are responsible for the appropriate allocation and use of scarce resources, to include funding, in the accomplishment of their assigned missions. Fund the force is the critical capability within the Financial Management (FM) core competencies, which matches legal and appropriate sources of funds with thoroughly vetted and valid requirements. Fund the force provides flexibility through methods to augment, and in some cases, lead the effort in obtaining the effects the commander is trying to achieve.

Providing funding support is a complex endeavor and requires financial managers at every level to leverage multiple appropriations, some of which were provided initially for peacetime support, along with appropriations that are newly created by Congress specifically for an operation. In order to successfully fund the force, commanders and financial managers alike need a thorough understanding of the statutes and regulations that govern the use of appropriated and non-appropriated funding. The financial manager must have an understanding of the flow of funds from Congress to the unit level, the appropriations/authorization process and the administrative control of funds. The financial manager must work closely with the fiscal lawyer to ensure compliance with fiscal requirements established by law. This chapter discusses the appropriation and authorization process, fiscal law, and funds management support at the strategic, operational and tactical levels.

SECTION I – APPROPRIATIONS/AUTHORIZATION PROCESS

2-1. Congress exercises the power granted to it under the Constitution, which states, "No money shall be drawn from the Treasury, but in Consequence of Appropriations made by Law." The power to appropriate is a legislative power. Congress has further exercised this legislative power by setting legal limits on U.S. government officials.

> ***Example:*** A U.S. government official may not commit the government to spend more than the amount appropriated by law and may not make such obligations before an appropriation funding those activities becomes law, unless such action is statutorily authorized. An appropriation may be used only for the programs and activities for which Congress made the appropriation, except as otherwise provided by law. Violation of the appropriation and authorization statutes could result in administrative and/or criminal sanctions.

2-2. The President has an important role in the appropriations process by virtue of his constitutional power to approve or veto entire measures, unless Congress overrides a veto. The President also has influence, in part, because of various duties imposed by statute, such as submitting an annual budget to Congress.

2-3. As depicted in figure 2-1 in page 2-2, the President initiates the appropriations process by submitting the President's Budget for the upcoming fiscal year to Congress. The President is required to submit the annual President's Budget on or before the first Monday in February. The President recommends spending

levels for various programs and agencies of the federal government in the form of budget authority because Congress provides budget authority to agencies as opposed to cash. When the President submits his budget to Congress, each agency, such as the DOD, generally provides detailed justification materials to the House and Senate appropriations subcommittees with jurisdiction over its funding.

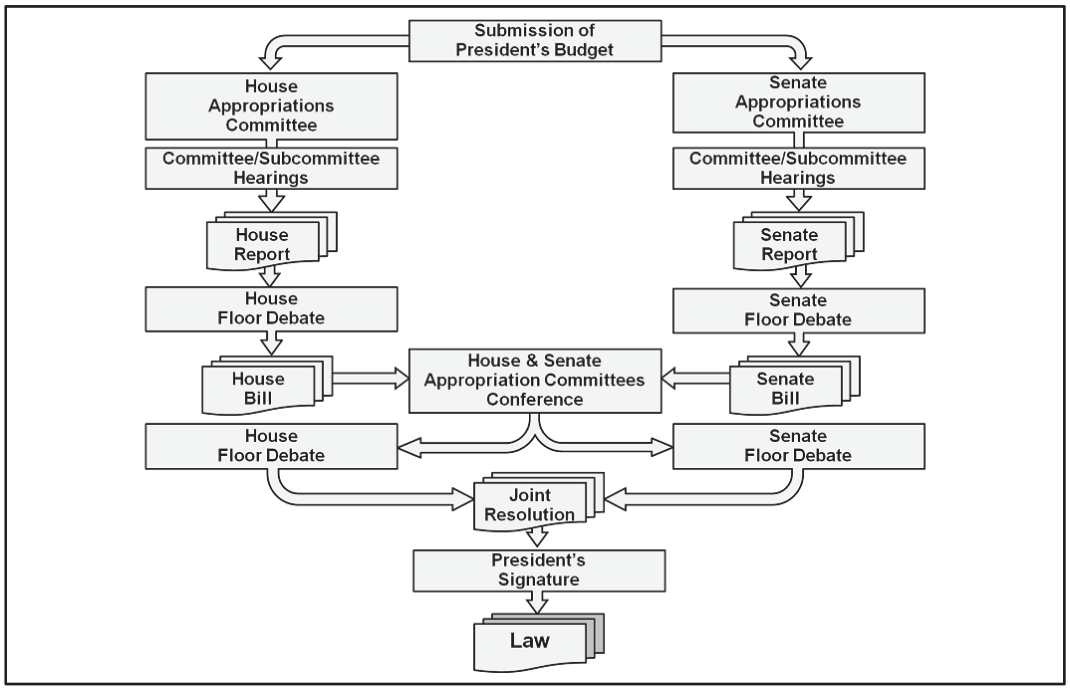


Figure 2-1. Appropriation/authorization process

2-4. In response to the submission of the President's Budget, Congress adopts a budget resolution that sets the total new budget authority and outlay levels for each fiscal year covered by the resolution (i.e., The upcoming fiscal year plus the four subsequent fiscal years). The budget resolution also distributes federal spending among twenty functional categories, such as national defense, transportation and agriculture. The budget resolution is not law nor is it sent to the President. It does not provide budget authority or raise or lower revenues; instead, it is a guide for the House and Senate as they consider various budget-related bills, including appropriations and tax measures.

2-5. Figure 2-1 begins its depiction of the appropriation/authorization process with both the House of Representatives and Senate considering the appropriations measures simultaneously. Traditionally, the Senate would wait until it received the House-passed bill to begin its consideration of the appropriation measure. During the House's consideration of the bill, the House Appropriations Committee (the House Armed Service Committee for the authorization bill) through its defense appropriation sub-committee with jurisdiction over the defense appropriation amends or "marks up" the draft version of the bill and then upon completion, reports the bill to the House floor for consideration and passage. After passage, the House sends the bill to the Senate. The Senate Appropriations Committee (the Senate Armed Service Committee through its sub-committee with jurisdiction over the defense appropriation for the authorization bill) marks up the House version of the bill and reports the bill to the Senate floor for additional amendments and consideration. Both chambers have their own rules regarding amending appropriation bills. The Senate then passes its version of the appropriations/authorization bill.

2-6. Generally, members of the defense appropriations sub-committees for both the House and Senate and the chair and ranking minority members of the full committees meet to negotiate over differences between the House and Senate versions of the bill. Under House and Senate rules, the negotiators or conferees are usually required to remain within the scope of the differences between the positions of the two chambers. In their agreement, the proposed spending/limitations on programs and/or activities must remain within the range established by the House and Senate versions. The Senate typically passes a single substitute

amendment to each House bill. In this case, the conferees must reach agreement on all points of difference between the House and Senate versions before reporting the conference report in agreement to both houses. When this occurs, the conferees propose a new conference substitute for the bill as a whole.

2-7. Usually, the House considers conference reports on appropriations measures first because it traditionally considers the measures first. The first house to consider a conference report has the option of voting to recommit the report to the conference for further consideration, rejecting the conference report, or adopting it. After the first house adopts the conference report, the conference is disbanded--leaving the second house, usually the Senate, with the choice of accepting or rejecting the conference report. Conference reports cannot be amended in either the House or Senate. If the conference report is rejected, or is recommitted by the first house, the conferees negotiate further over the disputed areas of the report. The bill cannot be sent to the President until both houses have agreed to the entire text of the bill.

2-8. After Congress sends the bill to the President, he has 10 days to sign or veto the bill. If the President vetoes the bill, he sends it back to Congress. Congress may override the veto by a two-thirds vote in both houses. If Congress successfully overrides the veto, the bill becomes law. If Congress is unsuccessful, the bill dies.

2-9. In instances when Congress and the President do not complete passage of the regular appropriations acts prior to the beginning of the new fiscal year, Congress will pass a continuing resolution to fund current government operations beyond 1 October of the new fiscal year. A continuing resolution (CR) is an appropriation act that provides budget authority for federal agencies, such as the Defense Department, to continue operation in the absence of a regular appropriation act.

2-10. A funding gap results when neither an appropriation act nor a CR exists and current budget authority expires at the end of the fiscal year. Operations during a funding gap are considerably limited and operational effectiveness significantly hampered. Financial managers must refer to the CR to determine exact authority authorized for that particular CR time frame.

ADMINISTRATIVE CONTROL AND DISTRIBUTION OF FUNDS

2-11. Section 1514(a) of title 31, United States Code requires DOD components, to include the Department of the Army, to establish and maintain effective controls over appropriations and other funds. By law and regulation, each DOD component must design systems for administrative control of funds so that formal administrative subdivisions of funds are placed at the highest practical organizational level consistent with effective and efficient management. Additionally, each component shall restrict the use of limitations on available funds to those necessary to comply with statutory provisions in keeping with the appropriate DOD Authorization or Appropriation Act. No DOD official may authorize or create any obligation or make any expenditure in excess of the amount provided for by law. Department of Defense Financial Management Regulation (DODFMR) Vol. 14, *Administrative Control of Funds and Anti-Deficiency Act Violations*, lists other regulatory stipulations such as rules for delegation of authority, administrative control systems and statutory limitations and duties of DOD officials. Within this process of controlling funds, funds are distributed either formally (formal subdivision of funds) or informally (informal subdivision of funds) from higher level organizations to lower level organizations within the executive branch and the OUSD(C). Enterprise Funds Distribution (EFD) and GFEBS are the official funds control management systems for DOD.

2-12. Formal subdivisions occur when appropriations are subdivided by the executive branch departments and agencies. These formal divisions are referred to as apportionments, allocations, and allotments. Exceeding a formal subdivision of funds violates the Anti-Deficiency Act (ADA) *31 U.S.C. § 1517(a)(2)*. An apportionment or reapportionment is a distribution made by the Office of Management and Budget (OMB) of amounts available for obligation in an appropriation or fund account. Apportionments and reapportionments by the OMB are required before funds may be obligated, except in certain instances as specified in OMB Circular No. A-11. The distribution of apportionments is part of an overall financial plan for the year that is based on a forecast of obligations to be incurred within an appropriation. The apportioned amount is in response to a service department's request. Apportionments divide amounts available for obligation by specific time periods (usually quarters), activities, projects, objects, or by combinations of these categories.

2-13. Allocations are formal distributions of apportionments or funds that do not require apportionment by the departmental-level accounting entity to an operating agency or other intermediate-level accounting entity. An allocation of funds represents an authorization by a designated official of a DOD Component making funds available within a prescribed amount to an operating agency for the purpose of making allotments and incurring obligations. Allocations carry the same legal and other limitations as apportionments. Allocations of budget authority from the service department to Army Commands (ACOMs), ASCCs a direct reporting unit, and Operating Agencies must be in writing. Allocations, sub-allocations, or their parts, that are not required to be further subdivided may be treated and recorded as allotments. Using Program Budget Accounting System (PBAS) or GFEBS, the HQDA issues Funding Authorization Documents (FADs) to allocate obligation authority and program authority to ACOMs, ASCCs, and OAs.

2-14. An allotment is a formal distribution of budget authority to an execution level accounting entity. For example, from an ACOM to a subordinate command. It authorizes the incurrence of obligations within a specified amount. Sub allotments may be used to further subdivide the budget authority. Accounting for a sub allotment is the same as accounting for an allotment; only the term allotment will be used in this chapter. ACOMs, ASCCs and Operating Agencies, through PBAS or GFEBS, may issue FADs to their units to allot obligation authority and program authority.

2-15. Commands may informally subdivide funds at lower levels (e.g., within an ASCC) without creating an absolute limitation on obligation authority. These subdivisions are considered funding targets. Targets, referred to as "allowances", represent informal subdivisions of funding. In these instances, an ACOM, ASCC and/or Operating Agencies may implement a fund allowance system in which the lowest formal distribution of funds is at the ASCC level with funding allowances being issued to subordinate units. This system allows more flexibility in fund control and lessens the possibility of reportable ADA violations. Commanders are still responsible for executing their mission within the provided funding allowance and violations of that guidance may warrant administrative disciplinary action. Exceeding their funding target/allowance does not constitute a statutory violation but could result in an over-obligation or over-expenditure of the ACOM or ASCC funding authority. Regardless, persons responsible for exceeding their target/allowance will be identified by name as being responsible for any resulting ADA violation.

2-16. Figure 2-2 illustrates the distribution of funds, both formal and informal, from OMB down to tenant activities and subordinate units. During contingency operations, ACOMs distribute funds informally to their major subordinate commands in theater through allowances. These major subordinate commands, in turn, push funding forward in the form of funding targets issued to their subordinate commands (usually, divisions and brigades). Throughout the flow of funds, commanders and any other DOD officials to whom funds are entrusted or formal subdivisions of funds are issued ensure that all personnel, including the actual fund users, contracting personnel, and other personnel involved in the administrative control and use of funds, are aware of, and comply with, the requirements of the Anti-deficiency Act.

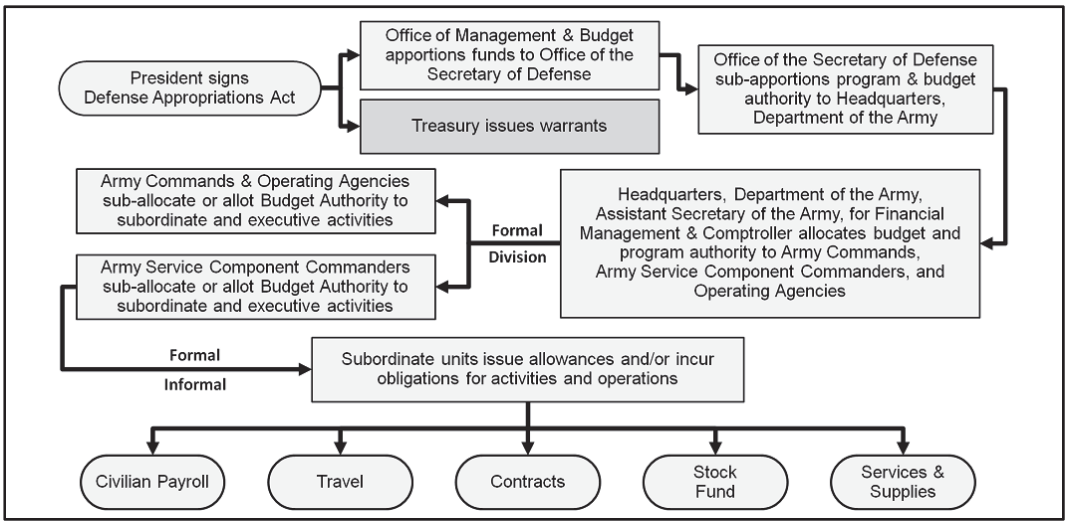


Figure 2-2. Distribution of funds

THE LEGISLATIVE PROPOSAL PROCESS IN SUPPORT OF CONTINGENCY OPERATIONS

2-17. During the conduct of contingency operations, complexities in both the OE and the nature of the mission may require additional flexibility with respect to the use of fiscal resources by commanders to accomplish their assigned missions and achieve the desired end state. Operating with our multinational partners may necessitate providing logistic or other support to their forces beyond what a current acquisition and cross-servicing agreement (ACSA) can provide. However, there must be specific legal authorities that allow the expenditure of appropriated funds to provide for that support. Whenever there is no clear statutory authority, the SJA should be consulted (see fiscal triad, figure 1-3 on page 1-7). Statutory limitations on spending certain types of appropriations to satisfy unforeseen requirements could restrict the commander's ability to legally apply fiscal resources toward the successful execution of his mission. In some instances, the requirement may be of such a unique nature that no existing fiscal authority provides legal means to satisfy it. In all these cases, legislative relief of some kind may be necessary to provide commanders with the requisite fiscal flexibility to fund emergent requirements that fall outside the bounds of existing fiscal law.

2-18. Combatant commanders at all levels may seek legislative relief through legislative proposals to change existing legislation or create new legislation to legally apply fiscal resources to emergent mission requirements. Coordination with the servicing SJA is highly recommended. Financial managers, whether positioned within the strategic, operational or tactical levels of command, assist their commanders in identifying, drafting, submitting and coordinating legislative proposals through senior level command channels to the Service Component Command and subsequently the Department of the Army. Legislative proposals may also be submitted through a Joint Task Force headquarters to a CCDR for subsequent submission to the Joint Staff. The Office of the Secretary of Defense (OSD) then consolidates legislative proposals from all Services and the Joint Staff on a timeline to meet the Congressional schedule for that fiscal year. Once OSD approves the packages, they submit them to OMB for approval. OMB will submit all proposals to Congress in time for Congress to enter the proposal language into either an appropriation or authorization bill. Proposals become official once the bill is signed into law by the President. The legislative proposal process requires continual coordination and time. Financial managers should ensure that commanders understand that this remedy is not a quick fix nor guaranteed. Few legislative proposals are successful and must survive the legislative process before becoming a fiscal authority available to commanders.

SECTION II – FISCAL LAW

2-19. Commanders at all levels rely on their financial managers to analyze commander's tasks and priorities and to identify the resource requirements that will enable the commander to accomplish the mission. In funding the force, the financial manager resources command requirements, identifies, acquires, distributes and controls funds necessary to support mission execution and enables commanders to make resource informed decisions. Every financial manager must develop an expert knowledge of applicable fiscal law governing the use of public funds in support of Army organizations and missions. This section gives a brief overview of the applicable statutes governing the use of public funds; however, this information is not all-inclusive and may change with the passage of future legislation or issuance of future decisions by the United States Comptroller General. Thus, financial managers who have questions regarding fiscal law and the proper use of public funds in support of operations should contact their local SJA for a legal opinion regarding that particular question or situation.

2-20. Fiscal law, from an FM perspective, is the body of statutes and regulations (e.g., legal opines, Public Law, U.S. Code, and the U.S. Constitution) that govern the availability and use of public funds to support military operations. Failure to apply fiscal law principles properly may lead to unauthorized expenditures of funds and consequent administrative or criminal sanctions against those individuals deemed responsible.

2-21. Congress's "power of the purse" emanates from the United States Constitution, specifically:

- U.S. Constitution, Art. I, § 8 grants Congress the power to "…lay and collect Taxes, Duties, Imports, and Excises, to pay the Debts and provide for the common Defense and general Welfare of the United States… To raise and support armies, but no appropriation of money to that use shall be for a longer term than two years; … To provide for organizing, arming, and disciplining, the militia, and for governing such part of them as may be employed in the service of the United States, …."
- U.S. Constitution, Art. I. § 9, provides that "No Money Shall be drawn from the Treasury but in Consequence of an Appropriation made by Law."

2-22. Thus, Army funding results in consequence of appropriations provided for in legislation passed by the U.S. Congress and signed into law by the U.S. President. The over-arching fiscal rule of thumb governing the use of public funds is "…that the expenditure of public funds is proper only when authorized by Congress, not that public funds may be expended unless prohibited by Congress." (United States v. MacCollom, 426 U.S. 317 (1976)). In other words, authority to spend public funds must be expressed in legislation either in the form of appropriations legislation or existing United States Code. A time tested precedent of this principle is 10 USC 2011 (often referred to as the Special Operations Forces (SOF) exception) which frequently has Congressional stipulations that vary by country on either annual or multi-year exceptions or prohibitions.

BASIC TENETS OF FISCAL LAW

2-23. Congress has emplaced legal limitations on government agencies' use of appropriations to fund their activities, missions, and operations. These primary limitations are in the areas of time, purpose and amount with respect to the use of public funds. This section provides a brief summary of these limitations; however, for a more detailed discussion of these limitations, the financial manager should refer to the actual statute prescribing a particular limitation or prohibition and confer with the SJA for the proper interpretation of those statutes. Financial managers must use the principles of time, purpose, and amount in order to ensure compliance with existing statute governing the use of fiscal resources in fulfilling requirements.

TIME LIMITATION

2-24. Appropriations are available for limited periods. An agency may obligate only within the time limits applicable to the appropriation. The primary restriction under the "Time" limitation is the "Bona Fide

Needs Rule" which states that the balance of an appropriation is available only for payment of expenses properly incurred during the period of availability, or to complete contracts properly made during the period of availability (31 U.S.C. § 1502(a)). An agency must incur a legal obligation to pay money within an appropriation's period of availability (i.e., Unexpired period). If an agency fails to obligate funds before they expire, they are no longer available for new obligations. Expired funds retain their "fiscal year identity" for five years after the end of the period of availability. During this time, the funds are available to adjust existing obligations or to liquidate prior valid obligations. There are limited exceptions to this general prohibition against obligating funds for new work following the period of availability (exceptions apply to services, supplies and training).

PURPOSE LIMITATION

2-25. The "Purpose Statute" requires agencies to apply appropriations only to the objects for which the appropriations were made, except as otherwise provided by law (31 United States Code (U.S.C.) 1301(a)). A previous Comptroller General decision (Secretary of Interior, B-120676, 34 Comp. Gen. 195 (1954)) devised a three-part test to determine if an intended use of public funds construed a "proper use".

2-26. The three components of the "necessary expense" test are:

- Expenditure of appropriations must be for a specified purpose, or necessary and incident to the proper execution of the general purpose of the appropriation.
- The expenditure must not be prohibited by law.
- The expenditure must not be otherwise provided for (i.e., It must not fall within the scope of another appropriation).

2-27. All three tests must be satisfied for the expenditure to be a proper use of appropriated funds. If two appropriations are available for a purpose and one of the appropriations more specifically provides funding for the intended purpose in the text of the legislation, then use the more specific appropriation. If two appropriations are equally available with respect to legislative language, then the agency may choose one of the appropriations, but once elected, the agency must use that appropriation for the current fiscal year (FY) and not change appropriations regardless of whether or not funds in the originally chosen appropriation are exhausted.

AMOUNT LIMITATION

2-28. The Anti-deficiency Act, 31 U.S.C. §§ 1341-42, 1511-19, prohibits any government officer or employee from:

- Making or authorizing an expenditure or obligation in excess of the amount available in an appropriation (31 U.S.C. § 1341(a)(1)(A)).
- Making or authorizing expenditures or incurring obligations in excess of formal subdivisions of funds; or in excess of amounts permitted by regulations prescribed under 31 U.S.C. § 1514(a) (also see 31 U.S.C. § 1517(a)(2)).
- Incurring an obligation in advance of an appropriation, unless authorized by law. (31 U.S.C. § 1341(a)(1)(B).
- Accepting voluntary services, unless otherwise authorized by law (31 U.S.C. § 1342).

KEY TERMS, STATUES, AND LAWS

2-29. Fiscal law is of primary concern to financial managers. Failure to apply fiscal law principles properly may lead to unauthorized expenditures of funds and consequently administrative or criminal sanctions against those responsible. Federal agencies require congressional appropriation to operate. In some cases, an authorization must also be enacted before an appropriation can be obligated. An appropriation is a law that provides budget authority for the stated purposes. No other statutes and resolutions passed by Congress, including budget resolutions and authorization acts, authorize withdrawal of money from the U.S. Treasury. DOD regulations mandate the use of commitment accounting for all appropriations, both unexpired and expired. Issuing a commitment that authorizes an obligation in excess of an appropriation or

formal subdivision of funds could result in a violation of the Anti-Deficiency Act (see paragraph 2.43 of the Anti-Deficiency Act).

KEY TERMS/CONCEPTS

2-30. Financial managers at all levels should be familiar with the following key terms and concepts as they are commonplace in the lexicon of financial management and fiscal law. For a more extensive listing of key terms, refer to DOD Financial Management Regulation (DODFMR) Vol. 2, chapter 1.

2-31. **Appropriations Act**. An appropriations act is the most common form of budget authority. The term "appropriation" refers to the authority given to federal agencies to incur obligations and to make payments from the U.S. Treasury for specified purposes. Appropriations do not represent cash actually set aside in the Treasury. They represent legal authority granted by Congress to incur obligations and to make disbursements for the purposes, during the time periods, and up to the amount limitations specified in the appropriation acts. The Army receives its funds primarily from two annual appropriations acts: the Department of Defense Appropriation Act (for Military Personnel; Operation and Maintenance (OMA); Procurement; Research, Development, Test, and Evaluation (RDT&E) Appropriations; and the Military Construction Appropriation Act (for Military Construction and Family Housing Appropriations).

2-32. **Authorization Act**. An authorization act is a statute authorizing the appropriation of funds for programs and activities. An authorization act does not provide budget authority. That authority stems from the appropriations act. Therefore, before an agency can expend public funds for a particular program or activity, the program or activity must receive funding in the form of an appropriation contained in an appropriations act. Annual authorization acts typically precede DOD's appropriations acts. Authorization acts frequently contain restrictions or limitations on the obligation of appropriated funds. The authorization act may clarify the intended purposes of a specific appropriation or contain restrictions on the use of the appropriated funds.

2-33. **Budget Authority**. Budget authority is the authority provided by law to incur financial obligations that will result in outlays. Entering into contracts, issuance of purchase orders, hiring employees, or otherwise obligating the Government to make a payment before a law has provided budget authority for that purpose violates the law and carries with the violation significant sanctions. Budget authority is typically provided in the form of appropriations; however, budget authority can be provided through some laws in the form of contract authority, authority to borrow, or spending authority from offsetting collections. In most cases, an appropriations act makes budget authority available beginning on October 1 of the fiscal year for which the appropriation act is passed.

2-34. **Continuing Resolution (CR)** is an interim legislation enacted by Congress to provide authority to specific, ongoing activities when the normal fiscal year appropriation has not been enacted by the beginning of the fiscal year, pending the annual appropriation enactment by Congress. It authorizes continuation of normal operations at a rate not to exceed the latest Congressional action or the previous year's rate. It does not authorize new starts or expansions to a program. A funding gap may occur in the absence of either an appropriations act or a CR, or when the President vetoes a duly passed appropriations bill or continuing resolution following expiration of either of their predecessors. The Attorney General has determined that, absent an appropriation or a CR, executive agencies must take immediate steps to cease normal operations. Disbursements supporting new fiscal year obligations may not be made during a funding gap unless specifically authorized by the Under Secretary of Defense (Comptroller) (USD[C]).

The following excerpt from Defense Finance and Accounting Service-Indianapolis (DFAS-IN) Reg. 37-1 provides additional information on CR:

Definition: A CR is an interim appropriation, enacted to provide authority for specific ongoing activities in the event that regular appropriations have not been enacted by the beginning of the fiscal year or the expiration of the previous CR. A CR has a fixed life and provides the authority necessary to allow operations to continue in the absence of appropriations.

Operations under a CR. Unless the Office of the Secretary of Defense (OSD) issues other instructions, a CR provides for the following:

A. Rate of execution generally will not exceed the amount contained in the President's Budget, the previous year's rate of execution, or the amount recommended by the House and Senate Appropriations Committees, whichever is the lowest or most restrictive.

B. No new starts may be initiated. Operations maintenance appropriation (OMA) funded minor construction is not considered a new start.

C. No increase in scope of ongoing programs is permitted.

D. No new multiyear procurements are permitted.

Operation in the absence of appropriations.

A. In the event that neither an Appropriation Act nor a CR has been enacted, a "funding gap" exists.

B. Obligations may continue during the new fiscal year (FY) for minimum mission essential business.

C. Prior year unexpired funds of multi-year appropriations are not impacted by the absence of a new appropriation or a CR. Revolving funds are also not impacted.

2-35. **Commitments.** A commitment is an administrative reservation of allotted funds, or of other funds, in anticipation of its obligation. Commitments are usually based upon firm procurement requests, orders, directives, and equivalent instruments.

2-36. **Fiscal Year**. The Federal Government's fiscal year begins on 1 October and ends 30 September and is designated by the year in which it ends. For example, fiscal year (FY) 10 begins on 1 October 2009 and ends 30 September 2010.

2-37. **Obligation**. An obligation is any act that legally binds the government to make payment. Obligations represent the amounts of orders placed, contracts awarded, services received, and similar transactions during an accounting period that will require payment during the same or a future period.

2-38. **Period of Availability of Budget Authority (also referred to as Obligation Authority).** When a law appropriates budget authority, it sets the period during which you can use it to incur new obligations. Normally referred to as the period of availability for new obligation of the budget authority. The period is specified in the law providing the budget authority. The period of availability for incurring new obligations is shorter than the period of availability for making disbursements, which is covered by a general law.

There are generally three different periods of availability of budget authority:

a. Annual budget authority. This term refers to budget authority that is available for obligation during only one fiscal year or less. One year is the default period of availability for annual appropriations acts, because a general provision in each of the acts specifies that the amounts provided in the act are available for one year, unless the act expressly provides otherwise. Even if there were not such a provision, the preamble of an appropriations act says that it is for a specific fiscal year.

b. Multi-year budget authority. The language for a specific appropriation of budget authority in an appropriations act or the authorization of the appropriation may make all or some portion of the amount available for obligation for a specified period of time in excess of one fiscal year. Usually, the period covers two or more whole fiscal years, but it may cover a period that includes part of the second fiscal year. Such budget authority is referred to as multi-year budget authority or, specifically, as two-year budget authority, or three-year budget authority.

c. No-year budget authority. The language for a specific appropriation of budget authority or the authorization of the appropriation may make all or some portion of the amount available "until expended." In other words, obligations can be incurred against the appropriation indefinitely provided you do not exceed the appropriated or authorized amount. This is no year budget authority. Authorizing laws that make appropriations seldom limit the period of availability, so most budget authority provided in authorizing laws is no-year budget authority.

2-39. **Period of Availability for making obligations and disbursements**. Appropriations have "phases" over its legal life span until no action may be taken against the appropriation. Rules of obligation vary depending on the phase:

- **Unexpired phase.** During this time period, the budget authority is available for "new" obligations and for disbursement. Activities (e.g., agencies, organizations, commands, installations) may make "new" grants or sign "new" contracts during this phase. This phase lasts for a set number of years. Annual budget authority lasts for up to one fiscal year. Currently, multi-year authority lasts from over one fiscal year up to 15 fiscal years.
- **Expired phase.** During this time period, the budget authority is no longer available for new obligations but is still available for disbursement. This phase normally lasts five years after the last unexpired year. Specifically, activities may not incur new obligations against expired budget authority. However, adjustments to obligations that were made before the budget authority expired are authorized in this phase. Activities may use expired authority to make adjustments to obligations or disbursements only during a five-year period that usually begins with the first expired year. The expired period can be lengthened by legislation.
- **Canceled phase**. After the last expired year, the account is closed, and the balances are canceled. The authority to disburse is canceled and is no longer available for any purpose. Any old bills with valid obligations that show up after the account is closed must be obligated against and disbursed from currently available (i.e., In the unexpired phase) budget authority for the same general purpose.

KEY STATUTES AND LAWS

2-40. Financial management policies and procedures follow a strict set of standards that are governed by statutory and regulatory principles, and other requirements by Congress and other governing bodies. It is imperative that all financial managers are aware of the current statutes and laws applicable to each area of operations.

Anti-Deficiency Act (ADA)

2-41. The Anti-Deficiency Act is codified under sections 1341, 1342, 1344, and 1511-1517, Title 31, and is implemented by OMB Circular No. A-11, Part 4, DOD Directive 7200.1, and DOD 7000.14-R, Volume 14. It states that an officer or employee may not make or authorize an obligation or expenditure that exceeds an amount available in an appropriation or formal subdivisions of funds. The GAO has determined that this statute prohibits obligations in excess of appropriated amounts and obligations that violate statutory restrictions or other limitations on obligations or spending. Government officials who authorize or make prohibited obligations or expenditures are subject to criminal sanctions and administrative discipline, including suspension without pay and removal from office. Good faith or mistake of fact does not relieve an individual from responsibility for a violation. Factors such as "a heavy workload at year end" or an employee's "past exemplary record" generally are relevant only to determine the appropriate level of discipline, not to determine whether the commander should impose discipline.

2-42. Violations of the Anti-deficiency Acts have increased in recent years drawing unwanted attention from Congress and the GAO and prompting agencies to take action. The Assistant Secretary of the Army for Financial Management and Comptroller published a memorandum dated 2 Jun 06 which directed organizations to review the training of fund certifying officers and encouraging organizations to conduct refresher training at least every three years. If an apparent violation is discovered, the agency must report and investigate. Violations could result in administrative and/or criminal sanctions. (See DODFMR, vol. 14

(March 2009); DFAS-IN Reg. 37-1, chapter 4, Para. 040204). Upon the discovery of a possible ADA violation:

- The commander must issue a flash report within 15 working days of discovery of the violation.
- The ACOM commander must appoint a "team of experts," including members from the FM and legal communities, to conduct a preliminary investigation.
- If the preliminary report concludes a violation occurred, the ACOM commander will appoint an investigative team to determine the cause of the violation and the responsible parties. For the Army, investigations are conducted pursuant to AR 15-6, Procedure for Investigating Officers and Boards of Officers (2 Oct 2006).
- The head of the agency (e.g., SECDEF, for the DOD) must report to the President and Congress whenever a violation of 31 U.S.C. §§ 1341(a), 1342, or 1517 is discovered.

2-43. Individuals responsible for ADA violations shall receive disciplinary action commensurate with the circumstances and the severity of the violation. Below is an example of an ADA in which a letter was generated to the President, the President of the Senate, and the Speaker of the U.S. House of Representatives.

Third United States Army, U.S. Army Central Command improperly obligated FY 2004 OMA funds for the construction of two phases of an internment facility at Camp Bucca, Iraq. The Command should have obligated the FY 2004 Military Construction, Army appropriation. A violation of 31 U.S.C. § 1517(a) occurred when no appropriations were available to cover the obligations. The command could not obligate OMA appropriations under 10 U.S.C. § 2805 because the obligated amount exceeded the statute's obligation amount limitation. Neither could the Command utilize authority provided in the National Defense Authorization Act that authorizes OMA appropriations for construction outside the U.S. under certain conditions because the Secretary of Defense did not make the requisite determination that the conditions were present.

Law of Armed Conflict

2-44. The Law of Armed Conflict deals with a wide variety of areas, including monetary issues pertaining to prisoners of war. Actions regarding the treatment of prisoners of war, from what to do with money that prisoners of war are carrying to how much and when to pay them for their labor, are covered within the Law of Armed Conflict. Additional information on payments to EPWs is contained in DFAS-IN 37-1, chapter 26.

Feed and Forage Act

2-45. The Feed and Forage Act (41 USC 11 and 11a) permits the DOD to incur obligations in excess of or in advance of available appropriations to ensure necessary funding to support members of the Armed Forces of the United States conducting military operations. Clothing, subsistence, forage, fuel, quarters, transportation, and medical and hospital supplies, not in excess of the necessities of the current year, may be incurred at the direction of the Secretary of Defense. The USD(C) issues instructions to implement the order.

2-46. Although authority to act under the Feed and Forage Act is granted by the DOD, forward-deployed units must be prepared to request urgent obligation authority during contingency operations. Units will submit requests using USD(C) current policies and procedures through command and resource management channels.

Chief Financial Officers Act of 1990

2-47. The Chief Financial Officers Act of 1990 established a centralized FM structure within the OMB and in major departments and agencies. Chief Financial Officer (CFO) responsibilities include:

- Developing and maintaining integrated accounting and financial management systems.

- Directing, managing, and providing policy guidance and oversight of all agency FM personnel, activities, and operations.
- Approving and managing financial management systems design and enhancement projects.
- Developing budgets for financial management operations and improvements.
- Overseeing the recruitment, selection, and training of personnel to carry out agency FM functions.
- Implementing agency asset management systems, including systems for cash management, credit management, debt collection, and property and inventory management and control.
- Monitoring the financial execution of the agency budget in relation to actual expenditures.

Federal Managers' Financial Integrity Act — Public Law 97-255

2-48. The Federal Managers' Financial Integrity Act (Public Law 97-255) was enacted in September 1982 to strengthen internal control and accounting systems throughout the Federal government and to help reduce fraud, waste, and abuse, and misappropriation of Federal funds. The act holds agency managers accountable for correcting noted deficiencies and requires that agencies identify and report internal control and accounting system problems and planned remedies annually.

Government Management Reform Act of 1994 and the Federal Financial Management Act of 1994

2-49. The Government Management Reform Act and the Federal Financial Management Act (Public Law 103-356) were enacted to provide a more effective, efficient, and responsible government. These acts mandated statutory requirements for reports to Congress, the use of electronic funds transfer (EFT) for payments, the establishment of a franchise fund in each of four executive agencies, and the submission of annual audited financial statements to the Director of the OMB.

Title 31 USC

2-50. Title 31 of the U.S. Code contains the basic statutory requirements for the use, control, and accounting of public funds.

Title 31 USC 1301 (a) (the Purpose Statute)

2-51. Title 31, Section 1301 of the U.S. Code (The Purpose Statute) imposes the requirement that agencies use appropriated funds only for its intended purpose.

Financial Management in Multinational Operations

2-52. In addition to the statutes listed above, financial managers must be aware of the legal ramifications of operating in a multinational environment. Reimbursement and other funding issues often are complex, requiring knowledgeable financial managers. In addition to the specific agreements governing each operation, important references on multinational funding issues are contained in DOD 7000.14-R, volume 15.

SECTION III – FUNDING SUPPORT

2-53. The funding support mission is to analyze resource requirements, ensure commanders are aware of existing resource implications in order for them to make resource informed decisions, and then obtain the necessary funding that allows the commander to accomplish the overall unit mission.

2-54. The financial manager identifies various funding requirements and responsibilities during decisive action. This section discusses funding in support of unified land operations, which spans offensive and defensive tasks; stability and defense support of civil authorities operations. The financial manager operates in each type of operation and in some instances in multiple types of operations simultaneously. Financial managers complement the commander's operation by providing funding in compliance with established

statutes and regulations. The financial manager has various funding sources available and advises the commander on the use of those funds accordingly.

2-55. The financial manager's focus during unified land operations is on ensuring the combatant commander is able to utilize and maximize funding to augment his actions, and in some cases lead the effort to achieve desired effects. Every effort to incorporate cost awareness in deployed operations should be made within operational limits. The more mature a theater becomes the more financial managers will have the ability to implement the cost management process. See chapter 4, Accounting Support and Cost Management for additional information.

FUNDING SUPPORT TO STABILITY OPERATIONS

2-56. The Army must be prepared to operate in stability operations in an era of persistent conflict. Where offensive and defensive tasks are designed to defeat forces, stability operations are designed to shape civil conditions and secure a lasting peace. Financial managers must be prepared to provide funding support to stability operations. Although OMA will be the primary source of funding to support U.S. forces, financial managers should expect special appropriations to be enacted by Congress for specific purposes. Special funding appropriations are for support to non-U.S. military personnel and are generally for stability efforts. Financial managers must be prepared to execute and account for all special funding with the same level of effort required to execute and account for OMA funding. Future stability operations may include funding support for organizing, equipping, and training foreign forces. Title 22, USC contains the Foreign Assistance Act, the Arms Export Control Act and other laws that authorize security assistance, developmental assistance and other forms of bi-lateral aid that FM personnel must be familiar with to support stability operations. Army Special Operations Forces and the supporting or supported conventional force have long utilized Title 22 funding in foreign internal defense operations that occur during stability operations or follow on from a larger stability operation.

2-57. FM support in unified land operations requires the financial manager to provide the commander the ability to implement actions in coordination with other staff elements as part of working groups to provide funding support for:

- Establish civil security.
- Establish civil control.
- Restoring essential services.
- Support to governance.
- Support to economic/infrastructure development.

FUNDING CONTINGENCY OPERATIONS

2-58. During contingency operations, the financial manager must be prepared to operate in austere conditions for an indefinite period of time. FM support to combat operations, during a contingency, is the most complex situation a financial manager will face. If the Army is designated the executive agent (EA), responsibilities will include providing funding support to other Services, other agencies, and if in a multinational environment, to other nations. The financial manager must be prepared to support validated resource requirements and identify, acquire, and distribute funds. This support includes other Services' requirements if designated EA. All units, once deployed to a theater in support of a named operation, are supported with contingency funding.

2-59. During any contingency operations mission analysis, the senior financial manager must ensure all deploying G-8 or J-8 sections have enough personnel to operate both the OMA and the special programs funding. The current force structure in the deploying corps or Division G-8s will require augmentation to manage special funding and perform cost management functions. Additionally, the G-8 or J-8 coordinates for nonsecure internet protocol router and secure internet protocol router access, computer systems, desk space and life support for additional civilian augmentees not listed on existing manning documents. Adequate space and co-location with FM units, contracting officers, and SJA/fiscal lawyers must be a priority. The senior financial manager in support of an OCO must also ensure the entire fiscal triad (FM,

contracting officer, and SJA/fiscal lawyer) is deployed early on in the operation to provide the commander the ability to augment sustainment capability immediately through theater support contracts.

FUNDING RESPONSIBILITIES IN A CONTINGENCY OPERATION

2-60. The SECDEF directs CCDRs and assigns Executive Agents for an operation (e.g. contingency, humanitarian, peace keeping). The executive agent is responsible for funding and financial management alignment in support of the operation. When an Army Service Component Command (ASCC) is designated as executive agent or lead service, all funding will be coordinated through the Army Budget Office.

2-61. The senior financial manager in theater has the responsibility to provide contingency funding for all theater costs or reimbursable budget authority for all theater costs associated with the contingency operation. Although responsible for funding all theater costs, the theater financial manager will need to identify the major costs drivers such as:

- External Support Contracts, (e.g., Logistics Civil Augmentation Program (LOGCAP)). Basic life support requirements like sleeping areas, shower, latrine, dining, firefighting, and laundry facilities are often provided through LOGCAP. In some operations, LOGCAP support constitutes a significant cost.
- Stock fund (all classes of supply, mostly class IX repair parts). The Stock fund is specifically used to provide the acquisition of materiel. It does this by procuring material from commercial sources and holding items in an inventory. Deployed units requiring material will determine if the items can be procured through the stock fund first since the use of the stock fund is the preferred method to acquire material in deployed operations.
- Theater Support Contracts (e.g., non-stock fund (also referred to as local purchases)). Theater support contracts are used to purchase supplies, services and construction from commercial sources rather than through the stock fund. Use of theater support contracts/non-stock fund requires the requesting activity to submit a DA Form 3953 to the G-8 for funding and use the supporting contracting organization to procure the goods or services.
- Strategic lift (into and out of theater). Strategic lift (STRATLIFT) is the air, sea, and ground costs associated with deploying units and equipment into and out of theater. STRATLIFT is provided by the U.S. Transportation Command.

See DODFMR VOL 12, chapter 23, Table 23-1 for a breakout of all reportable cost categories used during a contingency operation.

2-62. Multitudes of funding options are available to the theater and will include funding sources from other U.S. agencies (e.g. intelligence funding, counter-drug funding, and Department of State funding). Funding authorities the financial manager may leverage during a contingency operation are:

- Contingency Construction Authority.
- Other Procurement, Army .
- Host Nation Support Agreements (assistance in kind).
- Theater specific appropriated funding.

2-63. Historically, contingency operations have been unforecasted events and therefore not part of a unit's annual budget. Initial funding for a contingency operation requires using available home station dollars to fund requirements arising from participation in contingency operation. The use of available unit funds to support contingency operations requirements is known as "cash flowing." All cash flow funding will include guidance to establish and send budget estimates, track all direct and indirect costs, and report all funding in support of the operation for potential reimbursement.

2-64. In some instances, costs for which funds have been provided to deploying units may not be incurred as a result of a contingency operation. Offset costs is an effort by HQDA to capture the amount of operation tempo funding a unit will not require due to the contingency operation funding available during pre-deployment, deployment, and reconstitution. HQDA will consider the timeframe to pull, or offset, the home station funding.

CONTINGENCY FUNDING SUPPORT TO UNIFIED ACTION PARTNERS

2-65. Funding support to U.S. Agencies, like Homeland Security, Federal Emergency Management Agency (FEMA), and North Atlantic Treaty Organization (NATO) will require financial managers to respond, with minimal lead time, to natural disasters such as hurricanes, wildfires, and earthquakes. If the financial manager is deployed as part of a JTF in support of a natural disaster, the financial manager must be prepared to assume duties as a JTF Comptroller. As a JTF Comptroller, the financial manager has to manage central funding of mission assignments based on requests from civil authorities. The type of funding requirements the financial manager can expect range from providing goods, services, and security during the stated emergency.

2-66. When using special funding authorities (i.e., Overseas humanitarian, disaster, and civic aid and FEMA funding) in support of contingency operations such as a disaster relief, the financial manager will be required to cash flow all requirements from existing sources of funding. During the reimbursement phase, the financial manager will have to present all reimbursement requests with detailed documentation of the support provided and the costs of that support. Reimbursement can be a challenge for financial managers in their funding support to U.S. agencies like FEMA. In order for FEMA or any other U.S. Government Agency to reimburse the Army, detailed bills will need to be generated and supported with appropriate documentation. The financial manager must have a process in place to control funding and ensure proper documentation is available for reimbursement (see DODFMR VOL 12, chapter 23 for billing and chapter 6 for reimbursement procedures). All funding used in support of the "be prepared to" orders, if not executed, will be the units training dollars and no reimbursement will follow.

2-67. Requests for reimbursement will be documented with specific details on personnel services, travel, cost of contracts for services, materials, supplies, and miscellaneous expenses. Units requesting reimbursement are required to maintain all financial records and supporting documents necessary to substantiate reimbursement.

AUDIT SUPPORT TO CONTINGENCY OPERATIONS

2-68. Financial managers should expect various audit agencies such as GAO, DODIG and AAA to initiate field audits during all operations and will require support from the financial manager. Of importance to the auditors is the fiscal guidance published in support of the operation. Auditors typically seek the following FM guidance:

- Requirement to capture all direct and indirect costs.
- Establishment and use of functional cost accounts (FCAs).
- Reporting format, requirements, and frequency.
- Authorized fiscal fund sites.
- Guidance on appropriate expenses and uses of funding.
- Points of contacts.
- Management internal controls.

2-69. A special area of interest to auditors is management internal controls that are in place to ensure proper use of resources. It is imperative that every financial manager give consideration to management internal controls early in the process and continue to build upon those controls throughout the duration of the operation. Resource managers must leverage audit support in theater by reviewing findings and taking corrective action. For example, DODIG report dated 22 May 2008 on the internal controls over payments made in Iraq, Kuwait, and Egypt reported the Army did not maintain adequate internal controls over commercial payments to ensure that they were properly supported. As a result, DODIG estimates that the Army made $1.4B in commercial payments that lacked the minimum supporting documentation and information for a valid payment. Chapter 6 discusses Financial Management role in Audit Readiness.

STRATEGIC FUNDING SUPPORT

2-70. At the strategic level, the ASA (FM&C) manages PPBE, which serves as the Army's primary resource management process in obtaining funding. The PPBE is a major decision making process that

interfaces with joint strategic planning and with planning conducted by the OSD. Figure 2-3 is an overview of the PPBE process. Individual phases of PPBE are explained below. The main objective of the PPBE process is to establish, justify, and acquire the fiscal resources needed to accomplish the Army's assigned missions in executing NMS.

PLANNING, PROGRAMMING, BUDGETING AND EXECUTION (PPBE)

2-71. The planning, programming and budget execution process is how the Department of Defense allocates its resources. It is how DOD, and their contractors, manage to stay within their fiscal budget while they follow the Secretary of Defense's policy, strategy, and goals. PPBE means to the financial manager and their staff the need to know what is supposed to happen with their program and budget, and when; because that information could make or break their program during the resource allocation process. The PPBE process is depicted in figure 2-3.

Planning

2-72. The objective of planning is to size, structure, man, equip, train, and sustain the Army force to support NMS using The Army Plan (TAP), Army Strategic Planning Guidance, and the Army Planning Priorities Guidance. In addition to Army guidance and priorities, the Joint Staff and Combatant Commanders impact Army resources through their wartime requirements submitted through the Joint Strategic Review, Chairman's Program Assessment, and Combatant Commanders IPL.

Programming and Budgeting

2-73. Through an integrated programming and budgeting process the objective of programming and budgeting is to distribute projected manpower, dollars, and material among competing requirements, according to Army resource allocation policy and priorities, making sure that requirements get resourced at defensible and executable levels. Army Programming and Budgeting produces a combined POM and Budget Estimate Submission (BES). Impacting Army decisions on resources during the programming and budgeting are Presidential budget decisions and OSD adjudicated decisions of issues that arise and are published in the form of a PBD.

Execution

2-74. The main objective of budget execution is to manage and account for funds in support of approved programs. Budget execution applies funds appropriated by Congress to carry out authorized programs during the year of execution. The Army continuously monitors how well Army Commands and program managers use allocated resources to carry out program objectives through mid-year reviews, joint reconciliations, and year-end closeout.

Program Evaluation Groups (PEGs)

2-75. HQDA uses six PEGs to support planning, programming, and budgeting. PEGs program and monitor resources to perform Army functions. Manning, Training, Organizing, Equipping, Sustaining, and Installations are the six PEGs. Each PEG administers a set of management decision packages (MDEP) within its respective group.

The Army Management Decision Package (MDEP)

2-76. The MDEP is a key FM tool that accounts for all Army resources. MDEPs describe the capabilities programmed over a 9-year period for the Active Army, Army National Guard, U.S. Army Reserve, and civilian workforce. Through the use of MDEPs, the Army is able to record the resources needed to gain an intended outcome. An individual MDEP describes a particular organization, program, or function.

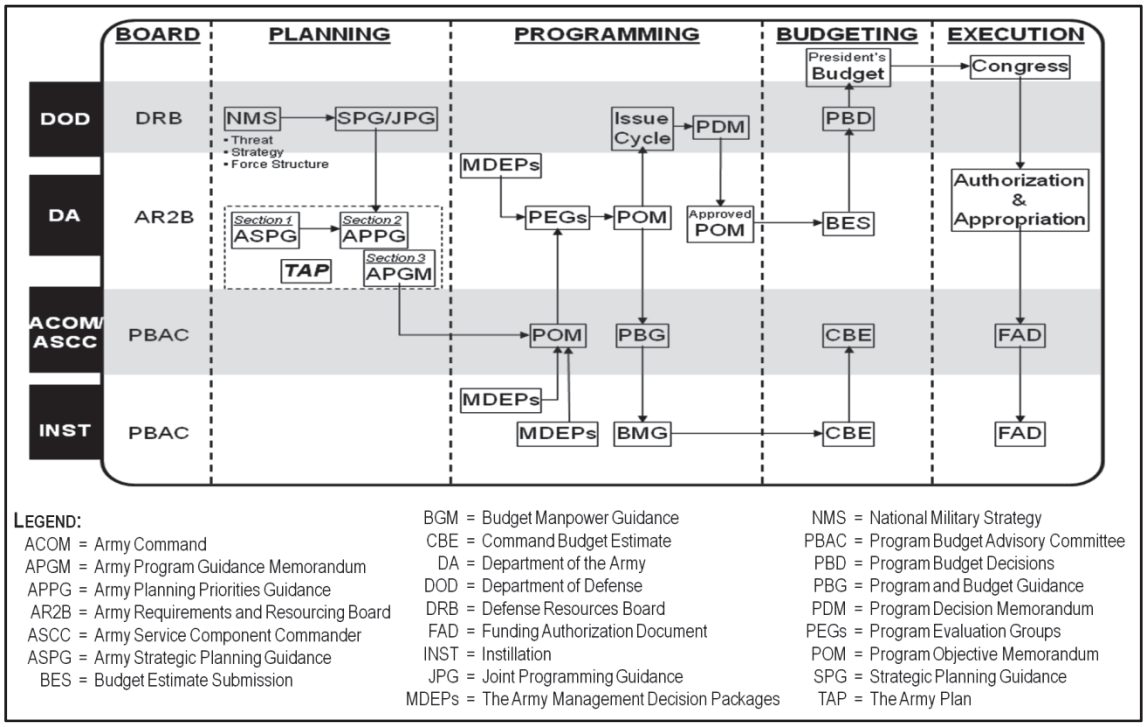


Figure 2-3. Planning, programming and budget execution (PPBE) flow chart

FUNDING FUNDAMENTALS

2-77. Funding at the strategic level is engaged in estimating, budgeting, planning, costing, and defending funding requirements for operations in support of national goals to senior Army leadership, the Secretary of Defense, the President, House and Senate appropriation committees, and ultimately to Congress. When in support of a declared named operation, funding is requested through the supplemental process. As required, Congress will expedite approving appropriations should it be necessary (for example, funding in support of Hurricane Katrina). In all deployment operations, the Army will be required to report to OSD detailed cost reports, by cost structure, and all the funding used in support of the deployment IAW DODFMR VOL 12, chapter 23.

2-78. Fundamentals of Strategic funding support are:

- Receive and provide funding guidance.
- Determine requirements.
- Identify sources of funding.
- Establish the MICP.
- Enable leaders to make resource informed decisions.
- Perform accounting support and cost management.

2-79. Table 2-1 on page 2-18, identifies specific tasks and sub-tasks that are associated with the strategic fundamentals of funding support.

Table 2-1. Strategic level funding support tasks

STRATEGIC	
Resource Command Requirements:	***Identify, Acquire, and Distribute funds:***
Develop requirements in accordance with Office of the Secretary of Defense instructions	Receive approved supplemental funding from Office of Management and Budget for all

to support the Army's funding submission into the supplemental process.	phases of contingency operations (predeployment and crisis action, deployment and initial combat actions, force buildup and combat operations, decisive combat operations, and redeployment).
Generate data call to Army Commands, Army Service Component Commands and direct reporting units with detailed instructions on submission requirements to generate mission critical funding requirements.	Distribute additional Supplemental funding to appropriation managers.
Determine Headquarters Department of the Army (HQDA) funding requirements to cover potential shortfalls in all Army appropriations in consequence of contingency operations.	Receive approved special funding which could include Rewards, Economic Support funds; and Reconstruction funds.
Combine Army-wide requirements and HQDA requirements to generate the Army's supplemental request.	Identify and fund all critical funding requirements necessary to meet HQDA directed programs and priority projects.
Defend Army supplemental requirements to Office of the Secretary of Defense and compete with other Services for supplemental funding.	Fund Army Commands based on approved requirements in support of Army priorities and mission critical requirements identified in the supplemental data call.
Defend Army supplemental requirements to Congress.	Fund Army Commands based on execution rates and in support of mid-year review decisions.
If required, develop requirements for bridge supplemental in order to meet funding requirements until the supplemental is approved.	Develop and publish financial management guidance to include types of funds authorized in the supplemental and other appropriations, fund cites, and funding levels to distribute to operational and Army commands.
Generate historical execution rates to estimate and validate future resource requirements.	
Develop cost models from historical data for contingency operations.	

2-80. The ABO, as part of the ASA (FM&C), is responsible for developing and publishing detailed funding guidance, which describes funding responsibilities by ACOM, establishment of cost categories, reporting format, reporting frequency, and authorized uses of the funds used in the contingency operations. Special emphasis in the guidance should anticipate potential anti-deficiency areas of interest based on prior lessons learned in order to allow commands to highlight and scrutinize certain expenditures. For example, add-on armor for vehicles (or any vehicle modification) requires Other Procurement, Army funding; use of OMA funding for any add-on armor to vehicles constitutes an ADA violation.

The Army Requirements and Resourcing Board (AR2B)

2-81. The AR2B serves as a senior Army leadership forum, through which the Secretary of the Army and Chief of Staff of the Army review Army policy and resource allocation issues, particularly those that come from the PPBE. The AR2B sets policy and approves guidance and priorities. Additionally, the AR2B approves the prioritization of Army programs, TAP, POM, and budget submissions to OSD and Congress. As part of the Operational Needs Statement process, the AR2B will validate requirements.

OPERATIONAL FUNDING SUPPORT

2-82. Funding at the operational or theater level is engaged in resourcing requirements; identifying, acquiring, and distributing funds; tracking, analyzing and reporting execution in support of stated

objectives to senior Army leadership and ABO. The theater G-8 is the senior financial manager in theater and is singularly responsible for FM at the theater Army. The theater G-8 will coordinate with the FMSC for financial management unit support at the theater level. The G-8 is also responsible for complying with ASA (FM&C) published FM guidance. Special attention should be given to ensuring accurate and timely reporting, IAW the published guidance. Additionally, the G-8 at the theater level is responsible for providing theater specific guidance, policy, and instructions. Theater funding guidance is published in the form of an appendix to the theater operations order (OPORD) or fragmentary order (FRAGO) to the original OPORD. The appendix gives detailed instructions that the theater staff and subordinate units need to follow in order to meet requirements for funding. Theater funding guidance should include:

- Overview of the types of funding and uses/purpose.
- Requirements validation with resource boards (i.e. Defense Acquisition Review Board (DARB), Combined Acquisition Review Board, Joint Acquisition Review Board, Super Combined Acquisition Review Board approval process, and thresholds.
- MICP with stated objectives and frequency.
- Budget execution and cost management guidance.
- Special program funding describing proper uses and responsibilities.
- Description of centrally funded programs and limitations/restrictions.
- Training requirements for fund certifiers.
- Identifying potential anti-deficiency areas of interest.
- Contract review program.

2-83. The table below gives specific tasks and sub-tasks that are associated with the operational fundamentals of funding support.

Table 2-2. Operational level funding tasks

OPERATIONAL	
Resource Command Requirements:	***Identify, Acquire, Distribute, and Certify funds:***
Formulate mission critical funding requirements in accordance with Headquarters Department of the Army (HQDA) instructions and respond to HQDA data calls.	Provide advice to the commander on all financial management implications to include funding available in theater made available by the approved supplemental.
Generate data call to tactical commands with detailed instructions on submission requirements to generate mission critical funding requirements.	Develop and publish detailed financial management guidance to include types of funding authorized in the supplemental and other appropriations, fund cites, and funding levels to tactical commands.
Determine major cost drivers and develop usage rates in order to defend funding requirements.	Identify sources of funding to meet Commander's requirements.
Ensure all high dollar requirements are reviewed by an appropriate validation board and can be defended by the approving authority.	Submit budget estimates or spend plans as required to HQDA to meet daily, monthly, and quarterly funding requirements.
Ensure all requirements are reviewed by an appropriate subject matter expert who can make a determination on the validity and possible alternatives to meet the requirement.	Distribute funds based on validated and approved requirements submitted in the tactical commands spend plans (monthly/quarterly).
Consolidate spend plans from operational and tactical commands to generate resource requirements.	Certify funds in accordance with approved spend plan and command priorities.
Develop historical execution rates to estimate and validate resource requirements.	

Table 2-2. Operational level funding tasks

OPERATIONAL	
Defend supplemental requirements to HQDA and compete with other Army Commands for supplemental funding.	
Use cost models for contingency operations and perform the cost management process.	

TACTICAL FUNDING SUPPORT

2-84. Funding at the tactical level is engaged in resourcing command requirements; identifying, acquiring, and distributing funds; tracking, analyzing and reporting execution in support of assigned missions from their higher headquarters, usually a corps headquarters (unless assigned as a JTF headquarters). The Division G-8 will be responsible for complying with published FM guidance from higher headquarters and is responsible for providing funding guidance and establishing management internal control requirements. The Division G-8 is responsible for briefing the division commander on theater specific funding available to the commander, making fiscal recommendations, and receiving approval of the division funding guidance. division funding guidance is published in the form of an appendix to the division OPORD. The appendix gives detailed instructions that the division staff and subordinate BCTs need to follow in order to meet requirements for funding.

2-85. Limited cost modeling can be conducted at the tactical level, but normally will require augmentation from the strategic or operational level. Enabling commanders to make resource informed decisions is conducted at every level where there is a financial manager assigned or attached. The table below gives specific tasks and sub-tasks that are associated with the tactical fundamentals of funding support.

Table 2-3. Tactical level funding tasks

TACTICAL	
Resource Command Requirements:	***Identify, Acquire, Distribute, and Certify funds:***
Develop spend plans containing mission critical funding requirements in accordance with operational command instructions and respond to data calls.	Provide advice to the commander on all financial management implications to include funding made available by higher headquarters.
Generate data call to subordinate units with detailed instructions on submission requirements to support spend plan development.	Develop and publish detailed financial management guidance to include types of funding authorized, fund cites, and funding levels to tactical commands.
Generate individual funding packets for each requirement, which includes all required information for the approving authority to review and approve the requirement.	Identify sources of funding to meet Commander's requirements.
Ensure all high dollar requirements are reviewed by an appropriate validation board and can be defended by the approving authority.	Submit budget estimates or spend plans as required by higher headquarters to meet daily, monthly, and quarterly funding requirements.
Ensure all requirements are reviewed by an appropriate subject matter expert who can make a determination on the validity and possible alternatives to meet the requirement.	Fund requirements based on validated and approved requirements submitted in the subordinate commands spend plans (monthly/quarterly).
Use historical and existing requirements to estimate and validate resource requirements.	Certify funds in accordance with approved spend plan and command priorities.
Defend requirements as necessary.	

2-86. Along with enforcing theater published guidance, the Division G-8 is responsible for ensuring the most effective and efficient use of resources. The Division G-8 must ensure there is an effective requirements approval process. The Division G-8 collaborates in the staff process that aligns the requirement with the functional staff proponent who can most effectively review, consider alternatives, and justify the requirement to the approving authority. This process is a division requirements review board, which can be either an electronic process or can be a standing meeting where board members attend on a recurring basis as determined by workload.

2-87. The G-8 must work with the SJA. The legal review is an important component of any requirements packet and the SJA should be part of any requirements board in order to give the commander (or the Chief of Staff) an appropriate review. Care should be given when dealing with complex funding issues and relying on the fiscal lawyer's opinion on the legality of the requirement and the proper use of funds. The SJA opinion does not grant relief from a potential anti-deficiency act violation as the fund certifier is solely responsible for ensuring the appropriateness of funding.

2-88. The Brigade S-8 uses published FM guidance, policies, and fiscal law to plan and execute FM operations. The S-8, as a critical member of the brigade principal staff, ensures the commander's operational requirements are properly resourced. The S-8 is in constant synchronization with the Fiscal Triad and other staff to project funding requirements and oversee tactical execution of spending. The S-8 also ensures that the commander is aware of existing funding implications in order to make resource informed decisions and that requirements are properly validated and applied efficiently and effectively.

SECTION IV – FISCAL APPROPRIATIONS, AUTHORITIES, AND AGREEMENTS

2-89. There are several fiscal appropriations, authorities, and agreements under which financial management operations are regulated. Funding appropriations must adhere to a set of rules, laws and regulatory directives in order to make appropriate spending decisions.

OPERATION AND MAINTENANCE, ARMY (OMA)

2-90. **Purpose**. The Army's OMA funding comes from three appropriations: Operation and Maintenance, Army (OMA), Operation and Maintenance, Army Reserves (OMAR), Operation and Maintenance, Army National Guard (OMANG). Operation and maintenance Army appropriations pay for the day-to-day expenses of Army units in garrison, and during exercises, deployments, and military operations. However, there are threshold dollar limitations for certain types of expenditures, such as purchases of major end items of equipment and construction of permanent facilities. Once expended, OMA accounts may be replenished for specific operations through supplemental appropriations from Congress, reprogramming actions, or the UN.

2-91. **General Guidance**. The Chairman of the Joint Chiefs of Staff (CJCS) provides an execute order to a combatant commander describing mission requirements. Normally, the combatant commanders' Service components fund their participation in the operation with OMA funds. Service components use OMA to fund its Title 10 responsibilities for subordinate units and any additional responsibilities when designated as executive agent for a particular function or type of support. Typically, a 1-year appropriation, OMA funds available for a specific fiscal year (FY) must be obligated in that FY (1 October – 30 September).

- OMA funds can support minor construction with funded construction costing less than $750,000.

Note: It is no longer a legally viable option to fund minor construction requirements to eliminate a life, health, and safety issue, if funded construction costs are less than $1.5 million.OMA funds cannot be used to procure equipment or systems that cost in excess of $250,000. This $250,000 limit is known as the expense/investment threshold. This limit and other similar limitations involving the use of OMA funds are the current thresholds established by Congress and are subject to change. Examples: OMA funds were used to sustain daily operations of Army forces in operations (i.e. Iraqi Freedom and Enduring Freedom), and funding daily requirements from contractual support to leases for non-tactical vehicles.

MILITARY PERSONNEL (MILPERS)

2-92. **Purpose**. The Army's MILPERS funding comes from 3 appropriations: Military Personnel Army (MPA), Reserve Personnel Army (RPA), and National Guard Personnel Army (NGPA). MPA is used for pay, allowances, individual clothing, subsistence, interest on deposits, gratuities, and permanent change of station travel (including all expenses for organizational movements) for members of the active Army and mobilized reserve and guard Soldiers.

2-93. **General Guidance**. MPA is generally available for one fiscal year and is centrally managed and funded. It supports theater bottled water and raw food acquisition in theater for military (note: for civilians, raw food is funded with OMA). Since MPA is centrally managed, plan in advance for the use of MPA funding to ensure receipt of funding in time to satisfy the requirement.

Examples: MPA is used by Multi-National Corps – fund bottled water requirements.

ARMY PROCUREMENT

2-94. **Purpose**. While OMA funds day-to-day operations, Procurement is typically used for centrally managed items or systems that are considered investment items requiring the use of Procurement funds regardless of cost (or the cost of individual components), large pieces of equipment, or systems that exceed the expense\investment threshold or is the purpose of some other major procurement account, such as aircraft or shipbuilding. Generally speaking, Procurement funding is used to provide Mission Table of Organization and Equipment (MTOE) equipment for operational capabilities in Army units. Procurement funds major end-item investments and/or table of authorization equipment to provide core capabilities to Army units.

2-95. **General Guidance**. Due to the nature of this appropriation, Procurement funding generally requires more planning lead-time than OMA. Units in theater do not normally receive any Procurement funding and must coordinate with their ASCC G-8 for any requirements entailing Procurement funding. The ASCC will seek Procurement funding from the Army Budget Office (ABO) for all validated and approved Procurement requirements. Army Commands (ACOMs)/ASCCs usually prescribe procedures to their subordinate units/activities detailing the acquisition and execution of Procurement funding for mission requirements. Procurement funding is available for three years.

Examples: Tactical vehicles, communications equipment, computer networks & systems and any piece of equipment or system with a cost in excess of $250,000.

RESEARCH, DEVELOPMENT, TEST AND EVALUATION (RDT&E)

2-96. **Purpose**. Provides for the development, engineering, design, purchase, fabrication or modification of end items, weapons, equipment or materials.

2-97. **General Guidance**. Not an appropriation normally used in theater by Army deployed units unless involved in the research, development, acquisition and testing process. RDT&E funding is available for two years.

MILITARY CONSTRUCTION (MILCON)

2-98. **Purpose**. Provides for the acquisition of land and construction of buildings for which authorizing legislation is required.

2-99. **General Guidance**. Congressional oversight of MILCON is extensive. Specific approval is required for any project above an established dollar threshold. Funds for these large construction projects require specific congressional approval and are provided in the annual Specified Military Construction Program. MILCON appropriations also fund part of the Unspecified Minor Military Construction Program. The Secretary concerned, under the authority of 10 USC 2805a, may use minor MILCON funds for minor projects not specifically approved by Congress. Statutory authority contained in 10 USC 2803 and 2804 addresses this issue. This authority is limited to projects within prescribed dollar threshold limits. OMA funds may be used for unspecified minor construction under $750,000. Maintenance and repair are not considered construction, and expenditure of OMA for these purposes is not subject to the construction expenditure limitation. Maintenance and Repair, up to $3 million, is authorized for OMA. Maintenance is recurrent work to prevent deterioration and to maintain the facility in usable condition. Repair is the restoration of a facility in order that it may be used for its original purpose. When construction and maintenance or repair are performed together as an integrated project, each type of work is funded separately, unless the work is so integrated that separation of construction from maintenance or repair is not possible. In such cases, all work is funded as construction. The Secretary of Defense is authorized to undertake emergency construction projects not otherwise authorized by law that are necessary to support the Armed Forces. Such projects are funded with any unobligated MILCON and family housing appropriations. MILCON is available for five years. Active Army projects are funded with the Military Construction, Army appropriation.

Examples: Dining facilities, detention facilities, billets, and operations centers.

TRADITIONAL THEATER COMMANDER ACTIVITY FUNDING

2-100. **Purpose.** Traditional Theater Commander Activity (TCA) funds are used by the combatant commander to promote regional security and other U.S. national security goals. These funds fulfill the combatant commanders' need for flexible resources to interact with the militaries in their AOR to promote regional security and other national security goals. TCA funds are not intended to replace or duplicate any other specifically authorized appropriated fund sources available to the combatant commanders. Services provide this funding with both OMA and military personnel appropriations.

2-101. **Procedures**. Combatant commanders are responsible for direct oversight and execution of traditional theater commander activities within established policy and legal guidelines. The DOD and members of appropriate interagency working groups exercise broad review and policy oversight.

2-102. **Examples.** Some examples of the use of TCA funding include military liaison teams, traveling contact teams, state partnership programs, regional conferences and seminars, unit exchanges, staff assistance and assessment visits, joint and combined exercise observers, and bilateral staff talks.

COMBATANT COMMANDER INITIATIVE FUND (CCIF), 10 USC 166A

2-103. **Purpose.** CCIFs (10 USC 166A) provide a means for combatant commands to react to unexpected contingencies and opportunities. It is not intended to subsidize ongoing projects, supplement budget shortfalls, or support Service component expenses that are normally the responsibility of the parent Service. Funds may be used for command and control, joint exercises, humanitarian and civic assistance, military education and training to military and related civilian personnel of foreign countries, personnel expenses of defense personnel participating in bilateral or regional cooperation programs, and contingencies and selected operations.

2-104. **Procedures.** The combatant commander requests the CJCS to provide funds for a specific purpose, IAW Chairman of the Joint Chiefs of Staff Instruction (CJCSI) 7401.01F, 30 November 2012.

2-105. **Examples.** This authority was used to provide initial JTF communication support in Rwanda. It was also used to provide some of the initial support required to establish the migrant camp operations at Guantanamo Bay, Cuba.

EMERGENCY AND EXTRAORDINARY EXPENSE AUTHORITY, 10 USC 127

2-106. **Purpose.** Emergency and Extraordinary Expense (EEE) authority (10 USC 127) provides the Secretary of Defense and Service secretaries authority to expend OMA funds without regard to contracting and purpose limitations. This authority is provided annually in the OMA appropriations. Each Secretary has different amounts, depending on previously established needs. EEE funds are funds that may be used to support certain unique requirements of operations. The DOD and Service regulations that cover these funds define the types of acceptable expenditures.

2-107. **Procedures.** Very small amounts of this authority exist. The combatant commander can request the Service component to provide this EEE. If EEE is available and no other funds are appropriate to resource an essential activity, the combatant commander's Service component normally requests approval of the Service Secretary through the Service headquarters. This authority does not provide cash or foreign currency to conduct an activity. Rather, EEE provides the capability to obligate Service funds for an activity normally not authorized for OMA funding. If foreign currency is required to perform the activity, a Service FM office must be notified to obtain the appropriate currency.

2-108. **Examples.** This authority was used to "buy-back" weapons in Panama during Operation JUST CAUSE. It was also cited initially for purchasing weapons in Haiti during Operation UPHOLD DEMOCRACY. Standing authorizations include special operations, criminal investigation purposes, and intelligence contingencies. These requests must have approval on a case-by-case basis.

OFFICIAL REPRESENTATION FUNDS (.0012)

2-109. **Purpose.** Official Representation Funds (ORF) are used by high level commanders (usually division commander and above) to uphold the standing and prestige of the U.S. by extending official courtesies to certain officials and dignitaries of the U.S. and foreign countries. Used correctly it is very helpful in building relationships in contingency operations.

2-110. **Procedures.** Service regulations and/or directives should be referenced regarding proper obligation and expenditure of these funds.

2-111. **Examples.** Examples of when these funds may be proper to use include Fourth of July celebrations, changes of command, special meals, or gifts to foreign contingent commanders. See AR 37-47, *Representation Funds of the Secretary of the Army*, for additional information.

HUMANITARIAN ASSISTANCE, 10 USC 2561

2-112. **Purpose.** 10 USC 2561 authorizes appropriated funds to be used to transport U.S. Government-procured humanitarian relief supplies and for other authorized humanitarian purposes.

2-113. **Procedures.** To the extent that funds are authorized and appropriated for humanitarian assistance purposes, DOD funds can be used for military or commercial transportation. Currently, the Defense Security Cooperation Agency (DSCA) manages these funds, which are contained in the Overseas Humanitarian, Disaster, and Civil Aid Account. The supported combatant commander should forward requests to the Joint Staff for review and approval by DSCA and the Assistant Secretary of Defense (Special Operations and Low Intensity Conflict and Interrelated Capabilities).

2-114. **Examples.** Humanitarian assistance funds were provided to the U.S. European Command for combined joint task force PROVIDE COMFORT in 1993-1994 to transport food, staples, and shelter materials to the refugees in Northern Iraq.

TRANSPORTATION OF HUMANITARIAN ASSISTANCE, 10 USC 402

2-115. **Purpose.** 10 USC 402 provides for the military transportation of donated humanitarian relief supplies, subject to certain conditions. Assistance under this section is commonly referred to as the Denton Program and is jointly administered by USAID, the DOS, and the DOD.

2-116. **Procedures.** The DOD is authorized to transport donated supplies from NGOs intended for humanitarian assistance purposes. This transportation is authorized without charge but on a space-available basis. Before supplies can be transported, the DOD must determine that the transportation of the supplies is consistent with U.S. foreign policy, that the supplies to be transported are suitable for humanitarian purposes and in usable condition, that a legitimate humanitarian need exists for the supplies by the people for whom the supplies are intended, that the supplies will be used for humanitarian purposes, and that adequate arrangements have been made for the distribution of the supplies in the destination country by the NGO. DSCA manages the program and the funds. The supported combatant commander should forward requests to the Joint Staff for approval by DSCA.

2-117. **Examples.** This authority was invoked to transport food and clothing to Rwanda for NGOs such as World Relief in 1994.

HUMANITARIAN AND CIVIC ASSISTANCE PROVIDED IN CONJUNCTION WITH MILITARY OPERATIONS, 10 USC 401

2-118. **Purpose.** 10 USC 401 allows the Service components to carry out humanitarian and civic assistance activities abroad. Projects must promote U.S. and host nation (HN) security interests, as well as enhance readiness skills of the U.S. forces that participate. These projects are to be conducted in conjunction with authorized military operations and can complement, but not duplicate, other assistance provided by the U.S. Government. Humanitarian and civic assistance (HCA) is confined to five general areas, which are defined by statute: medical, dental, and veterinary care; construction of rudimentary surface transportation; well drilling and construction of basic sanitation facilities; and rudimentary

construction of public facilities. HCA projects cannot benefit any individual or organization engaged in military or paramilitary activity.

2-119. **Procedures.** HCA projects must be nominated by the HN government and must be supported by the U.S. Embassy, the DOS, USAID, and the DOD. Section 401 activities are funded from the Services' OMA accounts. The Assistant Secretary of Defense for Special Operations/Low Intensity Conflict & Interdependent Capabilities provides oversight within the DOD.

2-120. **Examples.** HCA projects have included such activities as rudimentary construction and repair of public facilities, drilling wells for water, and providing medical, dental, and veterinary care in rural areas to such countries as Ethiopia, Panama, Haiti, and Bangladesh.

FOREIGN DISASTER ASSISTANCE, 10 USC 404

2-121. **Purpose.** 10 USC 404 provides the President with the authority to direct the DOD to conduct foreign disaster assistance when necessary to prevent loss of life. This section enables the DOD to utilize its unique airlift and rapid deployment capabilities to address humanitarian problems caused by natural or manmade disasters worldwide. Assistance provided under this section may include transportation, supplies, services, and equipment.

2-122. **Procedures.** This authority provides for the military transportation of donated humanitarian relief subject to certain conditions. Assistance under this section is commonly referred to as the Denton Program and is jointly administered by USAID, the DOS, and the DOD. FY 1995 was the first year the DOD had specific authority to conduct worldwide disaster relief activities.

2-123. **Examples**. This authority was cited to provide blankets, water, and transportation to the earthquake-stricken people in Japan.

EXCESS NONLETHAL DEFENSE SUPPLIES, 10 USC 2557

2-124. **Purpose.** 10 USC 2557 makes nonlethal excess DOD supplies available for humanitarian relief purposes.

2-125. **Procedures.** The DOD transfers nonlethal excess supplies to the DOS for distribution.

2-126. **Examples.** This authority could be cited to transfer medical supplies, meals ready to eat, and equipment in support of a humanitarian relief effort.

OTHER AUTHORITIES

2-127. In addition to regulatory mandates, there are other authorities that contain guidance and directives that complement the current laws and regulations governing the funding process.

Drawdown Authorities

2-128. There are three drawdown authorities contained within the Foreign Assistance Act (FAA) of 1961. All three require a Presidential Determination and some form of notification to Congress. They are available for use within each fiscal year up to a specified dollar amount. The calculation of costs for all goods and services provided under these authorities, and reported to Congress, is on the basis of "full cost to the Government." The calculation of costs includes the full cost of all military and civilian labor associated with the drawdown. Although these authorities are limited to existing defense stocks, a reduction of items from inventory below the reorder point may cause a new procurement action to replenish stocks. Such authority generally does not have funding attached. Drawdown authority does not draw a distinction between stocks that are at the retail or wholesale level.

2-129. This authority provides defense articles, equipment, military education, and training. It can also provide DOD services. Examples include military transportation, military sealift, and military personnel offloading ships. This authority cannot be used for new contracting or procurement. It can be cited by the DOD to contract for commercial airlift, or sealift, if more economical. However, it cannot be used to

provide housing and food under a logistics civil augmentation program contract to members of a foreign country or international organization.

2-130. When drawdown authority is granted, there are very specific statutes that require the President to report to Congress the extent to which stocks and services are drawn down. The DOD agency responsible for reporting this information is the Defense Security Cooperation Agency (DSCA). As such, DSCA is the DOD central point of contact for accounting how much drawdown authority has been used and establishes the reporting requirements for this type of support.

2-131. Under normal circumstances, the DSCA may use this authority to direct the provision of supplies in two ways. First, DSCA may assemble a rush package to be sent to the appropriate foreign contingent. Second, DSCA may use an execute order to direct that certain stocks be provided to a specific foreign contingent.

Drawdown for an Unforeseen Emergency, FAA Section 506(a)(1), 22 USC 2318 (a)(1)

2-132. **Purpose.** Under section 506(a)(1) of the FAA, military assistance (defense articles and services) can be furnished to a foreign country or international organization on a nonreimbursable basis due to an unforeseen emergency. This action requires a Presidential Determination and report in advance to Congress that an unforeseen emergency exists that cannot be met under the Arms Export Control Act or any other law. Peacekeeping is a recognized purpose for use of this drawdown authority.

2-133. **Procedures.** Normally, requests are initiated by the U.S. Embassy in the concerned country and forwarded to the DOD. The combatant commander may also identify needs to the Plans Directorate (J5) for forwarding to DOS or the National Security Council. Once the concept is approved, the DOS initiates documentation for the President to approve and to notify Congress. Once drawdown authority has been approved, DSCA manages the program for the DOD and provides detailed accounting procedures.

2-134. **Examples.** This authority was invoked during Operation UPHOLD DEMOCRACY to provide vehicles and personal equipment to many of the countries providing Soldiers for the multinational force in Haiti. It was also invoked to provide equipment to the Dominican Republic for securing the border with Haiti prior to U.S. intervention. Drawdown authority was also used in Bosnia.

Drawdown for Refugee Assistance, FAA Section 506(a)(2), 22 USC 2318 (a)(2)

2-135. **Purpose.** The President can drawdown DOD stocks for counterdrug, disaster relief, and refugee and migrant assistance purposes. This authority provides articles, equipment, and training. It can also provide DOD services. Examples include military transportation, military sealift, and military personnel offloading ships. This authority can be used for new contracting or procurement or it can be cited by the DOD to contract for commercial airlift, or sealift, if more economical. However, it cannot be used to provide housing and food by contract. Under this provision, the President may authorize the drawdown of articles and services for disaster relief and counterdrug purposes and for refugee and migrant assistance under the Migration and Refugee Assistance Act of 1962. It requires a Presidential Determination and report, in advance, to Congress that it is in the national interest to execute the drawdown.

2-136. **Procedures**. As with the drawdown for an unforeseen emergency, requests are normally initiated by the U.S. Embassy in the concerned country and forwarded to the DOD. The combatant commander may also identify needs to the Plans Directorate (J-5) for forwarding to DOS or the National Security Council. Once the concept is approved, the DOS initiates documentation for the President to approve and to notify Congress. Once drawdown authority has been approved, DSCA manages the program for the DOD and provides detailed accounting procedures.

2-137. **Examples**. The President invoked this drawdown authority in FY 2005 to provide $75 million of assistance to Bangladesh, Burma, India, Indonesia, Kenya, Malaysia, Maldives, Philippines, Seychelles, Somalia, Sri Lanka, Tanzania, and Thailand.

Drawdown for Peacekeeping, FAA Section 552(c), 22 USC 2348a

2-138. **Purpose.** The President can draw down commodities and services from any U.S. agency for unforeseen emergencies to support peacekeeping activities. This authority can be used for new contracting or procurement or it can be cited by the DOD to contract for commercial airlift, or sealift, if more economical. However, it cannot be used to provide housing and food. It requires a Presidential Determination and report, in advance, to Congress that an unforeseen emergency exists that requires the immediate provision of assistance.

2-139. **Procedures.** As with the drawdown for an unforeseen emergency, requests are normally initiated by the U.S. Embassy in the concerned country and forwarded to the DOD. The combatant commander may also identify needs to the Plans Directorate (J5) for forwarding to DOS or the National Security Council. Once the concept is approved, the DOS initiates documentation for the President to approve and to notify Congress. Once drawdown authority has been approved, DSCA manages the program for the DOD and provides detailed accounting procedures.

2-140. **Examples.** This authority was invoked to provide vehicles to the Palestinians in support of peace operations with Israel and was considered for helicopter support to the multinational observers in the Peru–Ecuador border dispute. This authority was also used to provide $25 million to support the reconstitution of the Somalia police force.

Foreign Military Sales Arms Export Control Act, 22 USC 2761

2-141. **Purpose.** The Foreign Military Sales Arms Export Control Act, (22 USC 2761) is used to sell defense articles and services to the UN and foreign governments. Foreign governments and the UN may enter into a standard foreign military sales arms contract with the DOD for the sale of defense articles and services. This is the primary authority to lease defense articles to third world countries and international organizations. The specific authority for leasing defense articles in the foreign military lease program (part of The Foreign Military Sales Arms Export Control Act), is found at 22 USC 2796-2796a. The Foreign Military Sales Arms Export Control Act is generally regarded as the least preferable authority because of inflexible contract terms, higher costs, and lengthy processing time.

2-142. **Procedures**. The UN or another country can enter into an foreign military sales (FMS) contract with the DOD through a *letter of assist* (LOA), a contractual document issued by the United Nations to a government authorizing it to provide goods or services to a peacekeeping operation. Also called LOA (JP 1-06)**.** Ordinarily, the country pays the DOD in advance for all costs plus an administrative surcharge. The Foreign Military Sales Arms Export Control Act and ACSAs are the only authorities available to the DOD to lease defense articles. Leases are processed as standard FMS cases and are generally on a reimbursable basis. However, leases of defense articles may be made on a nonreimbursable basis if the article has passed three-quarters of its normal service life.

2-143. **Examples.** The Government of Iraq requested the U.S. Army Security Assistance Command (U.S. Government representative) provide 586 refurbished M113 armored personnel carriers and 21 M88 recovery vehicles. These vehicles will assist in facilitating the government of Iraq to become more self-reliant in the defense of their country.

Excess Defense Articles, 22 USC 2321j

2-144. **Purpose.** The excess defense articles provision (22 USC 2321j) gives the authority to sell or grant articles no longer needed by the Armed Forces of the United States to eligible countries. It authorizes lethal and nonlethal support on a priority basis to countries on the southern and southeastern flank of NATO. Defense articles no longer needed by the Armed Forces of the United States may be made available for sale under FMS procedures or on a grant (no cost) basis to eligible countries. The purpose is to modernize defense capabilities of eligible NATO countries on the southern and southeastern flank of NATO and to major non-NATO allies on these flanks. Eligible countries include Greece, Portugal, Turkey, Israel, Egypt, Morocco, Pakistan, Senegal, and Oman.

Economic Support Fund, FAA Section 531, 22 USC 2346

2-145. **Purpose.** The purpose of the Economic Support Fund (22 USC 2346) is to furnish assistance to countries based on special economic, political, or security interests of the United States. Most economic support fund assistance is provided as cash grant transfers to help other countries improve their balance of payments. The remainder is spent on commodity support to import U.S. goods for development projects. ESF shall be available for economic programs only and may not be used for military or paramilitary purposes.

2-146. **Procedures.** The President is authorized to furnish assistance to countries and organizations, on such terms and conditions as may be determined, in order to promote economic or political stability. The DOS usually provides funds directly to the countries involved. However, DOS can provide these funds to the DOD through an agreement pursuant to the FAA, Section 632. USD(C) and their counterparts at the DOS develop the agreement. If the combatant commander determines a need for these funds, the Joint Staff J5 may be contacted.

2-147. **Examples.** This authority was used for Somalia police salaries. In Haiti, it was used to distribute miscellaneous payments to members of the multinational force and for special transportation requirements.

Peacekeeping Operations Fund, FAA Section 551, 22 USC 2348

2-148. **Purpose.** The peace keeping operations (PKO) Fund (22 USC 2348) is used to furnish assistance to friendly countries and international organizations pursuant to the national interests of the United States. The President is authorized to furnish assistance to countries and organizations, on such terms and conditions as may be determined, for PKO and programs. Such assistance may include reimbursement to the DOD for expenses incurred pursuant to Section 7 of the United Nations Participation Act (See paragraph 3h).

2-149. **Procedures.** The DOS usually provides funds directly to the countries involved. However, the DOS can provide these funds to the DOD through an agreement pursuant to FAA Section 632. USD(C) and their counterparts at the DOS develop the agreement. If the supported combatant commander determines a need for these funds, the Joint Staff J-5 may be contacted. Preferably, the Service funding the operation for the combatant commander contacts USD(C).

2-150. **Examples.** This authority was used by the DOS to pay lodging and meals for non-U.S. members of the Military Observer Group on the border between Haiti and the Dominican Republic. It was also used to pay for equipment and supplies in Haiti that couldn't be drawn down from existing DOD stocks. (See FAA S506[a][1].).

International Military Education and Training, FAA Section 541-545, 22 USC 2347 to 2347e

2-151. **Purpose.** The international military education and training (IMET) provision (22 USC 2347 to 2347E) provides military education and training to military and related civilian personnel of foreign countries.

2-152. **Procedures.** DOS obtains a request for training from the HN government and passes the request to the DOD. If the combatant commander desires to provide military education or training to countries in the area of responsibility, it is usually arranged through the country team at the U.S. Embassy. Combatant commanders may also submit the proposal to the Joint Staff J-5 for review. Once approved by the DOS, the DOD through DSCA attempts to provide the service directly. If the DOD is unable to provide the service directly, a security assistance tasking can be prepared, citing IMET funds. DSCA then contracts for the required support.

2-153. **Examples.** Many foreign defense and non-defense establishments have been trained through IMET. Through their attendance at IMET-sponsored training, these personnel receive exposure to U.S. values, regard for human rights, democratic institutions, and the value of a professional military under civilian control.

Reimbursable Authority, FAA Section 607, 22 USC 2357

2-154. **Purpose.** 22 USC 2357 authorizes any federal agency to furnish commodities and services to friendly countries, the American Red Cross, voluntary non-profit relief agencies, and international organizations, when the President determines that such assistance furthers the purposes of Part 1 of the FAA. Support may be provided only on a reimbursable or advance-of-funds basis.

2-155. **Procedures.** The DOS obtains requests for commodities and services from the UN as well as other nations. After review, these requests may be forwarded through DOD Assistant Secretary of Defense (Strategy and Requirements) to the DSCA for execution. Once DSCA approves shipment of the commodities, DFAS submits a billing statement to the UN or other organization, which then reimburses the Service. The determination required by the statute must be made each time a new operation is to be supported under this authority. The authority for making this determination has been delegated to the Secretary of State and to the Administrator of USAID.

2-156. Support of each new operation requires the negotiation and conclusion of a separate FAA Section 607 agreement. Section 607 agreements set the overall terms and conditions that govern the provision of assistance and have been used in UN operations in Somalia, the Former Republic of Yugoslavia, Rwanda, and Haiti. The UN LOA procedure is the ordering mechanism specified in those agreements.

2-157. **Reimbursements.** Under FAA Section 607, assistance may be furnished only on an advance-of-funds or reimbursable basis. Reimbursement cannot be waived. Reimbursements received may be deposited by the Service providing the assistance back into the appropriation originally used—or, if received within 180 days of the close of the fiscal year in which the assistance was furnished, into the current account concerned. These amounts then remain available for the purposes for which they were appropriated. Reimbursements received after this 180-day period cannot be retained by the DOD and must be deposited in the miscellaneous receipts account of the general treasury.

2-158. **Examples.** This authority was used by the DOD to support UN operations, the Organization of African Unity, and friendly third world countries participating in peacekeeping and humanitarian operations in Rwanda. It was also cited for Operation SAFE BORDER when Peru and Ecuador agreed to reimburse the United States for its costs of providing the observer group to monitor their common border.

Section 7 of the United Nations Participation Act, 22 USC 287d-1

2-159. **Purpose**. Section 7 of the United Nations Participation Act (22 USC 287d-1) authorizes support to UN PKO. This authority permits the DOD to contribute no more than 1,000 personnel at a time to serve as observers, guards, or in any non-combatant capacity and to contribute nonlethal equipment, supplies, and services to UN operations.

2-160. **Procedures.** The UN issues a LOA to the U.S. Mission to the United Nations in New York. The U.S. Mission to the United Nations forwards the LOA to the DOD, where it is reviewed and transmitted to the DOD with a recommendation as to approval and funding. Within the DOD, the Under Secretary of Defense for Policy (USDP) coordinates the UN request. Upon approval, the DOD directs a Service to implement the LOA.

2-161. **Reimbursements.** Reimbursement is ordinarily required from the UN. However, reimbursement may be waived when the President finds exceptional circumstances or that such waiver is in the national interest. The DOS also has the authority to waive reimbursement after consultation with the DOD.

2-162. **Examples.** Examples include DOD support to UN operations in Cambodia, Angola, and Western Sahara.

FAA Sections 628 and 630, 22 USC 2388 and 2390

2-163. **Purpose.** Upon determination of the President that it is consistent with the purposes of the FAA, Section 628, 22 USC 2388 and 2390 authorizes the head of an agency to detail or assign any officer or employee of that agency to an international organization to serve on the agency international staff or "to render any technical, scientific, or professional advice or service" to such organization. There is no limit on

the number of personnel that may be detailed under this authority. This authority has been interpreted broadly and has been used as authority to detail U.S. military to peace enforcement operations.

2-164. **Reimbursements**. Reimbursements for Section 628 details are governed by Section 630 of the FAA. U.S. policy is that the DOD will be reimbursed the incremental costs associated with the participation of the U.S. military in a UN operation.

2-165. **Examples.** This authority was used to provide U.S. logisticians to Somalia as part of peace enforcement operations.

The Economy Act, 31 USC 1535, et seq.

2-166. **Purpose.** The Economy Act (Title 31, United States Code (U.S.C.) Sections 1535 and 1536 provides authority for federal agencies to order goods and services from major organizations within the same agency or other federal agencies and to pay the actual costs of those goods and services. Congress passed the Act in 1932 to obtain economies of scale and eliminate overlapping activities of the Federal Government. Within the Department, an activity within a DOD Component may place an order for goods or services with (1) another activity within the same DOD Component, (2) another DOD Component, or (3) with another federal agency.

2-167. **Procedures.** Transactions include interagency and intra-agency support, where an activity needing supplies or services (requesting or ordering agency) obtains them from another activity (servicing or performing agency). Within the Department of Defense (DOD), Economy Act orders typically are executed by issuance of a DD Form 448, "Military Interdepartmental Purchase Request". Project orders are outside the scope of the Economy Act, defined under 41 U.S.C. §6307, and discussed in Chapter 2 of the DOD FMR. Chapter 1 shall be referenced for overall guidance and discussion of General Reimbursement Procedures and Supporting Documentation.

2-168. **Examples.** This authority is used routinely when a requesting agency (customer authority) places an order for goods or services to another federal agency or DOD component.

Project Order Act

2-169. **Purpose:** The Project Order Act gives DOD activities the authority to place orders with other DOD activities IAW published guidance. A "project order" is a specific, definite, and certain order issued under the authority contained in 41 U.S.C. 23. When placed with, and accepted by, a separately managed DOD establishment, the project order serves to obligate appropriations in the same manner as orders or contracts placed with commercial enterprises.

2-170. **Procedures:** Guidance regarding project orders is contained in DODFMR Vol. 11A. Chapter 2. A "DOD-owned establishment" for the purpose of this chapter is any DOD-owned and operated activity (that is, not contractor owned or operated). Such activities include working capital fund activities; other revolving fund activities; and those appropriated fund activities engaged in reimbursable operations that reasonably are not severable into fiscal year segments and where such operations can be forecasted with reasonable accuracy.

2-171. **Examples:** Examples of such activities include: equipment overhaul or maintenance shops, manufacturing or processing plants or shops, research-and-development laboratories, computer software design activities, testing facilities, proving grounds owned and operated by the Department, and engineering and construction activities.

Stafford Disaster Relief and Emergency Assistance Act, 42 USC 5121, et seq.

2-172. **Purpose.** The Stafford Disaster Relief and Emergency Assistance Act (42 USC 5121) provides for an orderly and continuing means of assistance by the Federal government to state and local governments in carrying out their responsibilities to alleviate disaster-related suffering and damage.

2-173. **Procedures.** Upon the request of the affected state's governor, the President may declare an emergency or major disaster, thereby permitting mobilization of Federal assistance under the Act. The Stafford Act requires reimbursement to the DOD for the incremental costs of providing support. Approval

authority and reporting requirements vary depending on the duration and type of support requested. The President may direct any agency of the Federal government to undertake missions and tasks on either a reimbursable or nonreimbursable basis.

AGREEMENTS

2-174. Different agreements are designed to establish a common understanding between nations, governments and organizations. Financial managers must be aware of these agreements and follow them with extreme caution since the impact has a higher relevancy during operations involving other allies, Services or international organizations.

United Nations Letter of Assist

2-175. A UN letter of assist (LOA) is a document issued by the UN to a contributing government authorizing that government to provide goods or services to UN peacekeeping forces. An LOA typically details specifically what is to be provided by the contributing government and establishes a funding limit that cannot be exceeded. General support LOAs can be negotiated with the UN (if such LOAs are advantageous to both parties) to cover more generic categories, such as subsistence, fuel, sustainment, and spare parts. More than one item or service can be included on an LOA. LOAs are considered by the UN to be contracting documents and must be signed and issued by the UN Director, Field Operations Division. The LOA is not considered a funded order, and the UN does not normally provide an advance of funds for the value of the LOA.

2-176. The UN reimburses contributing countries for the costs of their activities IAW UN standard procedures covered in the "United Nations Guidelines to Contributing Governments" and specific and general LOAs. The UN should approve all elements of national contributions and the extent of reimbursement prior to an actual deployment, if possible. Therefore, activities undertaken, troops deployed, or costs incurred for items and services rendered that are not agreed to in advance by the UN are not normally reimbursed by the UN. Only expenditures in support of an operation approved by the Security Council and authorized by the General Assembly as a legitimate charge to the UN are eligible for reimbursement.

Acquisition and Cross-Servicing Agreement, 10 USC 2342

2-177. **Purpose**. The purpose of the ACSA authority provided under 10 USC 2342 is to acquire or transfer logistic support outside the Arms Export Control Act channels. Under this authority, the DOD, after consultation with DOS, may enter into agreements with NATO countries, NATO subsidiary bodies, other designated eligible countries, the UN, and other international regional organizations of which the United States is a member that provide for the reciprocal provision of logistic support, supplies, and services. This authority is limited to the purchase and sale of logistic support and does not extend to major end items of equipment such as trucks or weapons systems. As a result of the FY 1995 National Defense Authorization Act changes, the DOD is authorized general-purpose vehicles and other nonlethal items of military equipment that are not designated as significantly military equipment on the U.S. munitions list. Examples include vehicles, communications equipment, and training aids.

2-178. **Procedures.** After consulting with DOS, the DOD may enter into agreements with NATO countries, NATO subsidiary bodies, and other designated eligible countries for reciprocal logistic support, supplies, and services. However, major end items are excluded. Acquisitions and transfers are on a payment in cash, replacement in kind (RIK), or equal value exchange (EVE) basis. RIK or EVE must be accomplished within 12 months after the date of delivery of the logistic support, supplies, or services. After 12 months, reimbursement must be on a cash basis.

2-179. **Examples.** This authority was used extensively in the early phase of Somalia operations. This authority also provided logistic support, supplies, and services to the French-led coalition peace enforcement effort Operation TURQUOISE in Rwanda. This authority has also been used in peace operations conducted by member state coalitions under UN auspices (for example, the Unified Task Force phase of the Somalia operations with Canadian and Australian forces). ACSAs have been used in Bosnia and Kosovo.

Memorandum of Agreement (MOA)

2-180. MOA are agreements between countries or eligible organizations that delineate responsibilities among the participants. Among these responsibilities are the participants' financial liabilities for support. These agreements define the specific mechanisms required for reimbursement of costs. An example of the use of this authority is when multinational partners cooperate in a military operation. In this case, support can be provided to foreign forces with which the United States has an MOA. The agreement between the DOD and the defense ministries of other nations or between the DOD and international organizations must be based on specific legal authority and negotiated IAW proper procedures.

632 Agreements (Department of State Funds)

2-181. The Department of State (DOS) and the DOD may negotiate agreements in which the DOD agrees to fund requirements initially that are legally a DOS responsibility. These agreements are called 632 Agreements. They are generally negotiated for a specific purpose with a specific amount of funds attached. Once these agreements are signed, they provide the legal authority for the DOD to incur obligations on a reimbursable basis for the purpose intended. The documentation is consolidated and sent to the DOS for reimbursement.

2-182. Examples of the use of this agreement by the DOD and the reimbursement by the DOS include the paying of stipend payments to foreign military forces, providing support to foreign military forces not covered under 506 (a)(1) drawdown authority, funds to cover emergency medical evacuation of foreign Soldiers to U.S. medical treatment facilities, and providing special dietary requirements for foreign contingents.

SPECIAL PROGRAM FUNDING

2-183. These programs are designed to address specific areas that regular funding and appropriations may not cover. They are very specific in nature and their use is intended to have an immediate positive effect on the overall mission.

Commander's Emergency Response Program (CERP)

2-184. **Purpose.** The current Commander's Emergency Response Program (CERP) authority enables commanders specifically serving in Afghanistan to respond to urgent, small-scale, humanitarian relief and reconstruction requirements within their areas of responsibility. ***See the 2013 National Defense Authorization Act §1221 and the 2013 Consolidated and Further Continuing Appropriations Act §9005***.

2-185. **Procedures.** DODFMR Vol. 12, Ch. 27 provides implementing policy and guidance for the use of CERP. The guidance primarily assigns administration responsibilities, defines proper CERP projects, and specifies accountability procedures. This guidance is mandatory reading for anyone intending to use CERP funds.

2-186. **Examples.** Examples of reconstruction assistance include FM improvements, restoration of the rule of law and governance initiatives, day laborers for civic cleaning projects, and purchase or repair of civic support vehicles.

DOD Rewards Program

2-187. **Purpose.** Title 10, U.S. Code, section 127b authorizes the DOD to pay rewards to persons for providing U.S. Government personnel or government personnel of multinational forces participating in a multinational operations with U.S. armed forces with information or assistance that is beneficial to: (1) an operation or activity of the armed forces or of multinational forces participating in a multinational operations with multinational forces conducted outside of the United States against international terrorism; or (2) personnel protection of the armed forces or multinational forces participating in a combined operation with U.S. armed forces. This authority is useful to encourage the local citizens of foreign countries to provide information and other assistance, including the delivery of dangerous personnel and

weapons, to U.S. Government personnel or government personnel of multinational forces. The DOD Rewards Program is not an intelligence program and is not intended to replace existing programs.

2-188. **Procedures.** DODFMR Vol. 12 chapter 17 provides overall policy and guidance for the implementation of the DOD Rewards Program. Combatant Commands provide additional policy guidance for this program within their respective AOR.

2-189. **Examples.** U.S. or multinational units pay rewards for information helpful to the Multinational Forces and is not limited only to information leading to the capture of a High Value Individual or seizure of weapons.

Contingency Construction Authority

2-190. **Purpose.** The authority to use OMA to carry out a construction project outside the United States under the following conditions: (1) The construction is necessary to meet urgent military operational requirements of a temporary nature involving the use of the Armed Forces in support of a declaration of war, the declaration by the President of a national emergency under section 201 of the National Emergencies Act (50 U.S.C. 1621), or a contingency operation; (2) The construction is not carried out at a military installation where the United States is reasonably expected to have a long-term presence; (3) The United States has no intention of using the construction after the operational requirements have been satisfied; (4) The level of construction is the minimum necessary to meet the temporary operational requirements. Commanders use this authority to fund with OMA those construction projects that exceed the OMA construction limitations of $750k for minor construction.

2-191. **Procedures.** Construction projects are vetted and submitted through command channels to the Coalition Forces Land Component Command Engineers (C-7). The C-7 is the proponent for these projects. The projects are submitted by the Coalition Forces Land Component Command C-7 through the Assistant Chief of Staff Installation Management to the Under Secretary of Defense (Comptroller) for approval. The level of congressional authority is contained in the current appropriations law. The responsible combatant command prioritizes these projects and includes them in their Construction IPL.

2-192. **Examples.** This authority has been used to construct detention facilities, forward operating bases, and other infrastructure in theaters of operation.

DOD Authorities For Foreign And Security Assistance Programs

2-193. **Purpose.** These authorities and appropriations are made available to train, equip and maintain the security forces of the Host Nation government (i.e. Afghan Security Forces Fund). These authorities serve as a funding stream that provides support to all elements of the Host Nation security forces to include: the Army, police forces, special task forces, and border security.

2-194. **Procedures**. Host Nation Forces Fund is administered by Multinational Security Transition Command. Congress appropriates funding Host Nation Forces Fund annually and the attendant authority is not codified in law.

2-195. **Examples**. These funds are used to purchase equipment, sustainment, training, facilities and other resources necessary to train and equip the Iraqi Security Force and the Afghan Security Force.

Logistics Support for Multinational Forces

2-196. **Purpose.** In Section 1201 of FY07 NDAA, Congress amended Chapter 3 of Title 10, United States Code, making permanent this authority to use up to $100 million of DOD OMA per fiscal year to provide logistic support, supplies, and services, including air-lift and sea-lift support, to partner nation forces worldwide in support of multinational operations.

2-197. **Procedures.** The approval authority for the provision of this support remains at the Secretary of Defense level and requires Secretary of State concurrence as well. This authority may only be used for a combined operation that is carried out during active hostilities or as part of a contingency operation or a noncombat operation (including an operation in support of the provision of humanitarian or foreign disaster

assistance, a country stabilization operation, or a peacekeeping operation under chapter VI or VII of the Charter of the United Nations); however, it may not be used for training exercises.

SECTION V– FINANCIAL MANAGEMENT SUPPORT TO MILITARY OPERATIONS IN A MULTINATIONAL ENVIRONMENT

2-198. Multinational operation is a collective term describing military actions conducted by forces of two or more nations, typically organized within the structure of a coalition or alliance. An alliance is the relationship that results from a formal agreement (e.g., a treaty) between two or more nations for broad, long-term objectives that further common interests of the members (e.g., NATO). A coalition is an ad hoc arrangement between two or more nations for common action (for example, Operation Iraqi Freedom). FM considerations for ad hoc arrangements to include reimbursement policies and procedures are similar to those for support to United Nations (UN) operations as prescribed in DODFMR Vol. 12, Chapter 23.

2-199. Non-traditional military operations, such as Peacekeeping Operations (PKO) and foreign humanitarian assistance have evolved alongside the traditional forms of military action (deterrence and warfighting). In the future, international organizations and agencies will perform an increasing role in the management of these crises and contingency operations. The level of U.S. participation in these operations depends on the objectives agreed to at the national level. Nations must also reach agreement—separately or through cooperative agreements—to provide FM resources or specific support requirements for its forces. FM considerations depend on the nature of the supported multinational operations and vary from one operation to another. These considerations may emanate from financial arrangements of support based on specific coalition agreements, memoranda of understanding, or technical agreements. It is important to begin coordination of financial arrangements with prospective multinational partners as early in the planning process as possible. Special U.S. logistic and funding authorities may exist to support such financial arrangements (e.g. "Lift and Sustain" authority under Public Law 109-289, Section 9008 allows the U.S. military to provide logistics support, services, supply, and transportation to eligible coalition forces supporting U.S. military operations in Operation Iraqi Freedom and Operation Enduring Freedom. However, per the 2013 Consolidated and Continuing Appropriations Act, §9006, the Lift and Sustain authority was amended so that it no longer applies to operations in Iraq – it only applies to operations in Afghanistan). Furthermore, financial managers must ensure available support assets meet not only U.S. standards, but also those of supported multinational forces. FM support, however, remains a national responsibility for multinational operations.

2-200. The following paragraphs describe UN, NATO, host nation support, multinational operations and other operations with respect to FM support.

UNITED NATIONS (UN) OPERATIONS

2-201. A variety of missions may be conducted in conjunction with the UN. Section 7 of the United Nations Participation Act authorizes support to UN PKO. This authority allows the DOD to contribute personnel, nonlethal equipment, supplies, and services to UN operations. Support provided to the UN under Section 7 of the United Nations Participation Act does not require the negotiation of an agreement. However, formal agreements, such as FAA section 607 and section 628 agreements, and UN Letters of Assistance (LOAs), are established in most cases to facilitate reimbursement for services provided.

2-202. Any support provided to UN forces must be preapproved by a UN official authorized to commit funds. This official is normally the chief administrative officer or the chief procurement officer. Activities undertaken, troops deployed, or costs incurred for items that are not agreed to in advance by the UN, as identified and detailed in guidelines, aides memoire, notes verbale, or specific or general LOAs, are normally not reimbursed by the UN. Financial responsibilities of each party are usually spelled out in the agreement between the contributing countries and the UN. The U.S. position is normally negotiated by the DOD in coordination with the Department of State (DOS). Close coordination with UN officials throughout the operation should ensure proper reimbursement for all authorized expenditures.

2-203. When participating with the UN, two types of documents are critical to FM. The first is standing agreements that are in place related to contributing country participation in a UN operation. The second is LOAs.

STANDING AGREEMENTS

2-204. The standing agreements are general in nature and provide guidelines on what the UN is willing to pay for without any additional, specifically negotiated, agreements. An understanding of these documents early in an operation is essential to ensure proper reimbursement for U.S. participation in a UN operation. The following are some examples of the types of support arrangements listed in the standing UN procedures:

- **Pre-deployment actions.** Preparation of personnel and equipment for deployment is the responsibility of the contributing country and includes all preparation costs involved to get the personnel or equipment to the point of embarkation. Billing the UN for reimbursement of these expenses is based on advance negotiations with the UN.
- **Deployment and redeployment—**
    - Actions. Transportation to and from the operational area is normally by air or sealift. The UN can fund all deployments and redeployments. The contributing government may organize these activities, but the UN must agree to the arrangements in advance. All transportation to be provided by the contributing country must be coordinated and approved by the UN. If reimbursement is requested, it will be made only up to the amount it would have cost the UN to accomplish the move.
    - Self-sufficiency period. Each contingent force must be self-sufficient in theater until UN operations and control are sufficiently established to provide sustainment. The UN will reimburse normal and agreed to costs incurred during the self-sustainment period. All deployed military units should be self-sufficient in rations, water, petroleum, oils, and lubricants for a minimum of 30 days, and other classes of supplies for a minimum of the first 60 days after deployment.

LETTER OF ASSISTANCE (LOA)

2-205. Another method the UN uses to request support is LOAs. A UN LOA is a document, issued by the UN to a contributing government, authorizing that government to provide goods or services to the UN. An LOA details specifically what is to be provided by the contributing government and establishes a funding limit that cannot be exceeded. General support LOAs can be negotiated with the UN, if such LOAs are advantageous to both parties, to cover more generic categories such as subsistence, petroleum, oils, and lubricants, sustainment, and repair parts. LOAs are considered by the UN to be contracting documents and must be signed and issued by an authorized UN official.

2-206. The UN issues the approved LOA to the United States Mission to the United Nations, where it is acted on by the military advisor. The Office of the Military Advisor determines the appropriate U.S. agency to receive the request. All requests from the DOD are forwarded to the Under Secretary of Defense for Policy (USD(P)) for approval and action. The USD(P) will determine the appropriate organization and provide a copy of the LOA to the organization and DFAS. DFAS is responsible for maintaining a status of all active LOAs.

2-207. The LOA is not considered a funded order, and the UN does not ordinarily provide an advance of funds for the value of the request. Therefore, an LOA does not provide to a service department any additional obligation authority to accomplish the order. The service department must accomplish the requirement using existing OMA funds or other appropriated funds, and prepare an SF 1080 (Voucher for Transfers Between Appropriations and/or Funds) bill for the cost of the goods or services provided, referencing the appropriate LOA.

NORTH ATLANTIC TREATY ORGANIZATION (NATO) OPERATIONS

2-208. The North Atlantic Treaty Organization (NATO) is a defense treaty, which resulted in the alliance of 28 countries (member states). Under Article 5 of the Washington Treaty, an attack upon the territorial integrity of a treaty member is considered an attack on all member states. While mutual defense remains the primary mission of the Alliance, NATO has recently expanded its sphere of activities to include peace support missions outside the territorial boundaries of the multinational nations. Such non-Article 5, or "out-of-area," operations may be undertaken at the request of the UN with the unanimous consensus of all member states.

NATO FUNDING ELIGIBILITY

2-209. NATO conducts missions on the basis of force and capability contributions from its member states. Unlike the UN, it does not provide reimbursement for peacekeeping forces or in any other way underwrite the costs of national participation. As a result, NATOs operating budgets are small in relation to those of national forces deploying in support of an operation. NATO funding is generally restricted to establishment and support of the NATO headquarters in theater. In exceptional circumstances, the NATO nations may fund theater-wide projects benefiting both the NATO headquarters and all nations with forces in theater (for example, theater communications systems or certain engineering projects supporting main supply routes or ports). The NATO headquarters may establish a multinational logistics center to coordinate this effort among the forces in theater.

NATO FUNDING SOURCES

2-210. The support of national forces in the theater is a national responsibility and is funded through national systems and budgets. In the exceptional circumstance that a category of expenditure might be considered eligible for NATO funding, the requirement must be submitted through the NATO theater headquarters for inclusion in the budgetary plans described above. NATO funds its command and control structure through two primary sources—

- The NATO Security Investment Program is generally used to support major investments in operational infrastructure, such as construction or communications systems. Projects originate with the NATO theater headquarters engineers and are subsequently screened by the NATO chain of command prior to being reviewed by the NATO Infrastructure Committee at NATO headquarters in Brussels, Belgium. Funding is approved and provided on a project-by-project basis. Funds cannot be transferred between projects.
- The NATO military budget is the normal source of funding for OMA costs supporting NATO headquarters in the theater of operations. NATO theater headquarters funding requirements are assembled by the theater financial controller and consolidated into an operational budget. This budget is screened by the NATO chain of command prior to submission to the Military Budget Committee, also located in Brussels. Funding is approved IAW the proposed expenditure plan; however, there is generally some flexibility between budgetary line items.

CENTRALIZED CONTRACTS

2-211. To reduce competition for resources in the theater, the NATO headquarters may solicit and consolidate theater-wide requirements in order to negotiate basic ordering agreements with local vendors. Such agreements typically establish the prices, ordering procedures, and payment terms, but do not obligate NATO or the nations to purchase specific quantities of goods or services. While multinational nations are generally authorized to utilize such contracts on the same basis as the NATO headquarters in-theater, the existence of such agreements do not preclude nations from negotiating their own bilateral contracts. NATO does not finance national requirements; such contracts call for nations to make direct payment to vendors for goods and services they order.

HOST NATION SUPPORT REIMBURSEMENT PROCEDURES

2-212. Once the host nation support (HNS) agreement is established, the battalion or brigade logistics staff officer (S-4)/assistant chief of staff, logistics (G-4)/ logistics directorate of a joint staff (J-4) provides a detailed statement of requirements to the HN and begins the negotiations for logistic support. The use of OMA funds are normally used to support HN requirements. Specific procedures for cost capturing and billing must be negotiated with the HN and the United States. This will prevent locally negotiated agreements that may not be legal or authorized. The financial manager must submit the SF 1080 to DFAS with sufficient detailed documentation and a certified CONOPs cost report to support the request for reimbursement.

FOREIGN NATION SUPPORT REIMBURSEMENT PROCEDURES

2-213. Financial managers must advice commanders of the importance of dealing with foreign authorities during the reimbursement of funds. Each instance must be review carefully and discuss with legal experts during the fiscal triad process to corroborate the authenticity and legality of the claims.

CIRCUMSTANCES FOR SUPPORT

2-214. Foreign nation support (FNS) is support provided to foreign forces from countries other than the country in which the contingency operation is occurring. This support is generally provided under one of three circumstances:

- Support can be provided under the existing rules of a parent organization controlling the operation (for example, NATO, or the UN). Billing procedures under these circumstances should follow standing agreements for support. See chapter 2, Section IV for a detailed discussion of several legal authorities for reimbursement.
- Support may be provided if the United States and the supported country have a bilateral agreement in place prior to the operation. The United States has many of these cooperative agreements with allies. The financial manager must consult with the legal advisor for a copy of any existing bilateral agreements and follow the procedures outlined in the agreement for reimbursement.
- Support can be provided based upon an agreement negotiated expressly for the operation. Any negotiated agreement for support should include billing and reimbursement instructions.

BILLING

2-215. Bills prepared for support during a UN or NATO operation should follow procedures established by those organizations. Bills prepared for either standing or negotiated bilateral support agreements should be processed as set out in the agreement. The financial manager must send these bills as required through Service funding channels.

ASSISTANCE IN KIND

2-216. AIK operations, which deal directly with the governments of eligible countries, provide material and services for a NGO logistic exchange of materials and services of equal value. These items are accountable as future reimbursements to the country that initially provides them on a gratis basis. Costs for these items have a current value that is captured as future reimbursements. The JTF financial manager develops and implements procedures, in coordination with sustainment elements, to track the value of support provided to ensure an equal exchange of valued materials and services throughout the operation. Particular care must be taken in accounting for these authorized exchanges due to the political sensitivity inherent in multinational operations. Ideally, these in kind reimbursements should derive no monetary gain and should provide mutual benefit and equity between the participating countries.

NON-GOVERNMENTAL ORGANIZATION REIMBURSEMENT PROCEDURES

2-217. NGOs do not operate within the military or governmental hierarchy. However, because NGOs operate in remote areas of high risk, they may need the logistic, communication, and security support that military forces can provide. Expectations of military support (including supplies, services, and assistance) must be reviewed with the organizations. Financial managers must consult with a legal advisor to determine the authority to provide support on a reimbursable or nonreimbursable basis. Each organization normally has some type of financial control officer. Military activities should provide support only after they receive approval. Financial managers should ensure all supply activities, especially fuel, maintain a status of what is provided. Financial managers should submit bills to supported organizations, as required, and if the organization is not authorized to make payment locally, should forward the documentation (signed by both organizations) through Service funding channels.

NON-DEPARTMENT OF DEFENSE (DOD) GOVERNMENTAL AGENCIES REIMBURSEMENT PROCEDURES

2-218. Congress provides the DOD with funds for very specific needs. Therefore, support directly to other U.S. Government agencies can be complex. When presented with a request for support by a U.S. Government agency, financial managers should consult with the legal advisor. An MOA or letter requesting support should form the basis for any reimbursable relationship with non-DOD governmental agencies. This agreement can be used to ensure only authorized support is provided, and supply and service activities capture the cost of support. Bills should be compiled as required, using a manual SF 1080, *Voucher for Transfers Between Appropriations and/or Funds*, through the supported agency. The SF 1080 must have a copy of the agreement with attached substantiating documents.

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Chapter 3

Banking and Disbursing Support

Providing currency on the battlefield has been a Finance Operations, now Financial Management, responsibility for over 200 years. FM technology has redefined the method of providing "physical currency" on the battlefield. Currency, as a medium of exchange, is also provided through financial platforms such as mobile banking, stored value cards, and electronic funds transfer. Disbursing is the act of distributing funds from a specific account. A Disbursing Section makes payments (e.g., currency, electronic funds transfer (EFT), checks) on properly prepared and certified vouchers, receives collections, receives and controls currencies, maintains accountable records, cashes negotiable instruments, manages established LDAs, makes foreign currency conversions, determines the need for currency and its replenishment. Disbursing is the arm within FM that ensures all payments are made IAW DOD regulations. It is strongly recommended that all elements of the Fiscal Triad are co-located to facilitate fiscal communication, accuracy of documentation, and timely payment of goods and services.

Banking support encompasses a wide spectrum of FM activities ranging from cash management/currency support of U.S. military operations to liaison with host nation banking officials to strengthen local financial institutions. Other FM activities within banking support include LD selection and LDA establishment, coordination with U.S. embassies, USAFMCOM, DFAS, and Treasury in order to integrate all agencies in support of banking initiatives.

Disbursing is the paying of public funds to entities in which the U.S. Government is indebted; the collection and deposit of monies; the safeguarding of public funds; and the documenting, recording, and reporting of such transactions. Disbursements are cash, check, EFT, Intra-Governmental Payment and Collection System, or interfund payments that liquidate established obligations, disburse amounts previously collected into a deposit fund account, or provide payment in advance of performance. The disbursing office ensures that only transactions that have been certified for payment by certifying officials are processed for payment. The Disbursing Officer is a military member designated to disburse monies and render accounts according to laws and regulations governing the disbursement of public monies. DOs safeguard public funds they collect or otherwise have in their custody or control. DOs may have pecuniary liability for the loss of these funds. DOs will not lend, use, deposit in banks, or exchange public funds in their possession for other funds except as specifically allowed by law. They secure public funds until ordered by proper authority to transfer or pay out the funds. When DOs receive orders for transfer or payment, they faithfully and promptly execute the directed transactions, and perform all other duties as fiscal agents of the Treasury imposed by law or regulations.

While providing the theater with cash (physical or electronic), FM officers are expected to implement initiatives to minimize cash usage in theater and develop E-commerce solutions that reduce cash usage while supporting the theater commander's

mission requirements. As a theater matures and operations allow, FM officers should transition the theater to a near cashless environment. An inverse relationship exists between the duration of a conflict and the usage of physical cash. It is incumbent on FM officers to continuously leverage technology and national providers to reduce cash on the battlefield.

SECTION I – BANKING SUPPORT

3-1. As a core competency of financial management banking support has become an integral part of financial management operations. The successful and rapid implementation of e-Commerce into contracting and financial management operations will assuredly enable the warfighter to protect the force and bring stability to a host nation by strengthening that nation's banking system, legitimizing the government by increasing the confidence on the host nation's economy.

BANKING AND HOST NATION SUPPORT

3-2. In order to ensure banking success, a partnering of national providers such as the DOD, the Treasury, the DOS, USAID, the Federal Reserve Bank (FRB) and DFAS should occur. These institutions are the cornerstones for providing the instrument of economic power during military operations. The interagency partnership among these agencies yields the synchronization of banking and E-commerce initiatives across the range of military operations. These agencies must be integrated early in the planning process and given the opportunity to deploy assets forward early in support of unified land operations and to plan for the establishment of a national banking system. In the early stages of operations financial managers play an important role in the integration of national providers.

3-3. The FMSC Director, working in consultation with the Theater G-8, will develop an assessment of the theater and host nation banking requirements. The FMSC assessment will consider infrastructure requirements necessary to increase stability of the host nation financial systems, to include central and wholesale banking processes and procedures, and correspondent banking relationships. The assessment centers on identifying and understanding the impact on the affected host nation's economy and of the U.S. presence in the diplomatic, informational, military, and economic domains. The host nation's banking laws, the Status of Forces Agreement, or other host nation agreements require review to determine what the banking rules are for foreign customers and which banking entities are permitted to operate within the country; a foreign bank, U.S. bank, Credit Union (CU) or a military banking facility (MBF). Additionally, if the establishment of any type of bank on a DOD Installation (e.g., contingency operating base, forward operating base (FOB) is required, the FMSC will facilitate the process; however the base commander is the signing authority for the operating agreement of a bank is the area. Follow the rules set forth in DODFMR Volume 5, Chapter 34 and DODI 1000.11 for DOD banking policy.

3-4. The U.S. Embassy of the host nation (a subset of the DOS) may be able to provide significant support to FM operations through its economic officer, finance officer and Treasury attaché. U.S. embassies maintain LDA with host nation banks to facilitate procurement of funds. The FMSC analyzes the host nation banking sector in order to leverage the U.S. country team's expertise and determines where to open an LDA. Until the establishment of an LDA, FM units can procure funds from U.S. embassies through its already established LDA. Additionally, the DOS, in coordination with Treasury, is able to provide detailed information about a country's banking sector, which will assist FM units in the development of a banking plan/initiative early in the operation. Where there is not an established U.S. Embassy, the FMSC Banking section procures funds until the theater matures, and an LDA is established.

3-5. Banking and disbursing support are complementary. A sound banking system promotes economic growth and development, as well as employment opportunities for the local populace in an immature theater. Therefore, reestablishing or improving the host nation banking infrastructure is critical to the transition from a U.S. dollar-based operation to one backed on local currency. FM disbursing operations serve as the catalyst for such a transition with an ultimate goal of leveraging technology to make payments electronically. This system promotes efficiency and decreases the opportunities for fraud and corruption. This essential process also promotes a healthy relationship between the Army and the host nation.

3-6. In order to strengthen host nation banking within the combatant commander's AOR, Army financial managers must:

- Develop a working knowledge of Army banking policies and procedures.
- Understand the relationships among the Treasury, DOD, FRB, DOS, and other governmental agencies as they relate to FM.
- Acquire knowledge of the global banking system and attain the financial tools available to the Department of Defense for global finance and banking engagement.
- Understand the regulatory, legal and cultural differences in host nation banking systems.

ECONOMIC IMPACT

3-7. FM units analyze the economic impact of the use of currency (U.S. and foreign) on the local economy. The analysis includes, but is not limited to, the cost of acquisition of foreign currency, the cost-benefit of using ITS.gov versus an LDA, the availability of banking services and banking infrastructure, acceptance of local currency by vendors, the impact of U.S. currency on the local economy, and review of Treasury and other U.S. Government agencies reports on the local economy. Close coordination with CA, U.S. Embassy, Treasury and DOS officials will ensure accurate assessments.

3-8. ***Economic analysis*** **is a detailed report provided to a commander in order to make decisions on applying the economic instrument of power, identifying all the financial aspects of a specific geographical area and the effect that United States forces' presence will have on that area.**

REDUCTION OF CASH ON THE BATTLEFIELD

3-9. A stable and growing economy requires low inflation and stabilization of purchasing power. Conflict, large budgetary deficits, lack of public confidence in the government, and other factors may add to inflation instability, and may cause a host nation's residents to resist the national currency and convert their funds to U.S. Dollars, Euros, or other currencies. The mere presence of U.S. forces and unified action partners will also directly and immediately affect the local economy. Without careful planning, U.S. forces and unified action partners' demand on local resources may create inflationary pressure. To minimize the potential for inflationary pressure, FM units should make all payments for goods and services in the local currency, pay wages for local services at an appropriate wage-rate and determine appropriate pricing levels for local goods and services. Using the local currency helps put cash in the hands of the local populace, stimulates the economy and demonstrates confidence in the host nation's government.

MILITARY BANKING PROGRAM

3-10. Theater Financial Management will leverage existing programs and technology to identify and implement new technologies and other resources to reduce U.S. Dollars off the battlefield, improving the FMSU's disbursing mission, improving the local banking system, and strengthening the economy across the theater of operations to create an overall exit strategy. The various initiatives propose methods to strengthen the host nation banking system and fortify the local economies throughout the theater of operations. The banking team supports the FMSC in forging a strong partnership between the U.S. Army and the U. S. Treasury, the Department of State, and the Federal Reserve Bank network. This effort should promote the identification and elimination of capability gaps in the U. S. Army's support of the Department of State's economic goals within the theater pertaining to banking and E-commerce.

3-11. The MBF main function during contingency operations is to provide cash management/currency support. Overseas and domestic MBFs can provide foreign and U.S. currency to directly assist disbursing operations on payments other than electronic funds or checks payments (exchange, cash transactions, etc.). All compliance and regulatory guidance on proper procedures process thoroughly in accordance with DODFMR Vol. 5, Chapter 34, and all corporate compliance rules (such as that of the Office of the Comptroller of the Currency and Federal Deposit Insurance Corporation) that apply with the MBFs. Banking liaison officers should have all proper points of contacts and operating agreements in place so that they can properly provide guidance to the DO on the MBF's capabilities.

3-12. The following are banking tasks:

- Identify Unified Action Partners.
- Perform and document economic analysis of host nation.
- Establish TA banking policy and procedures.
- Coordinate for E-commerce and supporting technology.
- Coordinate for host nation banking capability.

SECTION II – DISBURSING

3-13. Financial managers acting under formal appointment are required to perform duties relating to public funds. During disbursing operations each function helps establish the relationship between the accountability of the funds and the disbursement of the funds.

DISBURSING STATION SYMBOL NUMBER (DSSN)

3-14. The FMSC and each FMSU may deploy with a contingency DSSN. The DSSN is assigned to a DO by Treasury and indicates authority to receive and disburse public funds and issue checks on the Treasury's behalf. The accountholder (i.e., DO) within the FMSC and FMSU is accountable for the funds within their respective AOR. The FMSC provides currency to the FMSUs in order to support the FMSU's financial operations. This decentralized approach allows for greater accountability and direct oversight of cash. See DODFMR volume 5 for more information on disbursing policy and procedures.

3-15. The DO, Deputy Disbursing Officer (DDO) and Disbursing Agent must be appointed by a commander to maintain the DSSN. The establishment of the DSSN is requested through DFAS. Treasury approval must also be requested through DFAS. Once the activation letter is submitted to DFAS the following must occur:

- Order initial U.S. Treasury Checks.
- Obtain Employee Identification Number (EIN).
- Establish routing transit number.
- Identify and access systems (e.g., Collections Information Repository (CIR) and Payment Information Repository (PIR) application, OTCnet, ITS.gov, etc.).
- Acquire/transfer Computerized Accounts Payable System-Windows test files to ITS.gov prior to going live.
- Obtain user identification for all systems.
- Establish Cost Centers.
- Establish suspense account for DSSN.
- Reroute analysis unmatched transactions, suspense account reconciliation, etc.
- Establish Army Disbursing Symbol Number, Defense Military Pay Office, and Company Code.
- Establish new fiscal station number (if required).

CASH HOLDING AUTHORITY

3-16. DOs are responsible for currency support, which includes CHA, within their area of responsibility and direct all currency operations. These operations include acquiring, accounting and safeguarding of currency and U.S. Treasury checks; collecting and redistributing surplus currency; and disposing of mutilated and contaminated currency. The DO requests to hold currency at personal risk from the appropriate approving authority. The CHA is used to make miscellaneous cash payments, make change, conduct accommodation exchanges, and other specifically authorized transactions. The approving authority ensures the amount of the request is within established guidelines, and that management controls exist to ensure that routine reviews of cash requirements are conducted. When special circumstances require DOs to increase their CHA beyond stated amounts, the approving authority may authorize holding amounts temporarily in excess of the limits based on the circumstances. See DODFMR volume 5, chapter 2 for additional information on CHA.

3-17. Establish cash holding authority. The following is done to establish cash holding authority:

- Request cash holding authority.
- Coordinate with supporting units to determine currency requirements.
- Determine the number of customers and funding requirements from unified action partners.
- Utilize the cash holding template to determine the type and amount of cash (USD and Foreign Currency (FC)).

3-18. Maintain cash holding authority. The DO should continue the use of the cash holding template in order to determine the type and amount of cash (USD and FC) needed for disbursing operations per DSSN, and must coordinate with unified action partners (e.g., contracting, banking officer, G-8, and DFAS) to determine their requirements.

CASH MANAGEMENT/CURRENCY SUPPORT

3-19. The FMSC provides cash management/currency support (U.S. and foreign) to a theater of operations. Coordination with the host nation, U.S. banks, credit unions (CU) and military banking facilities (MBFs) provides currency to the FMSUs and other Services or multinational forces IAW interservice and intergovernmental agreements. The FMSC and FMSUs maintains the disbursing station symbol number (DSSN), and may be designated to provide currency to all components of a joint and/or multinational force. The DO is the central funding account holder and coordinates the establishment of any LDA in theater.

3-20. Generally, the FMSC provides the primary source of currency in the operational theater. Deployed FMSUs and sister service FM organizations will draw and return cash through the FMSC. In contingency operations where there is no FMSC deployed, FMSUs must be prepared to resource cash requirements in support of theater operations. In this instance, pre-deployment coordination with national providers, agreements with approved funding sources, and establishments of LDAs, are critical in support of funding requirements.

3-21. Cash management/currency support is the act of supplying foreign currencies, U.S. Treasury checks and local currency checks, available E-commerce (e.g., Eagle Cash Cards, Over the Counter-Net, Government Purchase Cards, U.S. Debit Cards and mobile payments) and, in some operations, precious metals (gold, silver) to U.S. and multinational forces in the operational area. Additionally, FM units provide currency and coins to Army and Air Force Exchange Service facilities; tactical field exchanges (TFEs); postal units; and companies serving as in-theater defense contractors; as operational considerations permit. FM units provide kiosks and point of sale devices that enable Eagle Cash Card transactions. This service is a form of Mobile banking. Mobile banking is a portable solution that uses mobile phone networks and incorporates existing prepaid debit card, internet, and mobile phone technology to transmit instructions to financial networks that facilitate funds transfers (i.e., Payments) to concession vendors.

FOREIGN CURRENCY

3-22. Financial managers must work with the State Department and Treasury Department to determine whether the use of U.S. currency will be beneficial or detrimental to the host nation in conjunction with military/security requirements IAW METT-TC. When a foreign currency payment is required, the preferred method of payment is via EFT using the International Treasury Services website (ITS.gov). ITS.gov is the Department of the Treasury's comprehensive international payment and collection system. The establishment of an LDA enables FM units to disburse checks and conduct EFT payments in local currency when the infrastructure or mission does not support ITS.gov. The FMSC Banking Officer will confer with the local U.S. Embassy for assistance in determining which banks meet the selection criteria established by the Treasury. The Banking Officer will then provide those recommendations to the DO to establish an LDA.

3-23. Once the DO selects an LD, they must formally request approval and designation of that institution as an authorized LDA from the Treasury. Chapter 14 of DODFMR Volume 5 provides specific guidelines on the establishment of an LDA. LDAs are not limited to the Banking Section of the FMSC. FMSU accountholders are encouraged to establish an LDA to facilitate foreign currency cash operations in their respective AOR. All transactions involving foreign currency are treated as cash transactions and follow the

same principles and guidelines established for controlling U.S. currency. All DOs, deputy DOs, pay agents, and cashiers who engage in foreign currency transactions will maintain a record of such transactions on DD Form 2663 (Foreign Currency Control Record). As required for each account, the DO will solicit competitive proposals from local financial institutions in the area to secure the most beneficial banking agreement in conjunction with the FMSC banking section.

CURRENCY EXCHANGE

3-24. FM units maintain an important role in currency exchange and currency control. Currency exchange plans must consider all members of the uniformed Services, DOD civilians, authorized U.S. contractor personnel, other U.S. Government personnel, NGO personnel, and Pay Agents. All currency exchanges from U.S. to foreign currency or from foreign currency to U.S. must comply with currency control standards to discourage black market activities. Currency exchange, when done in large amounts, is very time consuming. FM units may perform conversions due to a number of circumstances. They include:

- Movement of forces from one country to another.
- Upon initial deployment to and final departure from the AO.
- Prevent and control black market activities.
- Assist in controlling inflation.

3-25. FM units will exercise caution when exchanging U.S. currency to alleviate laundering points for enemy currency, counterfeit currency, black market operations, and currency arbitrage. FM units may process EFTs or issue U.S. Treasury checks in exchange for excess currency accumulated by Service Members. Additionally, military banking facilities (MBFs), tactical field exchanges (TFEs), and nonappropriated fund (NAF) custodians may need to deposit their holdings of currency and coins with the nearest FM unit. U.S. currency and coins may be turned in to the servicing FM unit in exchange for an EFT transaction or a U.S. Treasury check.

MULTINATIONAL FORCES CURRENCY SUPPORT

3-26. When an agreement has been negotiated between the United States and a multinational nation, DOs may be authorized to advance currency on an emergency basis to cashiers or members of the multinational nation's armed forces. Such agreements may require multinational forces to provide reciprocal support to U.S. forces. FM commanders must be aware of agreements with allies or HNs, which include reciprocal financial support as authorized by DOD Directive 5530.3. The FMSC director or account holder is responsible for obtaining copies of these agreements and disseminating them to lower elements. These agreements will be coordinated with the SJA for legal sufficiency prior to implementation. See DODFMR Volume 5 for additional information**.**

SUPPORTING TASKS

3-27. The following are performed under cash management/currency support:

- Perform cash acquisition and cost analysis.
- Perform cash holding analysis authority (USD and FC).
- Document the applicable foreign currency market rates (e.g., ***Spot Rate*** **is the price that is quoted for immediate settlement on a commodity, a security or a currency**).
- Determine the process and cost associated with acquisition and delivery of USD and local currency.
- Obtain the budget rate for contracts paid in local currency.
- Determine the availability of a foreign currency fluctuation account for local currency payments.
- Determine the history, evaluation and inflation of U.S. currency in relation to the local currency.
- Determine which mechanism can acquire foreign currency at a better rate: ITS.gov or an LDA.
- Acquire and account for currency (USD and FC)/checks.
- Dispose and report mutilated or damaged currency/checks.
- Maintain and control agreements that support multinational forces, contractors, DA Civilians.

- Account for captured currency.
- Investigate or request investigation of loss of funds.
- Receive collections (e.g., postal, Moral, Welfare and Recreation).
- Perform cash verifications IAW DODFMR Vol. 5, Chapter 2.
- Review stateside bank operating agreement for Annex to support contingency funding requirements.
- Safeguard currency/checks.

All funds must be safeguarded IAW DODFMR volume 5, chapter 3

REPORTING AND ANALYSIS

3-28. All DOs are accountable to the Treasury for the cash items in their possession. The DOs will officially record and report accountability of funds to the Treasury on a monthly basis. In addition to the monthly reporting, DOs maintain documents representing cash for which they are accountable in their vault or safe and account for them daily (e.g., DD Form 2657 (Daily Statement of Accountability), DD Form 2665 (Daily Agent Accountability Summary), DD Form 1081 (Statement of Agent Officer's Account), SF 1219 (Statement of Accountability)).

3-29. The analysis of unmatched transactions (AUT) is a tool that provides DOs the ability to evaluate the accuracy of their disbursing operations. When properly used, the AUT prevents losses of funds and prevents fraud. To ensure account reconciliation, tools are available to the DOs. DFAS provides a report by DSSN on a monthly basis that includes DSSN reported deposit tickets and debit vouchers that do not match the Treasury's report. The discrepancies listed in the report lend to the accuracy of the DOs monthly SF 1219. Immediate action is required to research and reconcile all unmatched transactions. See DODFMR volume 5, chapter 19 for additional information on DO accountability reports.

3-30. The following are report requirements:

- Account for funds/checks.
  - Treasury reports.
  - Daily accountability.
  - Monthly accountability.
  - EagleCash store value cards.
- AUT report.
- Report and/or investigate loss of funds.
- Report and/or investigate erroneous payments.
- Cash verification report.

LIMITED DEPOSITARY ACCOUNT (LDA)

3-31. ***Limited depositary account*** **is a checking account in a U.S. or foreign commercial bank that is designated by the Treasury Department to receive deposits from Disbursing Officers for credit to their official limited depositary checking accounts**. Disbursing Officers are responsible for the maintenance and management of an LDA. They will ensure the amount of foreign currency purchased with U.S. dollars, together with the balance on hand, is commensurate with immediate disbursing requirements based on METT-TC, but normally would not exceed a 5 to 7 day supply. This requirement minimizes local currency operating bank balances and losses due to rate devaluations, and avoids premature drawdown on the U.S. Treasury's General Account. The DO maintains a record of every LDA transaction to include payee names, voucher numbers, amounts (in the currency of the check), check serial numbers, check dates, and the activity name under which the account is established. Periodic statements from the depositary are used to reconcile the disbursing records. See DODFMR volume 5, chapter 14 for more information on LDA.

3-32. Disbursing Officers review the LDA on a continuing basis to ensure that:

- Maintenance of account balances are at the minimum necessary to meet immediate disbursement needs (checks issued and in process) commensurate with the activity in the LDA.
- Balances in excess of immediate needs (typically a 5 to 7 business days supply) are promptly withdrawn and deposited with the Treasury.
- The terms negotiated with the depositary are favorable to the government, including interest on the account at the highest possible rate.

3-33. The Disbursing Officers are responsible for accounting for all funds expended while performing disbursing duties. Transfer of disbursing records only relieves them of the administrative requirement for documentation pursuant to the settlement of the account. Accountability for illegal, incorrect, or improper payments that cannot be adjusted despite the diligence of the settlement by the incoming DO remains with the DO that made the payments. The outgoing DO will keep the incoming DO informed of their current mailing address at all times. The outgoing DO is required to answer inquiries related to settlement of outstanding items and will furnish any advice or suggestions that may assist prompt and complete clearance of the discrepancy. If a deficiency exists in the account of an outgoing DO (and it appears that no action was taken to remove it from the accountability and no relief request is pending), the incoming DO shall initiate collection action against the accountable DO.

3-34. LDA supporting tasks:

- Open an LDA.
  - Prepare letter of authorization.
  - Request bank acknowledge and accept letter by endorsement.
  - Order LDA checks.
  - Obtain Treasury approval.
- Maintain an LDA.
  - Conduct analysis of existing LDA(s).
  - Reconcile the LDA.
  - Meet three (3) year Treasury review requirement.
- Perform transfer of accountability.
- Close an LDA.

SECTION III – PROCUREMENT SUPPORT

3-35. ***Procurement Support*** is **the critical role financial management plays in acquiring, certifying, accounting and disbursing the funding required for operational contracting support (OCS).**

CONTRACTED GOODS AND SERVICES

3-36. As a critical component of the Fiscal Triad, FM provides both funding for validated requirements and makes payment for contracted goods and services. Figure 3-1 illustrates FM's role in the procurement process. Once the goods or services have been received and accepted by the government representative, the documents are forwarded to the CVS section. CVS then ensures that all required documents are available and accurate prior to submitting for payment to the disbursing section. The CVS certifying officer prepares, certifies, and forwards the documents to the disbursing section for payment. These requisite conditions include:

- A legal obligation to pay exists (typically a contract).
- The payee has fulfilled any prerequisites for payment (typically an invoice).
- The amount of the payment and identity of the payee are correct.
- The payment is legal under the appropriation or fund involved (typically the correct fiscal year and appropriation).

3-37. Maintain paid documents. Internal controls are incorporated into the operations to maintain complete, consistent, and accurate data for contract files and related entitlement and accounting records throughout the life of the contract. Theater policy dictates document disposition.

3-38. Post payment review. After payment, reconciliation is performed with contracting and G-8 or S-8. This review ensures proper payments occur and accounting records are correct. Financial managers are responsible for identifying differences, conducting research, performing reconciliations, approving recommended adjustments, processing corrections timely, and maintaining appropriate supporting records.

See DODFMR volume 10 for information on contract payment policy and procedures and DODFMR volume 5 for disbursing policy and procedures.

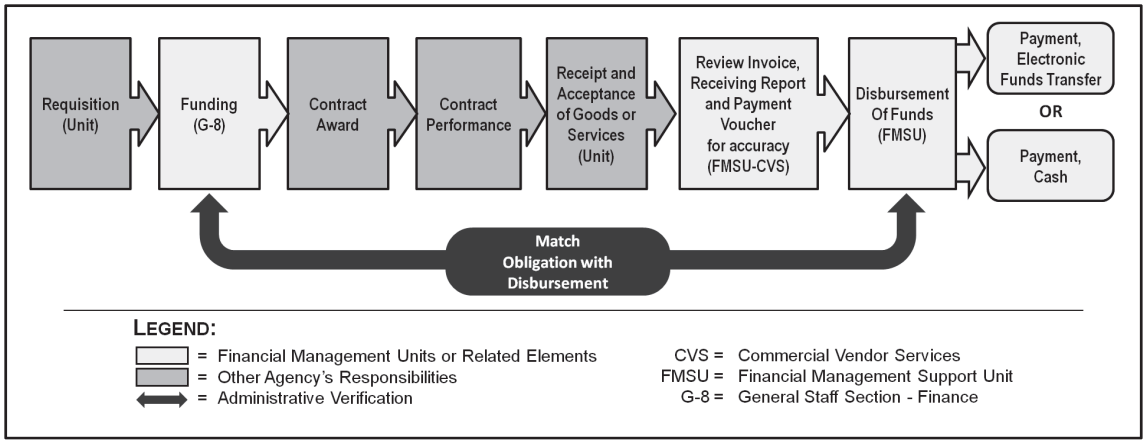


Figure 3-1. Procure to pay process (FM procurement support)

LOCAL PROCUREMENT

3-39. The DO appoints personnel to perform duties related to the local procurement. Each appointment has a purpose in matters involving disbursing functions and the capabilities to procure local goods and services.

PAY AGENT (PA) SUPPORT

3-40. For local procurement support, the commander appoints a PA on an additional duty appointment order. This appointment authorizes the PA to disburse public currency IAW the special instructions stated in the appointment and the written instructions provided by the FMSU commander. The ordering officer whom the PA supports receives separate instructions from contracting officials. FOO and PAs train and work as a team; the PA should participate with their FOO in training provided by the contracting officer.

3-41. The PA or FOO is held personally liable for any payment not IAW the appointment orders or prescribed instructions. The PA cannot simultaneously serve as either a certifying or FOO. The PA uses an official credit/debit card to make payments whenever possible. When it is not possible to use an official credit/debit card to make payments, the PA takes the following actions:

- Reviews SF 44, *Purchase Order–Invoice–Voucher*, prepared by the ordering officer.
- Disburses currency for the goods or services as stated on the SF 44 (Purchase Order-Invoice-Voucher), but only after the SF 44 has been approved by a the FOO.
- Pays for purchases not to exceed established limits. (An agent may not split purchases between two or more vouchers in order to circumvent the established limit.)
- Clears the account with the DA that advanced the funds.

3-42. A PA is a U.S. military member or Department of Defense civilian employee appointed by the commander to act as an agent of a DO. The purpose of a PA is to make specific payments, currency conversions, or check cashing transactions from funds temporarily advanced to the agent by the DA. PAs are individuals whose regular duties do not involve disbursing functions and who are not organizationally located in the disbursing office. They are appointed to the position of PA as a collateral duty and will be under the exclusive supervision of the DA in all matters concerning custody and disposition of funds advanced to them. Funds advanced to a PA are held at personal risk by the agent. Immediately upon

completion of the transaction(s) for which funds were advanced, the PA must clear accountability with the DA. PAs provide the warfighting commander with a capability to procure local goods and services. DAs must provide PAs with detailed instructions on FM policies regarding the expenditure of cash.

DISBURSING OFFICER/ACCOUNT HOLDER RESPONSIBILITIES

3-43. The DO or designee briefs new PAs to inform them of their responsibilities. They also provide PAs detailed written instructions regarding the specific functions they are to perform, procedures for the safeguarding and expeditious return of currency, and other instructions deemed necessary. Although the unit commander appoints the agent, the DO or designee retains the right to refuse funding the PA because of the DO inherent duty to properly safeguard government funds.

Method of Appointment

3-44. A PA is appointed by the commander and approved by the FMSU commander IAW DODFMR, Volume 5 and the applicable theater policy. The appointment order specifies the FMSU commander to whom the agent is appointed, the types of payments to be made, the unit to be paid, the duration of appointment, and the maximum amount to be advanced.

3-45. The PA checks the appointment order for correctness and maintains a copy in possession while performing duties as a PA. The PA forwards a copy of the appointment order to the DO or designee to which the PA is appointed. The DO or designee keeps a copy of the appointment order until the order expires or is revoked.

3-46. Newly appointed PAs will immediately contact the DO or designee to receive a detailed briefing before they are advanced currency. PAs receive from the DO or designee a copy of the current PA instructions and must become thoroughly familiar with all responsibilities. PAs sign a written statement acknowledging understanding and receipt of the oral and written instructions. The statement will be permanently filed with the DO or designee.

Appointing Official's Responsibilities

3-47. The appointing official ensures that every individual entrusted with public funds is supplied with a vault, safe or other adequate secure facility (e.g., a strong box) for exclusive use and accessible only to that individual. If it is not possible to provide separate safes, then furnish separate locked compartments in one safe or several strong boxes stored in one safe or vault. Never merge public funds with any other funds. Additional responsibilities include:

- Develop and publish a security program IAW command directions. The program must provide instructions on adequate protection for funds, the maximum amount of public funds and related documents and instruments that must be on hand at any given time.
- Ensure protection of funds is included in the overall disbursing security program. This includes requirements for periodic review of the adequacy of the security measures being used and for testing security equipment for proper operation on a semiannual basis.
- Ensure (when applicable) armed guards are made available to escort government funds to and from the disbursing office when funds are being transported. The appointing official makes this determination based on a risk assessment of the OE.
- Provide fire protection of government facilities and funds.

Safeguarding Public Funds

3-48. PAs must acknowledge the receipt of funds by signing DD Form 1081, Statement of Agent Officer's Account (advance funds). The safeguarding of these funds is a personal responsibility of the PA until the funds are returned to the FM unit. Failure to safeguard funds may result in an agent being held personally liable if any funds are lost. A PA may not entrust funds or accountable instruments to any other person for any reason. All funds must be safeguarded IAW DODFMR Vol. 5.

Clearing Pay Agents

3-49. PAs will make every effort to complete all payments and return funds and payment documents as quickly as possible. The agent should return the funds and receipts as soon as tactically feasible after providing the specified support, but no later than 30 days after the advance or as the DO directs. All agents must clear their accounts with the funding DO or Disbursing Agent prior to departing the theater of operations, regardless of circumstances. Upon final clearance of funds, both the funding DO or Disbursement Agent and PA will sign a DD Form 1081 (clear funds). It is recommended that the PA maintain a copy of the signed DD Form 1081.

Types of Support

3-50. The PA is an extension of the DO. PAs provide both local procurement support and individual support. Local procurement support is the purchase of supplies and services from the local economy in order to meet logistic shortfalls. Individual support entails making payments, cashing checks, and making foreign currency conversions for individual service members based on PA appointment orders and the approval of the FMSU Commander/DO.

PAY AGENT CHALLENGES

3-51. There are several players involved in field ordering operations besides FOOs and PAs. The Fiscal Triad and the unit commander are all part of the "team" that enables the effectiveness of this triad. Successfully navigating through a maze of personnel and bureaucracy roadblocks can be a daunting task. Proper training of PAs and separation of duties between PA and FOO are crucial to deterring and preventing fraud, waste, or abuse of funds. Whenever possible, the PAs and FOOs should receive combined briefings and training on their respective duties and responsibilities. Patience, flexibility, and creativity are required to reach the ultimate goal of supporting Soldiers. The following list includes just a few of the challenges FOOs and PAs may encounter:

- Corruption (number one threat).
- Customs and culture differences.
- Trafficking in persons.
- Enemy threats against vendors.
- Information security and operations security (vendors can provide intelligence to the enemy).
- Language barriers.
- Time-management challenges.
- Unauthorized commitments by PA or by someone speaking for the PA.
- Chain of command and conflicting responsibilities.
- Contingency/combat environment.

SPECIAL PAYMENTS

3-52. Financial management supports several special payment programs and carefully follows the principles and standards prescribed by the Comptroller General of the United States. Special payments are classified based on their characteristics and the nature of the transactions they support.

SOLATIA PAYMENT

3-53. A solatia payment is monetary compensation given to indigenous personnel to provide relief from grief, suffering, and anxiety resulting from injury, property, or personal loss. Occasionally, solatia payments are made in order to meet cultural expectations. A solatia payment is nominal in amount, and is not an admission of liability by the U.S. The commander, in whose area of responsibility the incident occurred, is responsible for determining entitlement to solatia payment. FM units are responsible for the disbursing and accounting of a solatia payment. AR 27-20, Claims, contains more information on solatia payment.

REWARDS PROGRAMS

3-54. The Secretary of Defense may pay rewards to persons for providing U.S. Government personnel or government personnel of multinational forces participating in a combined operation with U.S. armed forces with information or assistance that is beneficial to:

- An operation or activity of the armed forces or of multinational forces participating in a combined operation with multinational forces conducted outside of the United States against international terrorism.
- Personnel protection of the armed forces or multinational forces participating in a combined operation with U.S. armed forces.

3-55. This authority is useful to encourage the local citizens of foreign countries to provide information and other assistance, including the delivery of dangerous personnel and weapons, to U.S. Government personnel or government personnel of multinational forces. See DODFMR volume 12 for more on the DOD rewards programs.

BOUNTY PROGRAMS

3-56. Bounty programs facilitate the purchase of weapons, radios, information, and other items from local nationals. The most common example of this type of program is Weapons for Cash. The Secretary of Defense must approve Weapons for Cash program with the senior operational commander providing the funding authorization. PAs are used to ensure successful execution of the program. The DA advances cash to a PA who, together with a FOO, transacts the business regarding weapons for cash, and then clears the PA account with the funding DA.

COMMANDER'S EMERGENCY RESPONSE PROGRAM (CERP)

3-57. The CERP enables commanders to respond with a means for urgent, small-scale humanitarian relief and reconstruction projects and services that immediately assist the indigenous populace. FM units are responsible for disbursing these funds within their AOR. Commanders are responsible for tracking utilization of their respective CERP funds.

ENEMY PRISONER OF WAR (EPW)/CIVILIAN INTERNEE (CI) PAY

3-58. FM units are responsible for processing deposits to and payments from deposit, trust, or other special fund accounts. They are also responsible for ensuring disbursements from these accounts are not made without specific authority. The FMSC develops policies and advises the EPW camp commander on EPW and CI operations that relate to pay and accounting. Upon request, FM units provide training to personnel assigned to the camp or EPW unit. DFAS Regulation 37-1, Chapter 26 outlines associated finance operations procedures used for in and out processing of EPWs and/or CIs.

OTHER PROGRAMS

3-59. Procedures need to be in place to address handling of captured currency, worn and mutilated currency. Counterfeit currency or coinage accepted in conjunction with official disbursing office business transactions are processed as physical losses of funds. Any Department of Defense DO acquiring captured foreign currency shall ensure the funds are safeguarded and delivered to the Treasury through FM channels. Captured foreign currency shall not be collected into the DOs accountability. See DODFMR, volume 5, chapter 12, for additional information.

MISCELLANEOUS DISBURSING SUPPORT

3-60. In many instances, disbursing operations support programs and operations requiring funds, including cash, checks, and electronic funds transfers.

CURRENCY FOUND IN PERSONAL EFFECTS

3-61. Appointed officials inventory all currency (paper, coin, precious metals), U.S. or foreign, found among the personal effects of Soldiers and civilians captured, killed, or medically evacuated, and turn in all currency to the nearest FM unit. These funds are either taken into the DOs accountability and placed in a suspense/deposit account or exchanged for a U. S. Treasury check when a Special Courts Martial Order Officer has been assigned. See DODFMR volume 5, chapter 27 for more information.

SAVINGS DEPOSIT PROGRAM (SDP)

3-62. Military members deployed to combat zones, qualified hazardous duty areas, or certain contingency operations as designated by the Secretary of Defense may be eligible to deposit all or part of their unallotted pay into a DOD savings account up to $10,000 during a single deployment. Interest accrues on the account at an annual rate of 10% compounded quarterly. FM units enable this program via cash deposit with the servicing FM unit or by allotment for Soldiers desiring to participate in this program. See DODFMR volume 7A chapter 51 for eligibility, limitations and more information on SDP.

CHECK CASHING (ACCOMMODATION EXCHANGE)

3-63. The negotiable instruments that a DO is authorized to cash are: U.S. Treasury Checks; Traveler's Checks; Money Orders; third-party checks; state and local government checks; credit card checks; business checks; and personal checks, payable in U.S. currency. The definition of a third party check is a check on which the drawer, the drawee, and the payee are all different parties. The payee must be eligible for check cashing services. The DO has the right to deny check cashing privileges to anyone based on the non availability of cash or personnel resources. The FMSC develops and recommends to the ASCC/theater G-8 theater policy to establish check cashing amount thresholds that may be cashed by authorized personnel. All authorized personnel who request check cashing privileges shall consent, in writing, to immediate collection against their pay for the total of any dishonored check. The use of stored value card technology should be the primary method to provide authorized personnel with access to their funds. The FMSC develops and recommends to the ASCC/theater G-8 theater policy on local and partial payment limits and frequency for authorized personnel. See DODFMR, volume 5, chapter 4, and Treasury Financial Manual Part 4, for more information.

ADVANCE OF PAY AND ALLOWANCES

3-64. The purpose of an advance of pay is to ease hardships imposed by the lack of regular payments when a member is mobilized, ordered to duty at distant stations, or deployed for more than 30 days to locations where the Soldier does not have means of withdrawing funds from their personal bank account. The use of stored value card technology should be the primary method to provide authorized personnel with access to their funds. The FMSC develops and recommends to the ASCC/theater G-8 theater policy on local and partial payment limits and frequency for authorized personnel. See DODFMR, volume 7A for more information.

NONCOMBATANT EVACUATION OPERATIONS (NEO)

3-65. Noncombatant evacuation operations are conducted to assist the DOS in evacuating U.S. citizens, DOD civilian personnel, and designated host nation (HN) and third country nationals whose lives are in danger from locations in a foreign nation to an appropriate safe haven. Although normally considered in connection with hostile action, evacuation may also be conducted in anticipation of, or in response to, any natural or manmade disaster. During NEOs the U.S. ambassador is ultimately responsible for the successful completion of the NEO and the safety of the evacuees. In support of a NEO, FM units make advances of pay, dislocation allowance payments and travel entitlement pay. Evacuation payments would be made at the designated safe haven. If the situation warrants, minimum payments may be made in theater and this would preclude an outflow of U.S. currency in the theater of operation.

DISBURSING ROLES

3-66. Each financial management organization has a determined role during disbursing operations. The relationship between one organization and the other involves coordination, responsibilities, execution and management of each procedure.

FINANCIAL MANAGEMENT SUPPORT CENTER

3-67. The FMSC serves as the conduit for banking and disbursing operations between the theater of operations, national providers and the theater's FM assets. Generally, the FMSC coordinates for the establishment of LDAs, establishes a central funding capability, and publishes the theater's Finance Operation's policies and procedures. These policies must be nested with theater operations orders and promulgated throughout the area of operation. This ensures consistent execution of theater policies across the theater. Theater disbursing support is synchronized at every level of FM operations.

3-68. The FMSC works closely with the FM SPO at the ESC to ensure cash requirements are meeting commanders' objectives. The FM SPO provides the FMSC with immediate notification of changing cash requirements and ensures dissemination of FM policies. In coordination with the FM SPO, the FMSC establishes reporting procedures to monitor currency usage throughout theater.

3-69. The FMSC Director recommends policies and procedures regarding currency use on local and partial payments and check cashing amounts. However, the senior geographic combatant commander retains final authority on these policies and procedures and may establish controls on the amounts of U.S. and foreign currency available and the type of currency used. This is necessary to control black market activities, secure the money of individual Service Members, and help control problems related to currency inflation of either U.S. or the host nation currency. If appointed the Executive Agent for FM, the FMSC serves as the theater central funding proponent for all U.S. branches of Services in theater. Restrictions may be imposed to prevent disruption of the local economy and to prevent and control black market operations and counterfeiting.

FINANCIAL MANAGEMENT SUPPORT UNIT

3-70. Generally, the FMSU receives funding for its operations from the FMSC. In cases where the FMSC is absent from theater, the FMSU assumes central funding responsibilities. As the theater matures, and an FMSC deploys, the FMSU transfers its central funding responsibilities to the FMSC. The FMSU provides the FMSC with estimates of currency requirements weekly. Once funded, the DO maintains full accountability of funds entrusted to them. The Disbursing Section maintains the day to day execution and management of disbursing operations. The FMSU has responsibility for funding subordinate FM Detachments assigned to the FMSU task organization. FMSUs ensure procedures are in place for daily account balancing by all assigned FMSDs.

FINANCIAL MANAGEMENT SUPPORT DETACHMENT

3-71. The FMSD provides cash management/currency support to its subordinate FMSTs and PAs. Generally, the FMSD conducts disbursing support autonomously from the FMSU. As such, the FMSD must be prepared to conduct a full range of financial operations and will require the necessary expertise in manual and automated disbursing operations as well as proliferating E-commerce operations in the FMSDs AO.

IRREGULARITIES IN DISBURSING OFFICER ACCOUNTS

3-72. Irregularities are categorized as physical losses of funds; illegal, incorrect, or improper payments; or overages of funds. Physical losses of funds are segregated further by major losses and minor losses. A major physical loss of funds is a loss of $750 or more, or any physical loss where there is evidence of fraud within the disbursing office, regardless of dollar amount. A minor physical loss of funds is a loss of less than $750 without any evidence of fraud internal to the disbursing office. All agents (e.g., DOs, pay agents, deputy agents, cashiers) entrusted with funds have pecuniary liability. Also, all persons not formally

appointed as an agent (but having Government funds in their possession or control) become accountable for those funds as a part of their assigned duties and are subject to the same personal liability for the funds as if they had been formally appointed.

SECTION IV - FISCAL TRIAD SYNCHRONIZATION

3-73. The Fiscal Triad, as depicted in chapter 1, figure 1-3 on page 1-7, represents the synchronized functions of distinct activities – contracting, FM, legal counsel, and the requiring activity – in order to ensure the effective and efficient execution of theater procurement support of Army forces. Each activity reinforces the procurement process with respect to acquisition management, internal controls, contract payment, funds disbursement and accounting and compliance with administrative and fiscal law.

3-74. FM support begins with the certification of funds for valid requirements generated by supported units. Financial managers not only certify funds but also track expenditures throughout all phases of the process. These requirements, depending on the dollar amounts or particular nature, are vetted IAW applicable theater policies and, if appropriate, receive legal reviews by the SJA. The SJA ensures that contracting actions are IAW existing contract law and regulations such as the Federal Acquisition Regulation (FAR) and the Defense Federal Acquisition Regulation Supplement (DFARS). The supporting contracting activity legally contracts for the requested supplies or services and provides contract administration. FM support within the Fiscal Triad continues with obligation validation, ensuring the presence of a corresponding valid contract, monitoring contract execution to stay within spending threshold receiving report and invoice prior to payment of the vendor. Finally, financial managers provide accounting information to the supported contracting office to close out contracts and obligations.

3-75. At the center of the Fiscal Triad is the unit commander. The commander is the focal point of the procurement process. Every effort and activity in the procurement process is directed toward generating, sustaining and preserving combat power using the most cost effective means. Units generate requirements using cost management and established theater and local SOPs. Financial managers assist commanders in developing these SOPs in close coordination with the other members of the Fiscal Triad as well as the sustainment community. Special attention should be paid to the appointment and training of contracting officer representatives (COR). CORs ensure that in no event, the contractor furnishes materials or services in addition to, less than, or different from those required by the contract prior to certifying the receiving report. Contracting officers appoint CORs to provide contract surveillance. Commanders and their staff, in the procurement process, are the requirement owners and are responsible for the following tasks:

- Defining the requirement (no other step has greater bearing on success).
- Writing the performance of work statement for the requirement.
- Developing and coordinating the requirements validation package IAW established SOP.
- Submitting funding requests for the requirement through the supporting G-8 to the designated approving authority.
- Working with the supporting contracting office or program office to support contract award and contract oversight activities.
- Maintaining oversight of the requirement, to include the requisite funding, as long as the requirement exists.

3-76. Synchronization of all elements of the Fiscal Triad requires constant coordination. This coordination is facilitated by the following actions:

- Co-locate regional contracting personnel, G-8 personnel, fiscal lawyers, and supporting FM units whenever possible.
- Conduct weekly Fiscal Triad meetings to discuss on-going procurement operations and emerging issues and trends.
- Leverage theater communication and network technologies to facilitate data and information sharing between all elements of the Fiscal Triad.
- All activities participate in any Pre-Deployment Site Survey to a new theater of operations to establish initial procurement support capabilities.

- All activities should maintain visibility of supported unit relief in place and transfer of authority in order to ensure existing contracts are still properly managed and closed out as necessary. This would also include ensuring the training of new FOOs, pay agents and CORs.

3-77. As part of the fiscal triad, Financial Management plays a key role in helping contracting officers establish Operational Contract Support Plans. FMs role in support of the Operational Contract Support Plans includes—

- Planning payment for contract requirements established by the unit (or units) supported under various contingencies.
- Designating, deploying, and augmenting FM units.
- Defining operating procedures and responsibilities of FOOs, FM personnel, and pay agents.
- Participating in site surveys and deployment exercises.
- Identifying funding and cash requirements.
- Providing a theater economic assessment.

Chapter 4

Pay Support

FM units perform Pay support functions in a theater of operations. These units ensure that all joint forces personnel, regardless of component (active duty and reserves) within the theater, receive accurate and timely pay support. The impact of quality pay support on Soldiers' morale cannot be understated. Thereby, Pay support remains a vital FM core competency.

SECTION I – ACTIVE DUTY PAY

4-1. Pay Support is provided to all personnel assigned or attached within the FMSC area of responsibility (AOR). This support ensures proper pay entitlements are received for the particular area. FM elements will provide continuous Pay Support service in an effective and efficient manner. Prevention of backlogs and late pay transactions are key to providing timely pay.

4-2. Brigade and Battalion S-1s are the central link between Soldiers and changes to their pay entitlements. S-1s are responsible for resolving routine pay inquiries through the timely submission of documents to the FMSD and distribution of supporting documentation affecting Soldiers' pay.

4-3. The FMSC provides policy and technical guidance to all FM units in theater. Responsibilities and procedures are prescribed IAW current regulations and directives. Separation of duties and adherence to required internal controls are strictly enforced to prevent fraud and collusion. The Internal Control (IC) section in the FMSCs and FMSUs ensures that a high state of technical proficiency is maintained in all functional sections of the FMSCs, FMSUs, and FMSDs.

4-4. Under the FMSU command and control, FMSDs provide a wide variety of Pay Support functions through their FMSTs to all units and Soldiers in their AOR. The FMSDs perform the following Pay Support functions:

- Theater In and Out Processing.
  - Start/Stop/Change deployment entitlements (normally automated at theater entry/exit location).
  - Entitlement verification/certification.
- Customer Service.
  - Debt management.
  - Bonus processing.
  - Start/Stop/Change entitlements.
  - Pay inquiry
  - Case Management System (CMS).
- Reports production
  - Pay inquiry analysis.
  - Reject/recycle report.
  - Merged Accountability & Fund Reporting (MAFR) reconciliation.
  - Unit Commander's Finance Report (UCFR).
  - Monthly entitlement verification.
- Pay Support transaction processing.
  - Review, coding and verification of documents.
  - Upload data into respective FM systems.

KEY FM REPORTS

4-5. Unit Commander's Finance Report (UCFR) – The UCFR is issued to unit commanders on a monthly basis. This report provides a one line roll-up of each Soldier's pay account and status. Unit commanders must review the report and annotate, update, change, correct, add, or delete information as necessary, providing additional and necessary documentation as required. The unit should maintain a copy of the UCFR for its records and return the certified copy to the FM unit IAW its established procedures but not later than ten days of issuance and receipt.

4-6. Daily Register of Transactions (DROT) – The DROT provides information to the FM units on the actions taken on the requests submitted. It gives the unit a record of transactions pertaining to assigned Soldiers. The report consists of transactions that are processed, rejected, and/or recycled and is available each time the FM system updates.

4-7. Merged Accountability & Fund Reporting (MAFR) reconciliation - The MAFR is one of the most important tools used to track all cash payments. It verifies that payments have been processed through the Military Pay and Accounting systems. The report provides a list of all payments, canceled or returned checks, and cash collections by specific ADSN/DSSN.

SEPARATION OF DUTIES

4-8. Each FMSD is required to identify the following Pay Support positions in order to maintain strict separation of duties and proper internal controls.

CODER

4-9. The coder responsibilities include:

- Verify the validity of pay change documents to include researching the Master Military Pay Account (MMPA).
- Code all valid pay change transactions.
- Annotate the substantiating document number on each document.

VERIFIER/AUDITOR

4-10. The verifier/auditor responsibilities include:

- Verify the validity of each pay change document received from coders. The percentage/method of verification is determined by the section leader based upon local needs and conditions but cannot be less than 10 percent. There should be a 100% verification of documents for all FM personnel (use Pay Record Accessibility indicator [PRA]), and high visibility accounts as determined by FMSU Commander.
- Ensure coders have annotated the substantiating document number on each document.

SECTION LEADER

4-11. The section leader responsibilities include:

- Assign all cycle numbers to coders and maintain the Cycle Number Control Log. All cycle numbers will consist of two characters. The first character must be an alpha character (A - Z with the exception of X), and the second character must be numeric (0-9).
- Monitor Cycle Number Control Log to ensure that all cycles are returned in a timely manner.
- Ensure separation of duties between the coding and verifying functions are maintained.
- Monitor and ensure all documents received via Unit Transmittal Memorandum (UTM) are processed within three working days.
- Monitor and ensure all management notices are returned promptly by the established suspense date.
- Ensure all rejects/recycles have been processed.

4-12. All Pay Support actions initiated by the Service Member (SM) have to be routed through the proper channels in order to receive the appropriate level of approvals and verification for accuracy of substantiating documents. Figure 4-1 reflects the Pay Support document flow that affects the SMs pay starting with the SMs pay action until intended pay transactions are posted to the SM's MMPA and feedback is provided back to the unit for SM notification. Additional information on Pay Support entitlements and procedures can be found in Volume 7A, DODFMR, Military Pay Policy and Procedures - Active Duty and Reserve Pay, Army Regulation 37-104-4, Military Pay and Allowances, and military pay messages. As indicated in figure 4-1, pay support changes also arise from actions such as congressionally approved pay raises, promotions, changes to allowances (e.g., cost of living allowances, basic allowance for housing), and other actions initiated external to the SM.

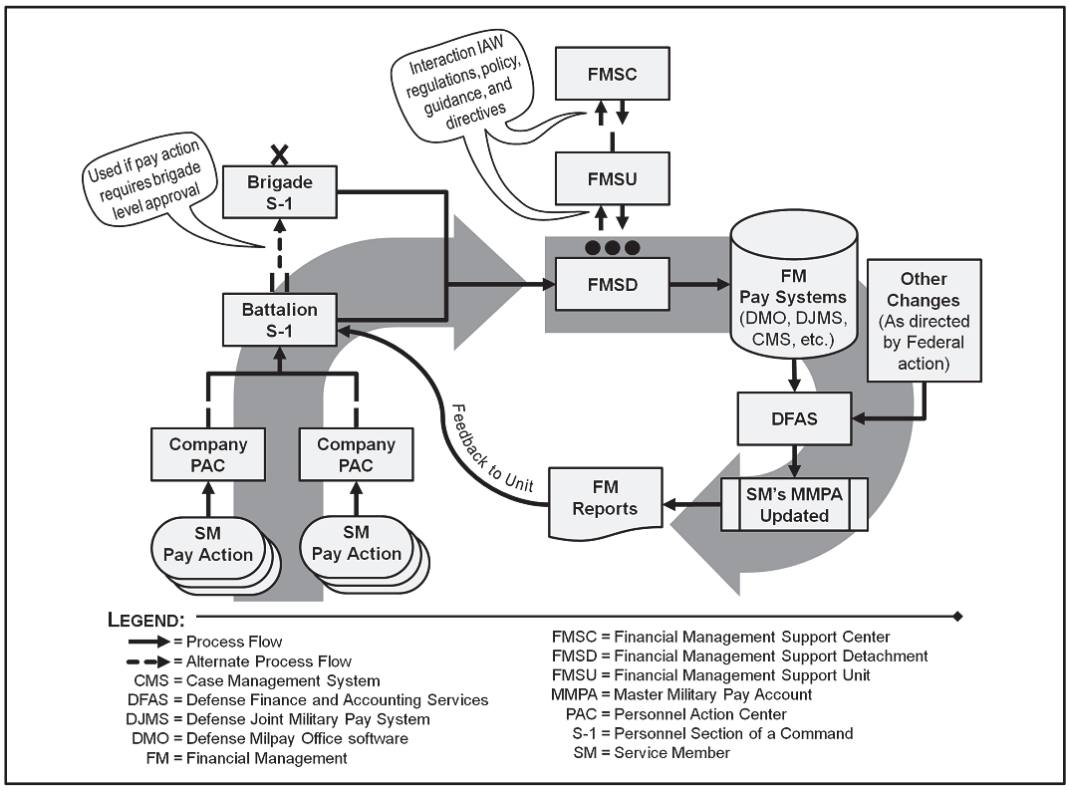


Figure 4-1. Pay support changes document flow

SECTION II – RESERVE COMPONENT PAY

4-13. Reserve Soldiers serve under a statutory or contractual obligation and are mobilized under Title 10 United States Code. The Defense Joint Military Pay System (DJMS) – Reserve Component – is the system used to pay Ready Reserve Soldiers for weekend training, Annual Training and all other periods of active duty to include mobilization. Unlike DJMS-AC (Active Component), some type of transaction must be input in order for the system to generate pay. This system does not support allotments of pay. There are multiple pay dates (up to eight possible) each month. Each payment generates a separate Leave and Earning Statement (LES) that contains the information that applies to the specific payment. Unlike DJMS-AC, the end of month LES is not a summary LES for the month. Under mobilization, there will typically be a mid-month and end-of-month LES generated for the 1st and 15th pay dates. If a new entitlement begins, or a one-time payment or adjustment is entered for a pay date other than the 1st or 15th of the month, there will be another LES generated for that payment alone.

4-14. There are several stages to the mobilization/demobilization process. It is essential to know what the phases are, what pay actions take place, and who is responsible for each phase.

HOME STATION PROCESSING

4-15. Units conduct a Soldier Readiness Processing (SRP) check for each Soldier mobilized from their unit at home station. During the SRP, RC Soldiers will be in-processed onto active duty. One station will have FM personnel review the pay account and ensure entitlements are being properly paid based upon the Soldier's supporting documentation.

MOBILIZATION STATION PROCESSING

4-16. Soldiers continue in-processing at the mobilization station. Finance records are reviewed again by FM personnel. The pay account is checked to make sure the United States Army Reserve Pay Center has started all entitlements and for Army National Guard Soldiers, their state affiliated United States Property and Fiscal Office will start their pay and entitlements. If it is determined that the Soldier will not deploy, the mobilization order must be rescinded or a new order releasing the Soldier from active duty must be generated to stop payment of active duty pay.

DEPLOYMENT SITE

4-17. The deployment site is where the RC Soldier performs his mission. Military members may move to more than one deployment site while mobilized. While at the deployment site, if there is any pay problem, a representative from the unit S-1 will contact the FM unit on site. The FMSD is responsible for monitoring RC/NG Soldiers pay to ensure all authorized entitlements are paid in a timely manner, to include theater specific entitlements

DEMOBILIZATION STATION PROCESSING

4-18. Soldiers will be released from active duty and reassessed back into an Army Reserve Troop Program Unit (TPU) status or ARNG M-Day status, as appropriate, at the demobilization station. The Soldier's pay account will be reviewed for accuracy, and any required adjustments will be made, if there is any unresolved pay problem, it should be resolved at this time.

SECTION III – CASE MANAGEMENT SYSTEM (CMS)

4-19. Case Management System (CMS) provides an all-service, fully-integrated, single-source system for monitoring pay problems; uploading and tracking cases at all levels; providing visibility at all levels for immediate feedback to service members; timeliness, efficiency, and identification of problem trends; and focused training. It provides supervisors oversight for prioritizing and identifying cases that require attention and provides consolidated reporting capability for all organizational levels. CMS provides the capability for FM personnel, in coordination with DFAS, to work cases and identify trends to assist in applying resources and training appropriately. Additional information on CMS may be found in the latest DFAS Case Management System User's Guide.

4-20. Pay Support inquiries that cannot be resolved locally by the FM unit are entered as a case into CMS and referred to the organization responsible for resolution. CMS accepts manual input from the user and system-generated cases from DJMS interface. There are two types of CMS cases:

- **System Generated Cases.** These are cases that are created from rejected transactions that pass through the Automated Case Control System tables in DJMS, and interfaced into CMS. The majority of these cases will be "Opened", "Action Completed" or "Closed" at the DFAS or local level.
- **Manual Cases.** Manual cases are created by the FM system user for cases that cannot be corrected on site.

4-21. Units are encouraged to institute personnel/pay teams that meet periodically to review problem cases and identify solutions. CMS provides data for managers of all organizations responsible for action, which allows oversight on the resolution of problem cases within their command. Managers have access to a wide variety of reports that can be used to prioritize, manage timeliness, and develop training for re-occurring problem types.

4-22. CMS embeds the processing timeline, established by DFAS, of 30 days from the day the case was initiated until the day the case is resolved. Cases are identified as overdue when they exceed 30 days. Cases will show as "overdue" in the organization responsible for action inbox 5 days prior to the 30-day time limit in order to provide early warning that the case needs to be worked.

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Chapter 5

Accounting Support and Cost Management

The financial manager's role is critical to meeting the expectations of Congress, the public, and the Army in demonstrating effectiveness and efficiency in the application of resources necessary to conduct military operations in pursuit of national security. The Army relies on the FM community to ensure fiscal stewardship of the public funds entrusted to execute its assigned missions. Financial managers meet this expectation by providing expert fiscal analysis based on accurate financial data. DFAS Regulation 37-1 defines "accounting" as the act of receiving, controlling, validating, recording, classifying, and summarizing transactions in terms of money, analyzing and interpreting those transactions, and reporting the operating results and related resource management information to higher headquarters. The financial manager must know that this simple definition is not all inclusive of the varied types of accounting practiced within the accounting domain and the FM core competency, accounting support and cost management.

The DFAS regulation goes on to define other types of accounting pertinent to FM such as budgetary accounting, proprietary, and managerial cost accounting. Budgetary accounting is the accounting necessary to support and control the budget execution process as distinguished from that required to report on financial conditions and operations (proprietary accounting). For example, this includes commitments, obligations, expenditures, and conditions such as appropriations realized, contract authority, anticipated reimbursements, and so forth. In contrast to budgetary accounting, proprietary accounting involves those accounting functions and operations necessary to report on financial conditions and financial results of an activity's operations. Proprietary accounting may include accounting for inventory, accounts receivable, accounts payable, and accrued expenditures. Finally, managerial cost accounting is the process of accumulating, measuring, analyzing, interpreting, and reporting cost information useful to both internal and external groups concerned with the way in which the organization uses, accounts for, safeguards, and controls its resources to meet its objectives. Accounting support entails execution of all three types of accounting in the provision of theater FM support to unified land operations. Details on the particular procedures and processes related to federal budgetary, proprietary, and managerial cost accounting are described in DODFMRs, DFAS-IN Regulation 37-1, and published Statement of Federal Financial Accounting Standards.

Accounting support necessitates establishing financial control, from time of acquisition to time of disposal, over all assets provided to or acquired by the Army in support of Army missions. Additionally, accounting support provides the requisite information to financial managers and decision makers at all levels of the Army - strategic to tactical. Accounting support reinforces internal control over the U.S. government's funds, collections, expenditures, property and other assets.

Cost management is one of the key capabilities of funding. Cost management depends significantly on timely and accurate reporting of accounting information resulting from financial transactions recorded in the Army's Financial Management Information Systems (FMIS). Cost management is a force multiplier to the commander by enabling resource informed decisions.

This chapter describes the key tasks associated with accounting and the basic concepts and principles of cost management and how these concepts and principles are employed by financial managers in support of contingency operations. The chapter also describes the shift from the "budget" culture to the "cost" culture and the importance of cost management to decision-making and the proper allocation of resources.

SECTION I – ACCOUNTING SUPPORT

5-1. Accounting support requires the close participation of ASCC/corps/Division G-8, FMSC, and FMSU personnel and supporting DFAS activities in ensuring the proper recording, analyzing, verifying and reporting of financial data associated with Army activities. Most important, effective financial data capturing is achieved through a joint effort between the FM community, the contracting personnel, and the use of applicable FMIS.

5-2. The DFAS and other national providers issue guidance and provide support back at the home station or within the AO that helps the commander maintain control and achieve accountability over resources. The DOD Financial Management Regulation, Volume 4, provides the policy and standards by which the Component should establish financial control over its assets. Financial control is a main objective of accounting and helps ensure proper and authorized use of all assets, as well as adequate care and preservation.

5-3. The status of funds is determined by using a variety of FMIS. Reports generated from these systems assist in determining funding balance, commitments, obligations, and disbursements. A description of the software and tools required to support the accounting competency can be found in chapter 8, Information Management. Financial managers provide timely, accurate, relevant, and reliable financial information that enables leaders and managers to incorporate cost considerations into their decision-making process.

5-4. Financial managers establish and implement financial reporting procedures for their command and subordinate units. Accurate account reporting is critical to the commander; the ability to sustain operations in theater is dependent upon the availability of funds. The request for funding to support current and future operations requires historical and projected financial data. This section describes the stages of a transaction and accounting tasks performed at the strategic, operational and tactical levels of support.

STAGES OF A TRANSACTION

5-5. A commander must know the status of funds (funding balance, state of financial execution) to make informed resourcing and operational decisions. The financial manager obtains this information for the commander by tracking commitments, obligations, accrued expenditures/expenses, and disbursements daily. Figure 5-1 depicts the stages of a transaction.

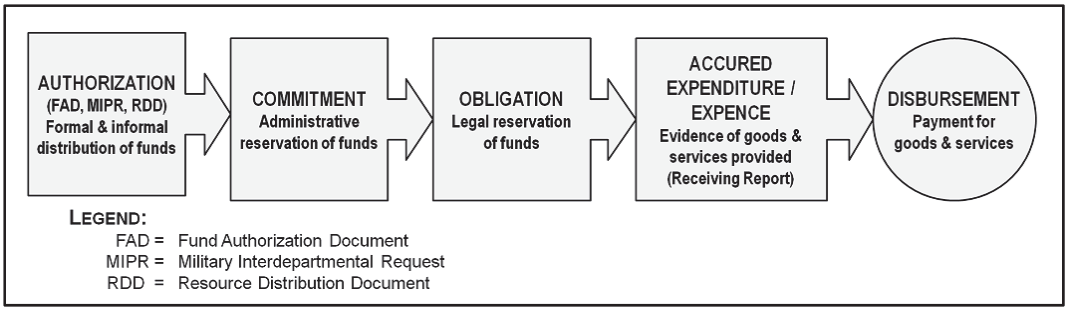


Figure 5-1. Stages of a transaction

AUTHORIZATION STAGE

5-6. The accounting process begins with an authorization as discussed in Chapter 2, Section I. Financial managers receive their Fund Authorization Document, DD Form 448, Resource Allocation Documents, and Resource Distribution Documents via the PBAS or GFEBS. The supported unit will request funds for services or goods; however, only the financial manager validates availability of those funds by funds certification.

COMMITMENT STAGE

5-7. A commitment is an administrative reservation of funds where the funds certifying official certifies funds are available for an approved requirement. The funds certifying official ensures funds are available and sets them aside for the requirement. Varied accounting systems are used to track commitments. These accounting systems track costs (by event, program, unit, MDEP, and Army Management Structure Code for each transaction) based on the fiscal code. Financial managers—who must keep their commander informed on a daily basis of all aspects of FM –use the fiscal code for two main purposes. First, the fiscal code helps track expenditures at a detailed level. Second, the fiscal code helps prepare and present fiscal information to the command and staff, including the status of funds, mission or event cost, status of unfinanced requirements, and obligation rates.

5-8. A cost center is a locally established data element that allows the financial manager the ability to capture costs and track commitments, obligations, accrued expenditures/expenses, and disbursements in accounting systems. It is a tool used to answer the question of who spent how much for what. Cost centers may be assigned to specific units, staff sections, events, or functions. Cost centers link MDEPs and Army management structure code (AMSCO) with the purpose of the funding.

Example: The commander might ask the Division G-8, "What did 2d Brigade spend on class IX last year?" Instead of researching historical requisition records and manually calculating each supply request obligated, the financial manager uses the accounting system to search for 2d Brigade's cost center and retrieves all element of resource 26** (supplies) for the year. The answer to the commander's question can be found easily if the cost center is established correctly and properly annotated on all applicable orders.

OBLIGATION STAGE

5-9. The obligation stage begins when the obligation is recorded into the accounting system of record. Obligations must be recorded in the official accounting records at the time a legal obligation is incurred or as soon as the situation permits following the time of incurrence. Several actions may lead to the incurrence of a legal obligation. For instance, the financial manager records an obligation as a result of a signed contract, the acceptance of a DD Form 448, or the issuance of a travel order. An obligation is a legal (binding) reservation of funds. Once the obligation is recorded in the accounting system, the financial

manager ensures the accounting records will accurately reflect the accrued expenditure/expense and disbursement of payment to the obligation.

ACCRUED EXPENDITURES/EXPENSE STATE

5-10. Accrued expenditures is a term used for the credits entered into the budgetary accounts to recognize liabilities incurred for (1) services performed by employees, contractors, other government accounting entities, vendors, carriers; (2) goods and other tangible property received; and (3) items such as annuities or insurance claims for which no current service is required. Accrued expenditures are categorized as either paid or unpaid. Expenses are the value of goods or services actually used or consumed during the current period. Expenses are recognized in the period in which they occur even if payment for them is made in a different period. Expenses are recorded when incurred (goods are received and services performed even though the payment of the expense may take place, in whole or part, in another accounting period).

5-11. To illustrate, consider the activities that occur during this stage in terms of a transaction tied to a contracting action. Following contract award, the vendor performs the requested service or delivers the requested supplies to the receiving activity. The receiving activity is the unit or activity that first receives the goods or services. In many instances, the receiving activity may be the same as the activity originating the request. The receiving activity is responsible for inspecting and accepting the delivered goods or services and submitting a receiving/acceptance report to the supporting FM unit responsible for vendor payment. This acceptance of goods or services represents the accrued expenditure/expense stage in the accounting system. The receiving report is written evidence that indicates government acceptance of supplies delivered or services performed and may be submitted electronically IAW DODFMR vol. 4 chapter 8.

DISBURSEMENT STAGE

5-12. A disbursement is the payment for goods and services received. Continuing from the previous illustration, the disbursement stage begins with the vendor submitting an invoice to the billing or paying office designated in the contract once the goods or services are delivered. The vendor is responsible for providing the goods and/or services as specified in the contract. The FM unit serving as the billing or paying office processes the invoice for payment by reviewing the contract, the receiving/acceptance report, and the invoice to certify that the payment is appropriate and correct for payment. The FM unit then pays the vendor for the delivered goods and/or services IAW the terms of the contract. Disbursement of the vendor payment may occur simultaneously along with the delivery of the requested goods and/or services when employing a FOO and PA to satisfy a local procurement using an SF44. Disbursing operations were previously discussed in chapter 3.

OBLIGATION MANAGEMENT

5-13. ***Obligation management*** **is a basic function of financial management operations and provides fiscal controls to protect against Anti-Deficiency Act (ADA) violations.** Obligation management is described in greater detail due to the ADA and its importance to prevention. Tracking obligations enable financial managers to —

- Calculate and report available funding.
- Determine if commitment accounting systems interface issues are occurring.
- Monitor non-stock orders and payables to determine obligation adjustments.
- Locate obligations in excess of disbursement and de-obligate the balance for other funding needs or those that require increase.
- Identify undelivered or delayed orders.
- Determine cancellations.
- Identify patterns in obligation estimates versus actual expenses.
- Identify increased or decreased obligation performance in programs, AMSCOs or cost centers.
- Calculate the obligation rate at year-end closeout.
- Review obligation documents for compliance.

- Ensure the accounting classification cited on the obligation document is appropriate for the stated purpose of the obligation.
- Ensure the amount obligated meets statutory and regulatory provisions.
- Ensure the obligation is recorded accurately and in a timely manner.
- Review on a continual basis unliquidated obligations and unobligated commitments.
- Prepare for mandated formal joint reviews.

5-14. Each MDEP, budget activity group, or functional cost account (FCA) enables financial managers to monitor obligations. In some cases, special program codes are designated by the CJCS at the operational or strategic level to capture and report costs for specific contingencies, programs, or exercises. Financial accounts require maintenance to ensure accuracy within the information systems. A key tool used to perform maintenance on accounts is the non-stock fund orders and payables (NSFOP) report. Financial managers must continuously monitor the NSFOP to find obligations in excess of disbursements, duplicated obligations, negative un-liquidated obligations (NULOs), credits, and accounting or ordering mistakes. Management of this report assists in the identification of available unused funds.

5-15. Obligations must be recorded no later than 10 calendar days following the day that an obligation is incurred (to include obligations incurred when invoices are overpaid or duplicate payments are made). Every effort shall be made to record an obligation in the month incurred. DODFMR Vol. 3, chapter 8 and DFAS Reg. 37-1 chapter 8 contain procedures and policy governing obligation management and should be consulted continuously as changes to these regulations are common.

RECORDING OBLIGATIONS

5-16. When recording obligations —

- Record obligations in the accounting classification cited on the obligating document. If the accounting classification is in error, request an amendment or contract modification.
- Record obligation adjustments for the difference between actual and original amounts.
- Adjust obligations for written changes if they are binding on the contractor without further action.
- Record obligations providing for a discount at the net price unless doing so is not cost effective, according to Treasury guidelines. If the servicing accounting system automatically de-obligates the amount of the discount when the discount is taken, then record the obligation at the gross amount.
- If the contract provides for annual terms with options to extend the terms in subsequent years, obligate for the amount required to be procured by the U.S. Government in the first year. Record the obligation for each option year when the option is exercised.
- Adjust obligations to amounts shown on travel authorizations or validated orders when documents are received.

ESTIMATED OBLIGATIONS

5-17. Obligations may be recorded based on estimates. When actual obligation amounts become known, reverse and replace estimated obligations with actual obligations. The estimates and reversals are accomplished using DD Form 2406, Miscellaneous Obligation Document. Serviced activities and accounting activities will jointly ensure the actual obligation document is received to replace the DD Form 2406.

OBLIGATION DOCUMENTATION

5-18. Documentary requirements for recording obligations are provided in 31 USC 1501(a). When signatures are required to validate obligations, sign the documents before the cited funds expire. Show the actual date of each signature. When more than one signature is required, record the obligation on the date of the last required signature. For additional guidance on rules of obligation see DFAS Regulation 37-1, chapter 8.

EXPIRED/CLOSED/CANCELED APPROPRIATIONS

5-19. Expired appropriations are not available for new obligations. Adjustments may be made to expired appropriations up to five years provided the transaction being adjusted occurred prior to the cancellation of the appropriation. The closure or cancellation of an appropriation does not eliminate the Government's legal obligation to pay contractors for services rendered or products delivered. Nor does it nullify the need for the accounting activity to maintain an audit trail supporting the existing contingent liability to future appropriations. Use unexpired funds available for the same general purpose to pay for obligations that would have been charged to the closed/canceled account if done before account closure/cancellation. See DFAS Regulation 37-1, Finance and Accounting Policy Implementation, chapter 16 and the DODFMR, volume 3, chapter 10 for limitations and additional guidance.

JOINT REVIEW AND RECONCILIATION

5-20. 31 U.S.C. 1554(c) requires establishing internal controls to ensure an adequate review of obligated balances to support the year-end certification required by law. DOD requires that commitment and obligation transactions recorded in the official accounting systems be reviewed for accuracy, completeness, and timeliness at least three times each fiscal year. The requirement for reviews of commitments and obligations applies to all appropriations and funds of all DOD appropriations. This requirement applies not only to direct appropriations, but also to all reimbursable transactions, as well as the Department's revolving and trust funds. See the DODFMR, volume 3, chapter 8, section 0804 for more information on the requirements for these reviews.

STRATEGIC LEVEL ACCOUNTING SUPPORT

5-21. Accounting support during financial disbursements and military expenditures at the strategic level helps keep responsive and reliable accounting measures that help strategic level commanders make sound and adequate decisions.

ASSISTANT SECRETARY OF THE ARMY, FINANCIAL MANAGEMENT AND COMPTROLLER (ASA[FM&C]))

5-22. ASA (FM&C) mission is to formulate, submit, and defend the Army budget to Congress and the American people; oversee the proper and effective use of appropriated resources to accomplish the Army's assigned missions; provide timely, accurate, and reliable financial information to enable leaders and managers to incorporate cost considerations into their decision-making; provide transparent reporting to Congress and the American people on the use of appropriated resources and the achievement of established Army-wide performance objectives; and manage and coordinate programs for the accession, training, and professional development of Army resource managers. Support provided may include:

- Develop Army financial strategy that includes the goals, objectives, and tasks that must be completed in order for the Army to provide its commanders, leaders, and managers with quality financial information for decision making on a consistent and routine basis.
- Implement and provide FM systems that meet congressional mandated FM requirements for FM systems.
- Track and report budget execution (obligations) to OSD and Congress as required, normally monthly and quarterly.
- Develop requirements for bridge supplemental in order to meet funding requirements until the supplemental is approved.
- Develop reporting requirements of costs that support OSD and congressional reporting requirements.
- With support from DFAS, develop financial statements that meet GAO standards with an unqualified opinion.
- Provide timely and accurate (reliable) cost reports with support from DFAS and other financial information required by HQDA decision makers.

- IAW congressional mandate to provide annual assurance statement, ensure management controls are in place.

DEFENSE FINANCE AND ACCOUNTING SERVICE (DFAS)

5-23. In coordination with the Assistant Secretary of the ASA (FM&C), DFAS establishes procedures for accounting, reporting, and fund management. DFAS is the principal DOD organization for finance and accounting requirements, systems, and functions under the authority and direction of the Under Secretary of Defense (Comptroller). As such, they provide professional finance and accounting services for DOD Components and other Federal Agencies. The agency directs the consolidation, standardization, and integration of finance and accounting requirements, functions, procedures, operations, and systems and ensures their proper relationship with other DOD functional areas (e.g., budget, personnel, logistics, acquisition, civil engineering). It is also responsible for executing statutory and regulatory financial reporting requirements and rendering financial statements.

OPERATIONAL LEVEL ACCOUNTING SUPPORT

5-24. Leaders at the operational level have the responsibility to account for funds and expenditures using the proper accounting channels with accurate financial information to aid in sound and prudent decisions affecting military readiness.

THEATER ARMY G-8 (CORPS G-8 WHEN ASSIGNED AS A JTF)

5-25. Accounting support crosses all echelons. Although capability may be limited at the BCT or more robust at the ASCC, the accounting requirement still exists. The TA G-8 is singularly responsible for all FM and provides all theater accounting support. Accounting support tasks at the operational level may include:

- Utilize approved FM systems provided by HQDA to meet congressional mandated FM requirements for FM systems.
- Capture costs using approved FM systems, disbursing systems, and contractor and pay systems.
- Track and report cost of battlefield operations to support reimbursement of costs initially funded with training accounts.
- Track and report costs for specific operations to support requests to HQDA, OSD, OMB, and Congress.
- Establish requirements to become a fund certifier and set funding levels for fund certifiers, in writing by name.
- Establish funds control and monitor funds execution to ensure no ADA violations.
- Track and report budget execution (obligations) to HQDA monthly, quarterly, or as required.
- Provide financial oversight for all major cost drivers and establish and report daily burn rates and run out dates.
- IAW congressional mandate to provide annual assurance statement, ensure management controls are in place.
- Develop and provide theater accounting policy.
- Reconcile all types of funding by performing joint reviews with the applicable program manager.
- Monitor fund control procedures.
- Review financial transactions to ensure data is timely, accurate and complete.
- Identify replacement (current year) funds for bills citing expired/closed/canceled accounts, then coordinate with DFAS to record correct fund citation and with the supporting contracting activity for modification of the contact.
- Execute year-end closeout.
- Track, adjust, reconcile and close prior year funding.
- Assist in resolving/correcting contract (reimbursable)/vendor payment issues.

- Monitor accounts payable and liabilities balances.
- Assist in resolving/correcting accounts receivable, travel advances and debt.
- Provide advice/assistance on Interservice Support Agreements (ISSAs), DD Form 448s, and ACSA.
- Review reimbursable transactions to ensure data is timely, accurate and complete.
- Receive, interpret and implement appropriated funds accounting policies/guidance for financial issues.
- Receive, interpret and implement NAF policies and guidance IAW AR 215-1.
- Prepare ad hoc and recurring financial reports for supported activities as required.
- Analyze financial processes for possible improvement.
- Support performance measurement/cost management programs.
- Coordinate and monitor DFAS finance and accounting services provided.
- Coordinate FM accounting cycle system schedules (i.e., Non-Stock Funds, End of Year Reports).
- Participate in FM accounting system updates or changes.
- Track commitments and obligations that support the maintenance of regulatory accountable records.
- Evaluate, certify, and report the execution of funds.
- Ensure the general ledger accurately reflects the financial posture of the represented echelon.

FINANCIAL MANAGEMENT SUPPORT CENTER

5-26. Accounting support provided by the FMSC complements the resource management function within supported G-8 staffs. The FMSC participates in joint reviews, as required, to ensure accounting records are accurate and updated in a timely manner. The FMSC has an accounting section that is responsible for providing requested accounting support to theater units. These activities include:

- Ensure data integrity of collections and disbursements to Central Funding.
- Reconcile the AUT with Treasury deposits.
- Account for cash and other negotiable instruments.
- Reconcile ADSN and DSSN transactions with the FMSU (s) (i.e., Merged Accountability and Fund Reporting (MAFR)).
- Ensure Collections Information Repository (CIR) and Payment Information Repository (PIR) transactions are accurate.
- Reconcile SF 215, *Deposit Ticket* and SF 5515, *Debit Voucher* with FRB.
- Assist FMSU(s) with reconciliation of SVC transactions.

TACTICAL LEVEL ACCOUNTING SUPPORT

5-27. To eliminate weaknesses in financial management accounting, is imperative to practice accurate accounting at the tactical level where expenditures occur and where they are reconcile with official accounting records. At the tactical level, significant accounting data is provided to commanders to assist in the military decision process.

CORPS, DIVISION, TSC/ESC G-8S, AND BRIGADE S-8

5-28. Accounting support at the corps and division may include:

- Utilize approved FM systems provided by HQDA to meet congressional mandated FM requirements for FM systems.
- Capture costs using approved FM systems, disbursing systems, and contractor and pay systems.
- Track and report costs for specific operations to support requests to theater command.

- Establish requirements to become a fund certifier and set funding levels for fund certifiers, in writing by name.
- Establish funds control and monitor funds execution to ensure no ADA violations.
- Track and report budget execution (obligations) to theater command monthly, quarterly, or as required.
- Ensure management controls are in place and subordinate commanders meet program objectives of providing reasonable assurance that obligations and costs are in compliance with applicable laws.
- Reconcile all types of funding by performing joint reviews with the applicable program manager.
- Provide advice/assistance on ISSAs, DD Form 448s, and ACSAs.

FINANCIAL MANAGEMENT SUPPORT UNIT

5-29. The FMSU accounting function may be limited in scope, and dependent upon METT-TC. These capabilities may include:

- Process deposits to and payments from, appropriated, deposit, trust, or other special fund accounts and ensure disbursements from these accounts are not made without specific authority.
- Advise the internment facility commander on internment and resettlement (I/R) operations that relate to pay and accounting. Upon request, FM units provide training to personnel assigned to the camp or I/R unit.
- Reconcile the MAFR mismatches.
- Assist in the daily accounting recorded in the DD Form 2657 and monthly balancing of SF 1219, *Statement of Accountability*.
- Develop simple accounting code structures to support the Field Ordering Officer (FOO).
- Maintain timely receipt and accuracy of cost data.
- Maintain all accounting records until shipment to DFAS.
- Account for solatia payment.
- Ensure all FEDLINK data requirements are timely and accurate.

GENERAL FUND ENTERPRISE BUSINESS SYSTEM (GFEBS)

5-30. The General Fund Enterprise Business System (GFEBS) is the Army's financial accounting system. It is also much more than that. It is an enterprise-level solution that enables the Army to link financial accounting, funds control, logistics, asset accounting, and cost management information across the enterprise. It provides accurate, reliable, cost information and makes the information available to all users on a real-time basis. Operational and tactical FM elements use GFEBS to provide accounting support. GFEBS enables the Army to comply with current statutory and regulatory requirements including the Chief Financial Officers (CFO) Act, the Federal Financial Management Improvement Act, the Government Performance and Results Act, the Government Management Reform Act, the applicable accounting standards of the U.S. Standard General Ledger (USSGL), Federal Accounting Standards Advisory Board requirements, the DOD Financial Management Regulation, multiple Office of Management and Budget (OMB) Circulars, DOD's Business Enterprise Architecture, and the Guide to Federal Requirements for Financial Management Systems (a.k.a. the Blue Book). Additional information on GFEBS can be found in Chapter 8, Information Management.

SECTION II – COST MANAGEMENT

5-31. Financial managers must find the balance between funds allocations, procurement process and disbursement of funds being mindful of the new fiscal realities of the Army. Army efforts to practice cost effective analysis and procure efficient use of resources should be part of every action involving financial resources.

COST CULTURE

5-32. ***Cost Culture*** **is a culture where all leaders and managers factor cost into their decision-making and understand both the near and long-term cost implications of their decisions**. Cost, as defined by the Statement of Federal Financial Accounting Concepts No. 1, 1993, is the monetary value or resources used or sacrificed or liabilities incurred to achieve an objective, such as to acquire or produce a product or to perform an activity or service. Costs incurred may benefit current or future periods. The cost of running the Army is a concern to the public as well as to Army leadership. As opposed to a business entity, Army efforts and performance cannot be measured solely in financial terms; however, financial measures such as cost are integral in measuring the efficient and effective use of fiscal resources to accomplish Army missions and activities.

5-33. The broad goal of the Cost Management Program is to change the way Army leaders and managers have historically thought about money. To achieve this goal, the Army must adopt a "cost culture." "Culture" describes how the people in an organization behave and the underlying principles that drive their behavior. Thus, culture helps form the foundation for everything the organization does. For example, the military culture places high value on patriotism, service, and valor. Army leaders expect their Soldiers to be guided by these principles in all their actions. Inculcation of a cost culture similarly affects the behavior of Army leaders and managers. Rather than trying to achieve "readiness at any cost," decision makers strive for "readiness at best value". Cost considerations do not take precedence over mission accomplishment, but these considerations are incorporated into every decision that is made. Resource informed decision making must be the norm. The basic principles and requirements of the Cost Management Program apply to both the Operating Force and the Generating Force.

5-34. FM is leading this cultural change, a key element of which is the shift from a focus on budget execution – with its emphasis on the expenditure of available funding – to outcome-based decision making, where the emphasis is on outcomes and their associated costs. In a cost culture. all leaders and managers incorporate cost into their decision-making and day-to-day management. They routinely ask the following types of questions:

- What capabilities is my organization responsible for producing, and what does it cost to produce them?
- What are the key cost drivers in my organization?
- How can I generate the required capabilities more effectively and efficiently?
- What are the cost implications of my decisions not only for my organization but also for the entire Army, both now and in the future?
- How can I use cost information to make better decisions?

5-35. By asking these and similar questions, leaders and managers equip themselves with the information needed to make effective trade-off decisions and achieve the best possible use of limited resources. A cost culture requires FMIS that provide decision makers with timely, accurate, and reliable cost information. With the adoption of a cost culture, the Army's external stakeholders, Congress, and the American people have the assurance that the Army is a good steward of the resources entrusted to its care.

CRITICAL SUCCESS FACTORS

5-36. In any organization, from battalion level to Headquarters, Department of the Army (HQDA), there are four factors that are critical to the success of the Cost Management Program. These are senior leader commitment, use of cost-benefit analysis, availability of cost data, and a formalized process for planning and performance assessment.

SENIOR LEADER COMMITMENT

5-37. Commanders and other managers recognize that while their subordinates will listen to what they say, the subordinates will emulate what the boss actually does. Thus, effective cost management requires leadership by example. Commanders and managers should establish policies requiring the use of cost-benefit analysis (see below) to support decision making, and must back this up by routinely demanding to

see robust cost analyses before making any significant decision. This will help to ensure that cost becomes part of the dialogue among all decision makers, not just financial managers.

USE OF COST-BENEFIT ANALYSIS

5-38. ***Cost-benefit analysis*** **is a structured methodology for projecting and comparing the anticipated costs and benefits of alternative courses of action in order to identify the optimum solution for achieving a stated goal or objective.** Cost-benefit analysis (CBA) is not a new term, and conceptually is not new to the Army. With few differences, the eight-step CBA process is identical to the Military Decision-Making Process prescribed in Army Doctrinal Reference Publication 5-0. CBA has previously been used to a limited extent in various functional communities in the Army, but is now being used to support all resource decision-making. The requirement for CBA has been incorporated into resource decision-making processes at HQDA, and should also be incorporated into decision processes in subordinate organizations.

5-39. The concepts that underlie cost-benefit analysis are straightforward. The goal of CBA is to help a decision-maker choose from competing alternatives by identifying the benefits and costs of each alternative and then applying analytical techniques to evaluate the alternatives against relevant criteria. CBA doesn't attempt to remove professional experience and military judgment from the decision process, but rather supplements these important factors with information that is based on solid data and sound analytical techniques. For detailed guidance on the development and use of CBA, see the Army CBA Guide.

AVAILABILITY OF COST DATA

5-40. As explained in greater detail elsewhere in this FM, the General Fund Enterprise Business System (GFEBS) is an enterprise-level solution that enables the Army to link financial accounting, funds control, logistics, asset accounting, and cost management information across the enterprise. It provides accurate, reliable cost information and makes the information available to all users on a real-time basis.

5-41. A key feature of GFEBS is its cost center hierarchy, which captures cost data where the work is performed and identifies all the resources consumed to produce products and services at every level. The cost data includes not only costs that are budgeted locally, but also the so-called "free issue" of infrastructure, military labor, depreciation, and overhead. To gain the full benefit of GFEBS, leaders and managers must ensure that their personnel are adequately trained on its complete range of capabilities.

PLANNING AND PERFORMANCE ASSESSMENT PROCESS

5-42. Regularly scheduled planning meetings, followed up by formal performance reviews, provide a structured managerial process to ensure leaders are presented with analysis and recommendations from their subordinates, to make cost-informed decisions, and then to oversee implementation and adjustment during execution. When used effectively, planning and performance assessment meetings can also serve as a means of disseminating lessons learned throughout an organization.

5-43. For maximum effectiveness, planning and performance assessment meetings should be led by the commander. Immediate subordinates should be responsible for presenting the analyses related to their functional areas.

COST MANAGEMENT SUPPORT

5-44. Cost management is a critical FM enabler to the decision-making process because it collects and links financial (cost) data with non-financial (output and performance) data and presents information in a way directly related to the major mission objectives of the unit or organization. Cost management provides Army leaders and managers at all levels with real-time cost data linked to operations and functions. This will enable leaders and managers to make decisions that directly benefit the mission and Soldiers. The efficient use of resources achieved through cost management, in combination with auditable financial statements, enables the Army to gain public trust and understanding of Army programs. Cost management

is not a one-time event but a continuous process that controls cost while improving operational performance. For a more detailed discussion of cost management, see the Deputy Assistant Secretary of the Army (Cost and Economics) Cost Management Handbook.

THE COST MANAGEMENT PROCESS

5-45. As depicted in figure 5-2, the cost management process encompasses four components that support the commander's decision making and improve fiscal stewardship. These components are cost planning, cost accounting, cost analysis, and cost control.

- Cost planning involves forecasting future costs of a particular operation or activity. Organizations establish cost targets and efficiency goals to continually improve operational efficiency and effectiveness.
- Cost accounting requires capturing and valuating data that is relevant, accurate, and timely, and identifying the relationship between cost and operational output and performance data.
- Cost analysis is the assessment of cost to enable the decision-making process. Cost analysis gives financial managers an understanding of the full cost of operations, products, and services. Some of this analysis includes calculating variances, reviewing depreciation, tracking cost trends, and forecasting costs.
- Cost control entails taking action based on the analysis. This includes revising targets, reallocating resources, and adjusting output to maximize value of the desired outcome.

5-46. The cost management process is the accurate measurement and thorough understanding of the full cost of an activity's processes, products & services in order to support leaders' decision-making and fiscal stewardship, thereby maximizing the effectiveness and efficiency of the unit/organization operations. Cost management considers all key quantitative aspects of the consumption of resources and enables Army leaders and financial managers to identify, quantify, and value the economic benefits and related costs of alternatives, resulting in better stewardship of Army dollars. With full cost visibility, the Army can execute operations optimizing the use of resources and ultimately maximizing value for all internal and external stakeholders (e.g., U.S. tax payers).

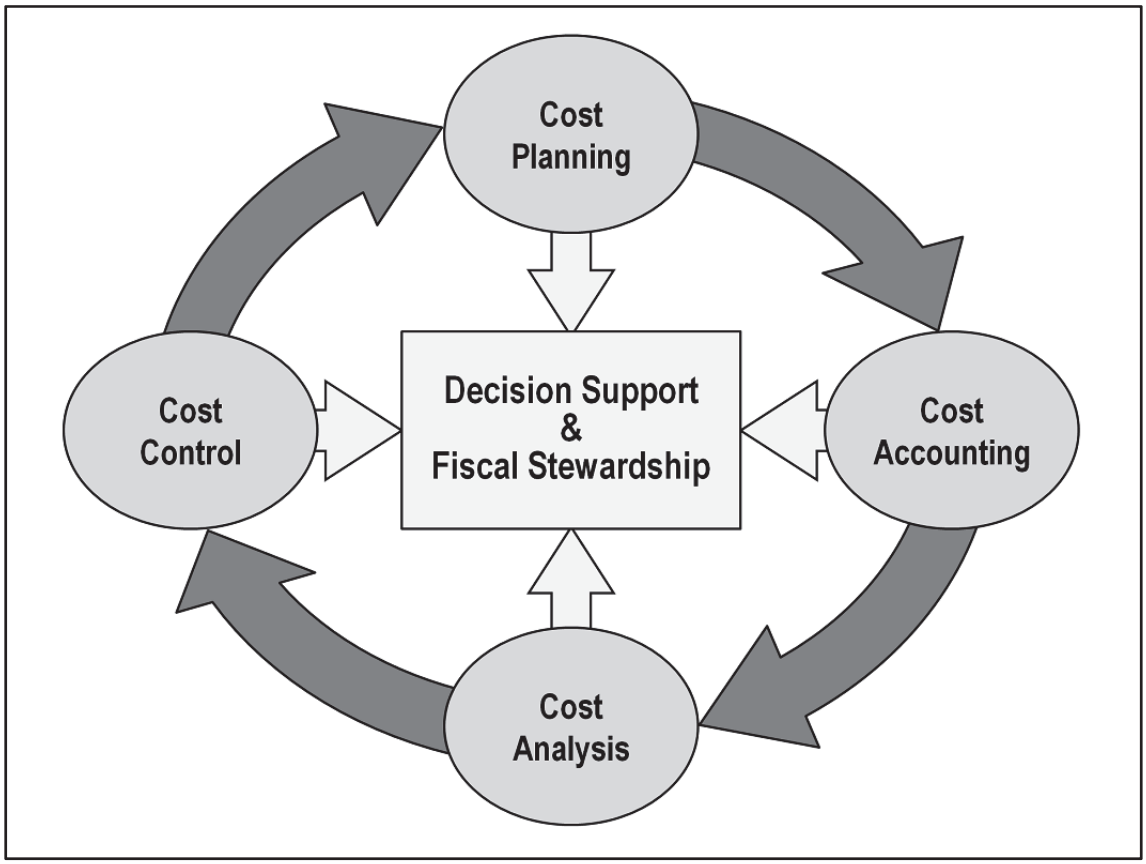


Figure 5-2. Cost management process

5-47. Implementing the cost management process will accrue numerous benefits to leaders and their units. The process makes it easier for commanders to:

- Understand both near and long-term cost implications of their decisions.
- Make effective trade-off decisions to achieve optimal use of limited resources.
- Hold subordinates accountable for improving the efficiency and effectiveness of their operations.

5-48. Financial managers continually monitor the execution of each component of the cost management process and adjust the process as needed based on new information from either internal or external sources. Each component is described in more detail in the following paragraphs.

COST PLANNING

5-49. Cost planning is the use of a cost model for "should-cost" forecasting to make informed decisions. Should-cost represents an estimate of the resources required to produce a measured outcome (product or service) to a specified standard. The approximate cost relies on identified cost drivers, standard rates, and historical trends, and can reflect other variables (e.g., inefficiencies or economies of scale). There are several methodologies for developing a should-cost estimate, to include engineered estimates, parametric estimates, and estimates produced by analogy. Financial managers incorporate cost planning when preparing budget requirements requests, developing cost estimates, determining output quantities and their associated costs, managing capacity, and conducting risk analysis. Cost planning occurs over various periods from monthly projections to the current and out years. The time frame applied depends on the planning requirements of the organization. Successful cost planning depends on the use of reliable and consistent standard rates embedded in cost models to predict future costs based on a set level of output or activity. Financial managers rely on standard rates embedded in their cost models to estimate and project costs to assist commanders in making informed operational and cost decisions. Standard rates provide a

tool for developing estimates of current and future costs. Financial managers should define cost targets in their cost planning to measure the efficiency and effectiveness of their organization, processes, or projects under evaluation.

COST ACCOUNTING

5-50. Cost accounting is the dollar valuation of the cost measurements resulting from the organization's operations. The goal of cost accounting is to accumulate and record all the elements of cost incurred to accomplish a cost objective (i.e., To conduct an operation or activity, operate a unit, or to complete a unit of work of a specific job). The cost objective must be discrete to the extent and singularly identifiable level of detail that enables the establishment of cost centers and output products. Financial managers rely on FMIS to capture and record cost data from one or several systems that feed financial and non-financial transactions into the FMIS. In most organizations, the General Fund Enterprise Business System (GFEBS), an enterprise resource planning (ERP) solution, has become the primary accounting system of record and links financial data with logistics, asset accounting and other critical information. GFEBS provides a robust cost module that is directly linked to the financial data contained in the system's financial module and given its common cost structure will provide a powerful cost analysis capability to support internal cost management initiatives. Whatever accounting system is in place, the resulting cost data must be accurate, timely, and relevant to the end user's purpose and intent. Financial managers must be able to connect financial data to operational output and performance data to provide useful cost analysis to support the commander's decision-making. In addition to GFEBS, two other ERPs – the Logistics Modernization Program (LMP) and the Global Combat Support System-Army (GCSS-Army) – also provide essential information to financial and functional managers.

COST ANALYSIS

5-51. Cost analysis is the integration of functional outcome data with cost data to produce valid and verifiable information to conduct various forms of analysis. Examples of cost analysis include organizational performance, cost-benefit analysis, analysis of alternatives, variance analysis, economic analysis, cost/risk assessments, and trend analysis. Cost analysis serves many purposes and provides useful insight regarding costs to commanders as they make resource decisions.

5-52. FM planners use cost models, such as the Force Costing Model (FCM) and the Army Contingency Operations Cost Model (ACM) (both developed by the Office of the Deputy Assistant Secretary of the Army for Cost and Economics) to assist commanders in understanding the full cost of their decisions. Cost models enhance cost analysis by providing the logic behind the calculated cost. The logic, assumptions, and business rules required to build a model help commanders understand the drivers of cost. When existing models do not meet the specific circumstance, local models can be developed.

5-53. For example, a division commander may be contemplating raising the operational readiness (OR) of his BCTs to posture them for future missions. His decision to increase the OR rate from 90% to 95% will have operational benefits, but will also reduce the resources available for other missions or requirements, thus also producing an operational cost. To address this question analytically, the commander will begin by determining whether the requirement is a valid objective to be pursued. A candidate requirement might be rejected because it is clearly unaffordable, and in other cases a requirement might be rejected because it provides a capability or capacity that goes beyond what is needed. If the requirement is validated, the commander will direct that a team, led by the financial manager, identify courses of action (COA) that satisfy the requirement, estimate the costs and benefits of each COA, identify the criteria – both cost and non-cost – that will be used to compare the COAs, and then evaluate them to identify the COA that delivers the optimum balance between cost and benefit. To ensure that all aspects of an issue are considered, this must be a team effort. Exclusion of key stakeholders can result in incomplete cost estimates, inaccurate identification of benefits, or any number of errors that invalidate the analysis and contribute to poor decision making.

5-54. The cost analysis process is depicted graphically in figure 5-3. The process includes the use of models and accounting data to play a key role in developing the cost estimate.

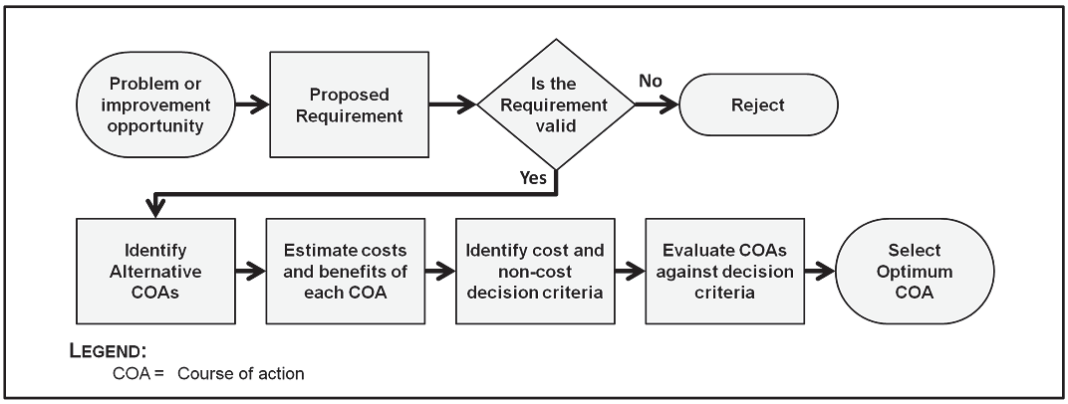


Figure 5-3. Cost informed decision making

5-55. Figure 5-4, indicates accounting (financial) data combined with non-financial information such as performance, products, processes, or services, results in a cost metric. The non-financial information brings meaning to the accounting data. The cost metric is an expression of the accounting and non-financial data that is used in the estimation process.

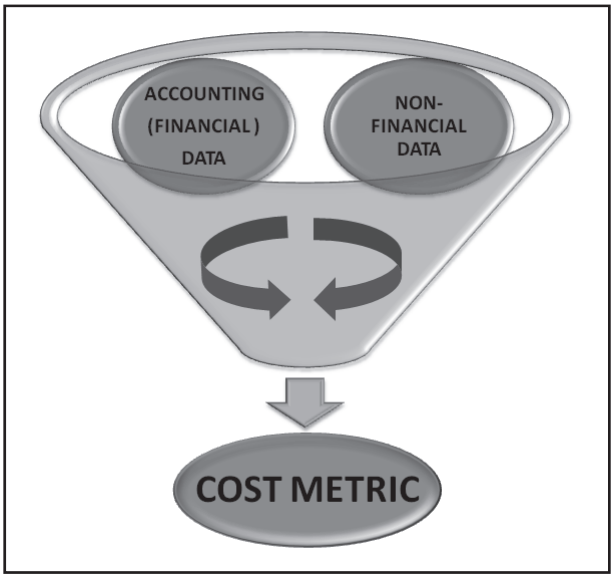


Figure 5-4. Developing the cost metric

COST CONTROL

5-56. Cost control is the development and implementation of policies and procedures that take "best value" and/or "best practice" actions to assist as needed in the reallocation of the organization's resources to achieve defined objectives. These objectives usually combine cost goals and targets with organizational mission goals to ensure that the organization operates efficiently while still accomplishing its assigned mission. Cost control procedures and policy are based on information provided from detailed cost analysis. The methods of cost control are varied and range from the reallocation of resources between activities or outputs to improve efficiency to execution of a trade-off decision, (e.g., deciding to use overtime versus contracting for external support).

COST MANAGEMENT CONCEPTS

5-57. The Army cost management process is designed to apply continuously cost controls and strategies to use efficiently the available financial resources to achieve the best results preserving a culture of cost awareness into the organizational operations.

5-58. The concept of full cost, as described in the following section, requires an understanding of the various cost types involved in cost accounting. Full cost encompasses all types of costs: direct, indirect, funded, unfunded, variable, fixed, sunk, incremental, avoidable, and unavoidable. All costs needed to produce a unit of output (product or service) require allocation to an output regardless of the classification of the cost. The following costs are encompassed in full cost, but full cost is not limited to these costs. Refer to this manual's glossary for definitions of these costs.

COST CENTER

5-59. ***Cost Center*** **serves as a base for a management optimization model utilized to reflect the business, its inputs, conversions, and outputs in order to support management decisions**. A Cost Center is a responsibility center that incurs costs and has a manager who is accountable for those costs. This definition allows multiple and varied levels of cost centers within an organization in order to capture all costs associated with the organization. The purpose of the cost center is to serve as a base for a management optimization model – a model that reflects the business, its inputs, conversions, and outputs in order to support management decisions. The cost center is the first cost object defined when developing a cost model.

RESPONSIBILITY SEGMENT

5-60. **A *responsibility segment* is a component of a reporting entity that is responsible for carrying out a mission, conducting a major line of activity, or producing one or a group of related products or services**. Responsibility segments usually possess the following characteristics:

- Commanders or managers of responsibility segments report directly to the reporting entity's top leadership, such as in the reporting relationship between a BCT commander and a division commander.
- The responsibility segment's resources and operational results can be clearly distinguished from those of other segments.

REPORTING ENTITIES

5-61. Reporting entities issue general purpose financial statements to communicate financial and related information about the entity. For an entity to be a reporting entity, as defined by the Statement of Federal Financial Accounting Concepts, it would need to meet all of the following criteria: There is management responsible for controlling and deploying resources, producing outputs and outcomes; executing the budget or a portion thereof (assuming that the entity is included in the budget); and held accountable for the entity's performance.

5-62. The designation of a cost center, responsibility segment, and/or reporting entity requires analysis of the organization, activity, project, or program in question. The financial manager must consider the requirement for the cost analysis or cost management initiative when developing the cost model and identifying cost centers, responsibility segments, and reporting entities. The level of cost capturing, reporting, and the supported decision-maker can also determine whether an organization is a cost center, segment, or entity. In many cases, higher headquarters will identify the reporting entity for the subordinate units.

FULL COST

5-63. ***Full cost*** is **the sum of all costs, regardless of funding source, required by a cost object - to include all direct materials, direct labor, and support activity costs – to produce or provide a product, service, customer, or outcome**. Full cost includes the costs of resources consumed that

contribute directly or indirectly to the output, such as direct labor, direct materials, and support activity costs.

5-64. Full cost information helps users determine relevant costs of specific activities, goods and services. Full cost should incorporate the full cost of goods and services that it receives from other entities even if the receiver who benefits may not have paid for or funded the goods and services.

5-65. Costing is the expensing of budgetary resources in its basic form. Cost accounting is the central concept of managerial accounting and analysis. In most cases, it represents units of work or goods consumed in a process and producing outcome data. A full cost approach will be applied in collecting costs associated with a cost object. A cost object is an activity, output, or item whose cost is to be measured as defined by management. For instance, a brigade combat team or a combined arms battalion could be a cost object for a corps or division. For application within a BCT or division, a cost object could also represent a one-time event such as a CERP project.

5-66. Full cost ensures that leaders consider all relevant cost information in order to make resource-informed decisions. The Army relies on cost data to program future needs and to justify and defend budget submissions to the Office of the Secretary of Defense (OSD) and Congress. Failure to properly capture and report full costs jeopardizes operations. Additionally, many Army organizations charge other commands or government and commercial entities standard rates for work performed. It is imperative that these rates include all the components of the full cost incurred by these organizations when performing work for customers. Without full cost information, it is difficult to accurately manage capacity and identify the causes of cost savings or overruns. All these factors detract from the ability of the leader or manager to make resource-informed decisions.

5-67. Full cost analysis shall be used in all situations requiring a cost estimate. Examples include cost-benefit analysis, capital/lease analysis, make vs. buy decisions, and benchmarking or comparative analysis.

5-68. Figure 5-5 on page 5-18 illustrates the full cost of maintaining the OR of a BCT at 90%. In this example, the BCT is the responsibility segment to the higher headquarters since the BCT commander reports directly to the corps or division commander. The BCT's resources (funds, personnel, and equipment) and operational results can be clearly distinguished from those of other BCTs within the higher headquarters task organization. The higher headquarters (corps or division) is the reporting entity in this example. Battalions subordinate to the BCT could represent subordinate cost centers when developing this OR cost model. In this illustration, the financial manager designed the cost models to derive the full cost of readiness for the command and used this information to provide valuable cost advice to the BCT commander. If the BCT commander wants to raise his unit's OR above 90%, he requires information on the cost consequence of his decision. The cost model can predict the increase costs for each incremental increase to OR and inform the commander on the concomitant impact on resources of each change in OR. The financial manager develops the cost model and interprets the data from the cost model to develop useful and relevant information to improve the commander‘s decision-making and fiscal stewardship. This scenario is just one example of the application of cost management

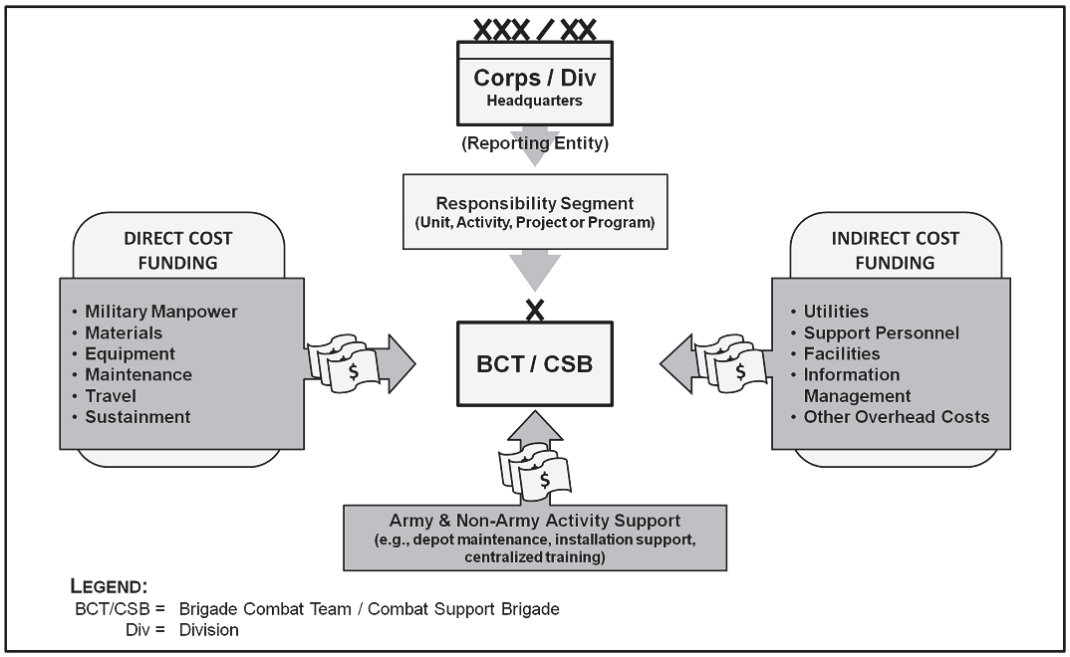


Figure 5-5. Example of full cost concept for a BCTs operational readiness

5-69. As the model suggests the full cost of OR for a BCT considers all costs involved to include direct costs, indirect costs, and the costs of Army and Non Army activity support provided to the BCT. In this example, the BCT is the responsibility segment to the higher headquarters since the BCT commander reports directly to the corps/div commander, the BCTs resources (funds, personnel, and equipment) and results of operations can be clearly distinguished from those of other BCTs within the higher headquarters task organization. The higher headquarters (corps or div) is the reporting entity in this example. Subordinate battalions to the BCT could represent subordinate cost centers when developing this OR cost model. In this illustration, the financial manager designed the cost models to derive the full cost of readiness for the command and use this information to provide valuable cost advice to the BCT commander. If the BCT commander wants to raise the unit's OR above 90%, the commander requires information on the cost consequence of decisions. The cost model can predict the increase costs for each incremental increase to OR and inform the commander on the concomitant impact on resources of each change in OR. The financial manager develops the cost model and interprets the data from the cost model to develop useful and relevant information to improve the commander's decision-making and fiscal stewardship. This scenario is just one example of the application of cost management.

COST MANAGEMENT DURING CONTINGENCY OPERATIONS

5-70. Contingency missions include both overseas contingency operations (OCO) and CONUS missions such as disaster relief and humanitarian assistance. In contingency operations, cost management acquires a heightened importance given that costs are funded initially from existing available funds, and Army units and activities must capture and report costs through their headquarter elements to the Department of the Army to seek reimbursement and additional funding. Financial managers must comply with reporting requirements prescribed by DOD FMR 7000.14-R, Volume 12, chapter 23, Contingency Operations (under revision).

5-71. At the strategic level, the Under Secretary of Defense (Comptroller) (USD[C]) is responsible for overall financial policy concerning contingency operations and works with the Under Secretary of Defense (Policy) (USD(P)) to determine the most responsive method of financing contingency operations. In addition, USD(C) is responsible for pursuing prompt reimbursement as appropriate from multinational organizations, other nations, and other U.S. agencies for support given to those agencies. The Chairman of

the Joint Chiefs of Staff (CJCS) is responsible for communicating the Secretary of Defense's order, either through a deployment order or execute order, to the cognizant Commander of a Combatant Command ordering the execution of a CONOP. Those orders will include a funding paragraph outlining financial guidance as directed by the USD(C) and USD(P).

5-72. The Defense Finance and Accounting Service (DFAS) is responsible for centralized cost consolidation; billing, and reimbursement distribution functions in support of OCO; and issuing to the military departments and other reporting activities the necessary reporting and coding instructions, transmission links, points of contact, and other related information necessary to ensure accurate and timely reporting of costs. DFAS shall assist DOD components, as required, in the identification and accumulation of costs. DFAS is responsible within DOD for all contingency cost consolidations and billings.

5-73. The Army is responsible for preparing cost estimates and submitting Army budget justifications to the USD(C), and providing monthly incremental cost reports to DFAS IAW USD(C) policy. In addition, HQDA will provide DFAS monthly cost statements, supporting documentation, and completed billing documents (i.e., SF 1080, Voucher for Transfers Between Appropriations and/or Funds) for each United Nations Letter of Assist (LOA) or incurred cost for which payment is requested. HQDA provides guidance detailing the required cost collection and reporting procedures and methodology for contingency operations and ensures that the guidance is disseminated to the appropriate unit level.

COST ESTIMATES FOR CONTINGENCY OPERATIONS

5-74. Army financial managers develop and use three different types of estimates during contingency operations. These estimates are usually produced by strategic level FM personnel within HQDA; however, the estimates rely on information provided by subordinate commands and activities. The three different types of estimates are the pre-deployment estimate, the budget estimate, and the working estimate. The pre-deployment estimate is used to assess various operational assumptions and to inform the go/no-go decision-making process; the budget estimate is used to define and defend requests for reprogramming or additional appropriations; and the working estimate is used during execution of the operation against which the military departments measure actual costs, and which can be used as the base for determining the changes in cost that would result from changes to the operational plan. All three types of estimates are important to ensure that senior leaders have the latest and most accurate information available for use in the resource allocation process.

PRE-DEPLOYMENT ESTIMATE

5-75. The ***pre-deployment cost estimate*** **is a short notice estimate required to support operational assumptions and decision-making processes, and defines and supports requests for reprogramming or additional appropriations.** It supports operational assumptions and decision-making processes. This estimate usually is required on short notice, sometimes within hours of notification. This estimate is the most difficult and unreliable of the three estimates due to the lack of supporting information. The preliminary estimate is prepared by the Office of the Under Secretary of Defense (Comptroller) (OUSD(C)) and the Joint Staff J-8, using a cost model that incorporates major incremental cost drivers such as modes of transportation, operation duration, force deployment/phasing, and environmental conditions to project a rough order of magnitude cost estimate.

BUDGET ESTIMATE

5-76. ***Budget estimate*** **is based on specific command operational plans, requirements, troop levels, location, and operating circumstances**. The FM and logistics staffs at HQDA use data provided by the responsible CCDR and the theater ASCC to derive a projected incremental cost estimate for submission to OUSD(C). As a standard procedure in developing cost estimates, the ASCC shall utilize all available sources of relevant information and ensure that the field commands and headquarters personnel have applied the lessons learned from cost estimates associated with previous operations.

WORKING ESTIMATE

5-77. HQDA formulates the ***working estimate*** **that builds on the budget estimates centered on actual execution of the operational plan based on data provided by the respective component commands**. These estimates are revised/updated formally on a quarterly basis (through the Quarterly Contingency Cost Estimate Report) and reported to OUSD(C). Senior FM planners within HQDA developed cost models such as the Army Contingency Operations Cost Model (ACM) and the FCM to support their cost estimate development and can tailor these models to specific theater conditions in order to better align requirements to costs. DOD FMR Volume 12, Chapter 23 contains more information on all three estimates.

CONTINGENCY COST REPORTING

5-78. Cost reporting is an integral part of the Army's stewardship. Financial managers throughout all levels of FM operations – from strategic to tactical – must diligently capture and accurately report the cost of the contingency operation. The Army is required to report the obligation of all funds (regardless of source) to cover the incremental costs of the contingency, including funds received in a supplemental appropriation. HQDA will publish guidance to cover Army-specific items for cost reporting, under DOD FMR Vol. 12 chapter 23, and validating monthly reporting. The guidance will include information regarding the cost data source, validation requirements, and variance analysis procedures.

5-79. Costs related to a contingency operation may be incurred both in the area of responsibility and in other locations. At the operational and tactical levels, it is the responsibility of the unit or activity that directly or indirectly incurs costs in support of the operation to ensure that information on all costs is transmitted to the appropriate HQDA senior financial manager. The ASCC prepares and submits to HQDA the Major Command Monthly Contingency Cost Estimate Report. These monthly reports identify changes to cost estimates. The reports facilitate regular communication between the ASCC headquarters and its subordinate commands that have responsibility for execution during various contingency operations. The ASCC headquarters staff use the data submitted to prepare the Quarterly Contingency Cost Estimate Report in accordance with the DODFMR Volume 12, page 23-12.

5-80. In developing contingency cost estimates and for contingency cost reporting, financial managers consider and report only the incremental costs of the operation. Incremental costs are those costs that are beyond baseline training, operations, and personnel costs. Incremental costs do not include the cost of property or services acquired by the Army that was paid for by a source outside the department or out of funds contributed by such a source. The costs of investment items, construction costs, and costs incurred to fix existing shortcomings can be categorized as incremental cost if the expenditures were necessary to support a contingency operation and would not have been incurred in that fiscal year in the absence of the CONOP. Costs incurred beyond what is reasonably necessary to support a CONOP cannot be deemed reimbursable incremental expenses, since such costs are not directly attributable to support of the operation. Incremental costs may be recorded against supplemental funding, baseline funding, or any source of funds. Base budget funding diverted to pay incremental costs in support of contingency operations are not the same as baseline costs. The following are examples of allowable incremental costs:

- Military entitlements such as premium pay, hazardous duty pay, family separation allowance, or other payments made over and above the normal monthly payroll costs.
- Increases for allowances due to changes in geographic assignment area due to a contingency (i.e., Basic allowance for subsistence (BAS) or basic allowance for housing (BAH)).
- Travel and per diem of active military personnel and costs of Reserve Component personnel, called to active duty by a federal official, who are assigned solely to support the contingency.
- Overtime, travel, and per diem of permanent DOD civilian personnel in support of a contingency.
- Wages, travel, and per diem of temporary DOD civilian personnel hired or assigned solely to perform services supporting the operation.
- Transportation costs of moving personnel, material, equipment, and supplies to the contingency or contingency staging area, including such things as port handling charges; packing, crating and handling charges; first and second destination charges.

- Cost of rents, communications, and utilities that is attributable to the contingency. Examples of such incremental costs include telephone service, computer time, satellite time, and crypto-traffic support of the contingency.
- Cost of work, services, training, and material procured under contract for the specific purpose of providing assistance in a contingency.
- Cost of material, equipment, and supplies from regular stocks used in providing directed assistance. Material, equipment, and supplies from stock shall be priced at the standard prices that are used for issues to the DOD activities. Included in this category will be consumables such as field rations, medical supplies, office supplies, chemicals, cleaning and toilet supplies, petroleum, and items ordinarily consumed or expended within 1 year after they are put into use. Material, equipment, and supplies determined to be excess to the departmental requirements may be made available for transfer under excess property disposal authority without reimbursement. In these instances, however, accessorial charges for packing, crating, handling, and transportation shall be added where applicable.

5-81. *Baseline costs* are the continuing annual costs of military operations funded by the operations and maintenance and military personnel appropriations (JP 1-06). Baseline costs are those costs that would be incurred whether or not the unit is participating in a contingency operation. Examples include scheduled flying hours, training days, and exercises. Reported incremental costs shall reflect, as closely as possible, the actual incremental costs incurred by the unit involved in the specific operation, using cost factors for the specific command or geographic area, when available, as compared to composite cost factors for the overall Army.

5-82. In some instances, costs for which funds have been appropriated may not be incurred because of a contingency operation. These costs are categorized as cost offsets. Examples include basic allowance for subsistence not paid; training not conducted, and base operations support not provided. In other situations, identified incremental costs may be offset in various ways, such as supply turn-ins for items not used or placed in inventory, and non-monetary contributions, such as free fuel.

COST COLLECTION

5-83. Upon being alerted of an impending contingency operation, HQDA will establish a unique special program code to capture costs. Additionally, the Joint Staff shall issue a three-digit CJCS Project Code, which provides precedence for supply requisitions and facilitates cost capturing and reporting. Each unit that supports a contingency operation shall capture related obligations and disbursements in its accounting system(s) at the lowest possible level of the organization. This provides tracking of obligations and disbursements for affected appropriations. Organizations shall not establish cost accounting systems solely for determining costs for contingency operations but shall use the data from existing FMIS.

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Chapter 6

Operational Art and Planning

Effective FM relies on comprehensive planning and preparation. FM leaders and commanders apply the operations process in the conduct of FM operations. The operations process consists of the major command and control activities performed during operations: planning, preparing, executing and continuously assessing the operations (ADP 3-0) as illustrated in figure 6-1 on page 6-2.

Employment of the operations process is vital to the successful execution of FM operations. Continuous assessment of plans and operations enable FM leaders within theater Army, corps, division staffs and FM commanders to be responsive to changes in the OE that impact FM operations. Planning, preparation, execution, and assessment of FM must be deliberate and integrated into the command's operations plan (OPLAN). Effective FM plans and operations require FM planners with the requisite technical and tactical expertise in FM capabilities and systems, understanding of the commander's intent and a keen awareness of the relationships between FM organizations and their supported units and activities. FM planning and operations are performed by FM staff personnel at every level from the Brigade S-8 to the theater Army G-8 and FMSC. FMSU commanders and their subordinate detachment commanders conduct tactical level FM planning and operations in close coordination with both the S-8 and the FMSC. When planning and executing FM operations, FM leaders must assess the current situation and forecast FM requirements based on changing conditions as the operation progresses; make timely decisions to exploit opportunities or address unforeseen requirements; and direct actions to apply FM resources and support at decisive points in the operations.

FM planners must weigh and integrate FM considerations into their planning efforts to ensure the seamless provision of FM support to Army operations. This chapter discusses the essential elements of FM planning and operations that apply to FM planners within a headquarters staff (theater Army, corps, Div. G-8), the FM SPO within the ESC, BDE S-8, the FMSC, and the FMSU.

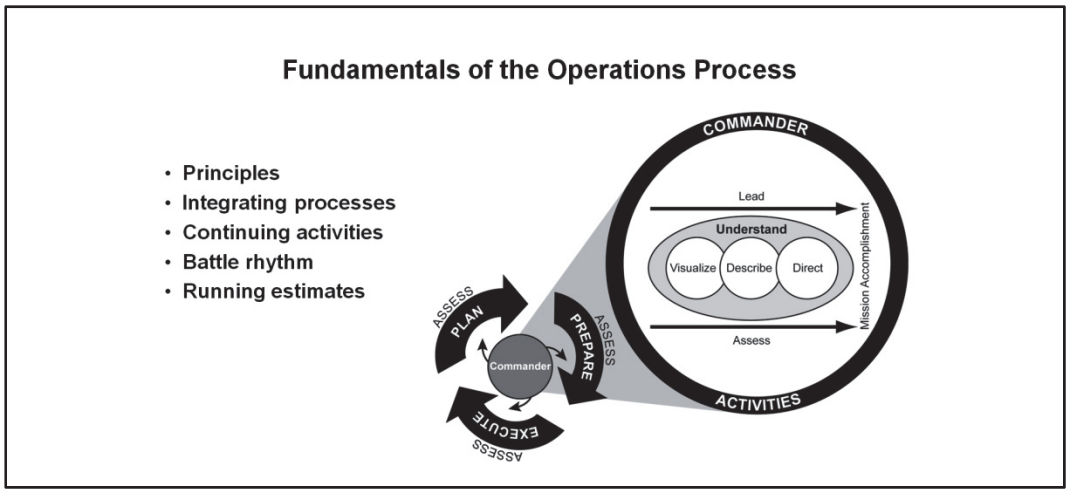


Figure 6-1. Operations Process

SECTION I – PLANNING

6-1. Army commanders and their staffs use two doctrinal planning processes to integrate activities during planning: the Military Decision Making Process (MDMP) and troop leading procedures (TLP). Units and headquarter elements with a formally organized staff employ MDMP to provide structure to help commanders and staffs develop estimates, plans, and orders. At the lowest tactical echelons of FM, FMSUs and FMSDS use TLP to plan and execute FM missions. These planning processes are a means to an end and depend heavily on the commander's ability to visualize and describe the operation.

6-2. FM planners at all levels and organizations will ensure the composite risk management (CRM) process is included as part of each phase of the operations planning process. Risk is a function of the probability of an event occurring and the severity of the event expressed in terms of the degree to which the incident impacts combat power or mission capability. CRM is the Army's primary decision making process for identifying hazards and controlling risks across all Army missions, functions, operations, and activities. CRM serves as an integrating process for the sustainment warfighting function in Army operations. See Field Manual 5-19, Composite Risk Management, for more information.

6-3. Planning is the process by which commanders (and the staff, if available) translate the commander's visualization into a specific course of action for preparation and execution, focusing on the expected results (ADP 3-0). Planning involves understanding and framing the problem and envisioning the set of conditions that represent the desired end state. FM planners (ASCC G-8, ESC FM SPO, FMSC, corps/Division G-8) must understand the commander's intent and the sets of conditions that describe the desired end state. FM operations must be planned, prepared and executed in order to achieve the commander's end state. FM commanders and staff members consider the consequences and implications of each course of action (COA) with respect to FM. Upon COA selection, FM planners will:

- Formulate specific FM tasks that support the commander's intent.
- Formulate FM running estimates.
- Identify required FM staff actions.
- Develop assessment framework.

6-4. FM planning develops the detailed and relevant FM information required during execution in order to set initial conditions, assign support relationships, and establish priorities of FM support. FM planning continues after order issuance as the OE develops and changes requiring orders and plans refinement and the issuance of branches and sequels.

FM PLANNING USING THE MILITARY DECISION MAKING PROCESS (MDMP)

6-5. FM planners must be thoroughly familiar with the MDMP depicted in figure 6-2 on page 6-4. Throughout the MDMP, FM planners should consider how the COAs being developed require FM support for the operation. FM planners must tailor FM support to the particular phase of an operation. For example, during stability operations, the primary FM focus may shift to expanding special program funding to support theater Army efforts to improve infrastructure development and improve monetary institutions and programs. Whereas, during offensive tasks FM support focuses primarily on procurement support to operational forces. Each operational element of unified land operations needs to be considered throughout the MDMP process. See ADP 3-0, *Operations*, for additional information on unified land operations. ADP 5-0 contains additional information on MDMP not included in the contents of this manual.

Key inputs	Steps	Key outputs
• Higher headquarters' plan or order or a new mission anticipated by the commander	Step 1: **Receipt of Mission**	• Commander's initial guidance • Initial allocation of time
	Warning order	
• Higher headquarters' plan or order • Higher headquarters' knowledge and intelligence products • Knowledge products from other organizations • Army design methodology products	Step 2: **Mission Analysis**	• Problem statement • Mission statement • Initial commander's intent • Initial planning guidance • Initial CCIRs and EEFIs • Updated IPB and running estimates • Assumptions
	Warning order	
• Mission statement • Initial commander's intent, planning guidance, CCIRs, and EEFIs • Updated IPB and running estimates • Assumptions	Step 3: **Course of Action (COA) Development**	• COA statements and sketches - Tentative task organization - Broad concept of operations • Revised planning guidance • Updated assumptions
• Updated running estimates • Revised planning guidance • COA statements and sketches • Updated assumptions	Step 4: **COA Analysis (War Game)**	• Refined COAs • Potential decision points • War-game results • Initial assessment measures • Updated assumptions
• Updated running estimates • Refined COAs • Evaluation criteria • War-game results • Updated assumptions	Step 5: **COA Comparison**	• Evaluated COAs • Recommended COAs • Updated running estimates • Updated assumptions
• Updated running estimates • Evaluated COAs • Recommended COA • Updated assumptions	Step 6: **COA Approval**	• Commander-selected COA and any modifications • Refined commander's intent, CCIRs, and EEFIs • Updated assumptions
	Warning order	
• Commander-selected COA with any modifications • Refined commander's intent, CCIRs, and EEFIs • Updated assumptions	Step 7: **Orders Production, Dissemination, and Transition**	• Approved operation plan or order • Subordinates understand the plan or order

CCIR commander's critical information requirement
COA course of action
EEFI essential element of friendly information
IPB intelligence preparation of the battlefield

Figure 6-2. Military decision making process

6-6. FM planning sets the conditions for the effective and decentralized provision of FM support to theater forces within the AO. Planning activities typically associated with MDMP initially focus on gathering information and mission analysis followed by COA development, COA assessment, and ultimately results in a COA recommendation to the commander. FM planners perform the following critical tasks during the planning process:

- Understand the unit mission and the mission of supported and supporting units to include location of each element.
- Determine FM resources required to support the operation by COA (to include special funding authorities to support the COA – refer to Chapter 2, Section IV for a list of existing authorities).
- Formulate the concept of FM support in line with the overall concept of operation and the commander's intent.
- Develop and maintain the FM running estimate.
- Identify specified and implied tasks to include identification of mission essential tasks for subordinate FM units and FM staff elements. These tasks apply across all FM operations.
- Identify constraints and limitations that impact FM operations.
- Identify key facts and assumptions that impact FM support to the operation.
- Prepare, authenticate, and distribute the FM plan in the form of approved annexes, estimates, and OPLANS.
- Formulate and recommend Commander's Critical Information Requirements (CCIR). Possible FM CCIR include the following:
  - Major loss of funds equal to or in excess of $750. Any loss of funds equal to or greater than $750 or losses resulting from a theft or losses with evidence of fraudulent acts by disbursing personnel require reporting and formal investigations. Procedures are outlined in the DODFMR 7000.14-R Volume 5. The major loss of funds investigation is NOT a 15-6 investigation, but findings from a 15-6 investigation may be used as supporting evidence for the major loss of funds investigation. Your regional FMSC can assist you with these investigations.
  - Less than 3 days' supply of U.S./Foreign Currency available to support operations.
  - Unauthorized commitments and/or possible ADA violations.
  - Critical shortage of available special program funding (e.g., CERP, Small Rewards Program, Train and Equip).
  - Critical FM systems outages that significantly degrade FM operations.

6-7. Building and maintaining running estimates is a primary task staff sections perform to support the commander. A running estimate is a staff section's continuous assessment of current and future operations to determine if the current operation is proceeding according to the commander's intent and if future operations are supportable (ADP 3-0). FM staff within operational and tactical units, maintain FM running estimates between operations, even when not deployed. At a minimum, the staff maintains situational awareness of friendly force capabilities within their area of expertise. During planning, the FM running estimate is a key source of FM information that enables mission analysis. FM planners maintain and update the running estimate throughout MDMP in order to provide the best possible FM information available at the time to support the commander's decision. The FM running estimate serves as the initial assessment of the current readiness of equipment and personnel and how the factors considered in the estimate affect FM support to the mission. Figure 6-3 on page 6-6 provides a basic template for an FM running estimate. The format can be modified to suit the organization's planning requirements. More information regarding the preparation of a running estimate is contained in ADP 5-0.

1. MISSION. Show the restated mission resulting from mission analysis

2. SITUATION AND CONSIDERATIONS.

a. Characteristics of the Operational Environment. Identify area structures, capabilities, organizations people, and events that impact or affect financial management (FM) considerations.

b. Characteristics of the Area of Operations.

(1) Weather. State how weather affects FM capabilities.

(2) Terrain. State how terrain affects financial management capabilities.

(3) Enemy Forces. Describe enemy disposition, composition, strength, capabilities, systems, and possible courses of action (COAs) with respect to their effect on FM capabilities.

(4) Friendly Forces. List current FM resources in terms of FM equipment, personnel, systems, and sources/amount of funding. Identify additional resources available for FM located at higher, adjacent, or other units. Compare FM requirements to current capabilities and suggest solutions for satisfying discrepancies. Include, if applicable, planned joint personnel augmentation, potential support from other agencies (for example, DFAS, Department of Treasury, Department of State, and embassy disbursing office). In developing FM requirements, FM planners should consider cash and currency requirements (US dollars and foreign currency) and FM policy requirements.

(5) Civilian Considerations. Describe additional personnel, groups, or associations that cannot be categorized as friendly or enemy. Discuss possible impact these entities may have on FM capabilities and operations. Examples could include private/public entities that could enable FM capabilities or require FM assistance through the conduct of FM tasks supporting stability operations. The presence of nongovernmental organizations (NGO) and intra-governmental organization in area of operations may also impact FM requirements and capabilities.

(6) Facts & Assumptions. List all facts and assumptions that affect financial management operations. Best practice is to prioritize these facts and assumptions based on the operational requirement or to divide assumptions (if many) into categories such as "friendly assumptions" and "enemy assumptions" or by core competency. Possible sources: other staff estimates/annexes of higher HQ orders/plans, theater contracting support plan, host nation support agreements, existing funding authorities, economic assessments by USAID and Department of Treasury, International Monetary Fund , other intra-governmental organizations, etc.

3. COURSES OF ACTION.

a. List friendly COAs that were war-gamed.

b. List enemy actions or templated COAs that impact financial management operations and capabilities.

c. List the evaluation criteria indentified during COA analysis. All staff elements use the same criteria developed during the Military Decision-Making Process (MDMP).

4. ANALYSIS. Analyze each COA using that evaluation criteria from the COA analysis. Review enemy actions that impact FM as they relate to COAs. Identify issues, risks, and deficiencies these enemy actions may create with respect to financial management.

5. COMPARISON. Compare COAs. Rank order COAs for each consideration. Use a decision matrix to aid the comparison process.

6. RECOMMENDATION AND CONCLUSIONS.

a. Recommend the most supportable COAs from the perspective of the functional area

b. Prioritize and list issues, deficiencies, and resks and make recommendations on how to mitigate them.

Figure 6-3. Example of FM running estimate template

6-8. FM planners at all levels must be proactive in gathering information to develop running estimates and plans. There are several sources of information from which an FM planner can extract the necessary material to develop planning documents. Below are possible sources of information that can aid FM planners:

- State Department: The State Department has a worldwide network of embassies. These embassies are excellent sources of detailed information on banking and economic support for a

particular country. Embassy staffs routinely do country studies that, if current, can provide the bulk of the information you may need to conduct an economic analysis or survey. A good library is another excellent source of information.

- Useful web-sites such as:
  - Central Intelligence Agency (CIA) World Fact Book.
  - World Bank Data and Research Site.
- Intelligence preparation of the battlefield related data: The intelligence preparation in the battlefield with its overlays, can provide excellent current information regarding information on possible enemy COAs, terrain, possible main supply routes, and sites for sustainment facilities. Staff FM planners (G-8s and ESC FM SPO) rely on their military intelligence counterparts on the headquarters staff for this information. FM small unit leaders rely on the Brigade S-8 for intelligence preparation in the battlefield material.
- Civil affairs data: CA units within the civil military operations center can provide information and knowledge of the OE to U.S. and multinational forces when directed. CA with its unique interaction and continuous dialogue with indigenous populations, institutions, intergovernmental organizations, NGOs, and U.S. agencies and organizations can provide valuable information in support of the sustainment mission and overall geographic combatant commander's plan. Much of this information is relevant to FM operations as well, especially during stability operations.

6-9. Throughout the planning process, FM planners prepare recommendations within their functional area, such as:

- FM unit and systems capabilities, limitations, and employment. This includes the ability to access communication and automation systems for FM and mission command.
- Risk identification and mitigation.
- FM support relationships between subordinate FM units and supported units.
- Resource allocation and employment synchronization of organic and supporting units (including other joint assets).
- General locations and movement of FM units.
- Current and near-term (future) execution of the planned FM support.
- Types and uses of funding available in support of the operation.

6-10. FM planners employ the following planning factors in determining the minimum number of FM units required to provide the necessary FM support:

- FMSC – One per TSC.
- FMSU-- One per SUST BDE.
  - 3 to 7 FMSDs during Shape, Deter, Seize Initiative, and Dominate.
  - 3 to 5 FMSDs during Stabilize and Enable Civil Authority.
- FMSD – 1 per BCT or brigade-sized element.

6-11. The exact number of FMSDs to support an operation requires detailed analysis of the geographic dispersion, composition, and number of units and organizations supported. Additional factors for consideration include the number and location of OCS units and pay agents located in the AO. Based on METT-TC analysis, FMSUs may embed an FMSD or FMST within the BCT.

6-12. During the orders production step of MDMP, FM planners are responsible for developing the FM tab for the OPLAN or OPORD. The FM tab is Tab B (FM Operations) to Appendix 2 (Personnel Services Support) to Annex F (Sustainment) where the majority of FM direction is located in the completed OPLAN or OPORD which results from the MDMP (See Chapter 6, Section V of this manual for a suggested template of the FM tab). Through the FM tab FM planners describe the concept of FM support and communicate directives to subordinate FM commanders and staffs. The tab should also be synchronized with the Operational Contract Support Plan of the base OPLAN or OPORD. The FM tab should contain information that provides guidance on FM support to the mission. Chapter 6, Section VI of this manual provides a checklist of related FM activities that FM leaders, whether commanders or staff personnel, should consider in planning and executing FM operations.

6-13. FM units employing the MDMP to conduct FM mission planning should tailor and modify the actual steps of MDMP to suit the unique nature of FM operations. For example, step 4 of the MDMP, "War Game", can be modified to analyze the impact of possible enemy COAs on each proposed FM COA. Evaluation criteria used for FM COA comparison can be derived from the principles of FM established in chapter one, the principles of war, commander's guidance, or measures of effectiveness (MOE) and/or measures of performance (MOP) established to evaluate FM operations. The key point is that MDMP must be tailored to suit the needs of the commander in an effort to determine and devise the best possible plan most likely to accomplish the mission.

SECTION II – PREPARATION

6-14. During the preparation of the plans and orders the financial manager must be cognizant of the full mission and the financial management responsibilities in order to support commanders.

TROOP LEADING PROCEDURES (TLP)

6-15. Leaders of FMSCs, FMSUs, and FMSDs use TLP to develop plans and orders. This framework applies to all Army small units regardless of unit type and extends the MDMP to the small unit level. Both TLP and the MDMP are linked by the basic Army problem solving methodology explained in ADRP 6-0, *Mission Command*. Commanders with a coordinating staff (theater Army to battalion level commands) use the MDMP for their primary planning process while small units, such as FMSUs and FMSDs, lack a formal staff and rely on TLP to plan and prepare for operations.

6-16. Troop leading procedures are a dynamic process used by FM leaders to analyze a mission received from their respective higher headquarters (SUST BDE), Special Troops Battalion (STB), or FMSU, develop a plan, and prepare for operations. These procedures enable FM leaders to maximize available planning time while developing effective plans and adequately preparing their units for an operation. This process places the primary responsibility for planning primarily on the commander or small-unit leader. See ADP 5-0 for more information on TLP.

6-17. FM planners within the FM SPO cells at the ESC and S-8 sections in the brigades are integral participants in the tactical planning process. They must integrate FM operations within the respective AOs of their organizations to ensure that direction issued to FM units in the form of WARNOs and OPORDs contain clear and concise guidance that enables FM leaders of FMSUs and FMSDs to plan, prepare and execute FM operations that support the commander's mission. FM efforts at the FMSU and detachment level must be nested with theater Army FM operations and initiatives. Planners at the BCT and ESC and sustainment brigades coordinate closely with the theater FMSC to ensure this critical nesting of FM plans and orders at the operational and tactical level occurs.

6-18. FM leaders within the FMSUs and FMSDs rely on information contained in higher headquarters orders, plans, and staff running estimates to develop their METT-TC analysis. The ESC FM SPO, in coordination with the FMSC, should assist when possible in providing additional information to the subordinate FM units to include country studies, host nation support agreements, and theater Army Operational Contract Support Plan.

SECTION III – EXECUTION

6-19. During the execution of any plan, there must be a total understanding of the principles that will help achieve success during any mission. A clear and concise order will keep all elements involved synchronized and well informed about the objective of the operation.

MISSION COMMAND

6-20. The Army's primary method of command is mission command. Mission command is the exercise of authority and direction by the commander using mission orders to enable disciplined initiative within the commander's intent to empower agile and adaptive leaders in the conduct of unified land operations. (ADP 6-0).

6-21. The exercise of mission command is based on mutual trust, shared understanding, and purpose. Commanders understand that some decisions must be made quickly at the point of action. Therefore, they concentrate on the objectives of an operation, not how to achieve it. Commanders provide subordinates with their intent, the purpose of the operation, the key tasks, the desired end state, and resources. Subordinates then exercise disciplined initiative to respond to unanticipated problems. Every Soldier must be prepared to assume responsibility, maintain unity of effort, take prudent action, and act resourcefully within the commander's intent. Successful mission command of FM operations hinges on subordinate FM leaders at all echelons exercising disciplined initiative within the commander's intent to accomplish missions. Mission command requires a command atmosphere of knowledge sharing, trust and mutual understanding. Mission command consists of six principles:

- Build cohesive teams through mutual trust.
- Create shared understanding.
- Provide a clear commander's intent.
- Exercise disciplined initiative.
- Use mission orders.
- Accept prudent risk.

6-22. Mission command of FM organization and functions, like command of land forces, rarely fall directly under the direct control of any one commander or FM leader. The senior FM leader within theater, the ASCC G-8 or JTF C-8 (corps or Div G-8), relies on the independent actions of subordinate sustainment and FM leaders in the planning and execution of FM operations.

6-23. As previously depicted in figure 1-6 on page 1-14, FM theater operations are commanded and controlled through a network of explicit command and staff relationships and implicit coordination between staffs that exist from the TA G-8 down to the lowest tactical FM unit – the FMSD. In between these levels of command, various FM unit and staff personnel within multiple organizations (e.g., TSC, FMSC, ESC, SUST BDE and FMSUs) integrate, synchronize, coordinate and manage FM operations throughout the theater in order to provide full spectrum FM support to the theater commander's mission. Tactical FM units fall under the command and control of the theater sustainment command. The FMSC is a subordinate operational element of the TSC and provides technical oversight of all theater tactical FM units executed by tactical FMSUs and FMSDs. This coordination includes providing technical FM policy and guidance on FM procedures, systems and FM reporting requirements.

6-24. The SUST BDE has mission command over the FMSUs and FMSDs. It relies on the ESC FM SPO to integrate and coordinate its FM operations. The SUST BDE also ensures the provision of requisite FM support to units within the SUST BDE's AO. The Sustainment Brigade Commander (SUST BDE CDR) may place the FMSU under the mission command of the STB. The ESC FM SPO communicates directly with the FMSC when coordinating FM operations. Regardless of where the FM units are placed within the SUST BDE, the SUST BDE CDR bears overall responsibility for compliance of FM units with established internal controls and works with the FMSC to ensure that those FM units under his or her command and control do in fact comply with all applicable laws and regulations governing FM operations.

EXPEDITIONARY SUSTAINMENT COMMAND (ESC) FINANCIAL MANAGEMENT SUPPORT OPERATIONS (FM SPO)

6-25. As stated earlier, the FM SPO section has undergone significant structural changes since the previous edition of this manual. Now, FM SPO personnel are only at the ESC level. The ESC FM SPO is critical to the successful execution of tactical FM operations within theater as this staff section plans, coordinates, and synchronizes FM disbursing support for all units within an entire ESC's assigned AO. The FM SPO must possess the necessary experience and knowledge in FM operations in order to be a principal FM asset to the ESC commander.

6-26. The ESC FM SPO is key to the successful integration of FM operations and FM capabilities. FM support must remain responsive and retain the necessary flexibility to meet the ever-changing requirements of U.S. forces in the ESC AO. The ESC FM SPO evaluates the adequacy of support throughout the AO by analyzing workload data, supporting population size, and making recommendations to maximize efficiency

of limited FM resources throughout the supported AO. It monitors the use of cash or instruments representing cash on the battlefield to attain military objectives. In close coordination with the FMSC and the supported G-8 staff, and ESC FM SPO coordinate for the execution of FM initiatives within the ESC AO such as E-commerce program, banking, and conversion to EFT payments. Coordinating for these initiatives requires working directly with the FMSC and when appropriate, national providers such as the U.S. Treasury, Federal Reserve Bank, DFAS and USAFMCOM. The FM SPO will ensure that supported G-8 staffs remain fully informed of activities such as FM initiatives, programs, and policies impacting FM operations.

FINANCIAL MANAGEMENT STAFF OFFICER (S-8)

6-27. The SUST BDE S-8 has a sustainment vantage point that allows it to provide additional FM oversight and expertise. For example, the SUST BDE S-8 should monitor supply ordering and the turn-in of Class IX recoverable parts to prevent wasteful spending. In addition, the SUST BDE's LOGCAP mission can benefit from the S-8's FM cost analysis expertise to prevent fraud, waste, and abuse in contracting. Additionally, since the SUST BDE has mission command of the FM units in its AO, the SUST BDE S-8 can support in planning, monitoring, and synchronizing the SUST BDE's FM mission.

FINANCIAL MANAGEMENT SUPPORT CENTER

6-28. With the elimination of an FM SPO within the Sustainment BDE, many of these FM SPO capabilities are found at the FMSC. These tasks include:

- **Assists in the integration of all FM operations within the AO**. In order to remain responsive and retain the necessary flexibility to meet the ever-changing requirements of U.S. forces in the AO, the FMSC must evaluate the adequacy of support throughout the theater by analyzing workload data, population size, and scheduling of support at forward operating bases (FOBs); and by making recommendations to maximize efficiency of limited FM resources throughout the supported AO. It monitors the use of cash or instruments representing cash on the battlefield to attain military objectives. In addition, coordinates for the execution of FM initiatives within their unit's AO such as E-commerce program, banking, and conversion to EFT payments. The FMSU will request support from national providers through the FM SPO, who in turn will coordinate the request through senior FM channels and ultimately the FMSC for the necessary support. The FMSC will ensure that supported G-8 staffs remain fully informed of activities such as FM initiatives, programs and policies impacting FM operations.
- **Synchronize FM network**. The FMSC coordinates FM efforts for the sustainment brigade across all supporting FMSUs, contracting offices, and CA units. It synchronizes FM support with other sustainment elements and supported organizations for commercial vendor services, pay agent services, Soldier disbursing services, SVC program and other FM services. Synchronization also requires the FMSC to ensure that the subordinate FMSUs and FMSDs support local funding support to include reducing errors in the accounting systems such as negative un-liquidated obligations (NULO) and other accounting discrepancies. In support of the procurement process, the FMSC ensures the FMSU is providing commercial vendor services and contracting support through the accurate and timely payment of contracts.
- **Monitor all FM systems**. In coordination with the G-8 and the FMSU, the FMSC monitors the employment and update of FMIS used for disbursing, pay support, travel pay, vendor pay and resource management. Tasks may include coordination for assistance when systems fail and scheduling system upgrades. Planning would include coordinating communication support for expanding electronic banking initiatives. Coordination with the DFAS Expeditionary Support Organization, through the FMSC, is essential in acquiring support for FM systems such as Deployable Disbursing System (DDS), Commercial Accounts Processing Systems Windows (CAPSW), and other FMTP software platforms. These systems are updated continuously and require extensive technical network support from both organic signal units and external organizations. The FM SPO should possess a familiarity with FM systems employed in theater and system support requirements. FMSUs and their subordinate detachments request FM systems support through the Brigade S-8.

- **Coordinate FM requirements**. The FMSC works closely with supported units to determine FM requirements and prioritize delivery of FM support. The FMSC must maintain continuous visibility on the location, number, and composition of supported units within the AO in order to anticipate changes in FM requirements and adjust existing FM support plans to address the changes. In coordination with G-8 and FMSUs, the FMSC monitors and reports cash requirements for special funding sources such as CERP, for Soldier support (check cashing, local and partial payments, and exchange transactions), and vendor payments. The FMSC also supports quarterly cash verification requirements for subordinate FM units IAW DODFMR Volume 5.
- **Coordinate operations and FM support**. The FMSC establishes mutually supporting flow of information among the G-8, contracting, and FM units enabling responsive FM support on the battlefield. The FMSC provides technical FM guidance to supported units and activities.

CONSIDERATIONS IN SUPPORT OF THE PROCUREMENT PROCESS

6-29. Throughout U.S. history, contractors have been employed to provide capabilities or skills not included in the available uniformed force structure. During the last two decades of operations in the Balkans, Iraq, and Afghanistan, the military's dependence on contractors was unprecedented. Between 2001 to 2012, the U.S. government spent almost $200 billion in contracts and employed more than 250,000 contractors in support of the wars in Iraq and Afghanistan. With capabilities running the gamut of support functions from security, distribution, and base operations to linguists and trainers, the number of contractors has often exceeded the uniformed military force. Contracting support is an essential part of the Army's force projection capability and must be included in all OPLANs. Effective OCS requires close coordination between contingency contracting officers, FM, Legal, and the supported command or activity.

6-30. The FM mission plays a critical role in the OCS end-to-end procurement process by acquiring and certifying funds, accounting for expenditures and disbursements, and providing oversight to prevent losses from fraud, waste, abuse, improper or illegal payments, thievery, and lapses in security. By coordinating with supporting contracting activities and the SJA regarding local business practices, financial managers greatly reduce the probability of improper or illegal payments. FM and contracting planners closely coordinate to ensure FM plans and the Operational Contract Support Plan support one another to best support the Army and JFCs.

6-31. Contracting is a key source of support for deployed armed forces across unified land operations. Because of the importance and the associated challenges of FM support to OCS actions, financial mangers throughout all FM units and staffs need a basic understanding of OCS. Current doctrine describes three broad types of contracted support: theater support, external support, and system support.

- **Theater Support Contracts**: Typically associated with the term contingency contracting, these contracts are awarded by contracting officers in the operational area serving under the direct contracting authority of the ECC or designated joint Head of Contracting Agency for the designated contingency operation. During an OCO, these contracts are normally executed under expedited contracting authority and provide supplies, services, and construction generally from local commercial sources.
- **External Support Contracts:** External support contracts are contracts awarded by contracting organizations whose contracting authority does not derive directly from the theater Head of Contracting Agency or from systems support contracting authorities. These contracts provide a variety of logistic and other noncombat related services and supply support. Most familiar to the Army is the LOGCAP. External support contracts may be prearranged contracts or contracts awarded during the contingency itself to support the mission and may include a mix of U.S. citizens, third-country nationals, and local national subcontractor employees. The Defense Logistics' Agency's Prime Vendor contract for Class I represents another example of an external support contract. More detailed information on LOGCAP can be found in ATTP 4-10, Field Manual 4-92, and AR 700-137.

- **System Support Contracts:** System support contracts are contracts, awarded and funded by a military department acquisition program management (PM) office, that provide technical support, maintenance and, in some cases, repair parts for selected military weapon and support systems. System support contracts are routinely put in place to provide support to newly fielded weapons systems, including aircraft, land combat vehicles, and automated mission command systems.

6-32. The CSB and its subordinate unit's primary missions include:

- Provide theater support contracting capabilities to deployed Army forces, as well as other military forces, governmental agencies, and/or nongovernmental agencies as directed.
- Develop contracting support plans, normally at the Army forces level. These plans will include mission specific LOGCAP support information.
- Coordinate execution of LOGCAP support to ensure it is not in competition with existing or planned theater support contracts.

6-33. The Operational Contract Support Plan is the mechanism for planning contracting support to military operations. It ensures contracting solutions are considered for all contingency operations. The Operational Contract Support Plan required elements include:

- Theater support contracting organization responsibilities.
- Boards and/or center information.
- Operational specific contracting policies and procedures to include Service civil augmentation program (e.g., LOGCAP).
- Contract administration services delegations.

6-34. Prior to deployment, Operational Contract Support Plans are normally established at the joint force commander (JFC), ASCC levels and other lower levels as deemed necessary. Units with requirements for contracting support must communicate these requirements when developing the Operational Contract Support Plan. These units assist the contracting element by developing procedures and plans to cover contingencies. Contracting organizations, in turn, provide copies of approved Operational Contract Support Plans to their supporting FM units and FM elements within headquarters staffs.

SECTION IV – ASSESSMENT

6-35. Financial managers must make effort to improve every aspect of their mission. By receiving feedback and conducting assessments, the FM commander can identify areas where capability gaps exist and begin the mitigation process.

6-36. Assessment is the continuous monitoring and evaluation of the current situation, particularly the enemy, and progress of an operation (ADP 3-0). FM leaders constantly monitor and analyze relevant information to help them judge how FM operations are supporting the desired end state. FM personnel at all levels must be able to articulate how FM operations support the commander's mission and achieve intended effects. In order to articulate progress, FM commanders and staff personnel must design and implement an assessment framework that assesses the progress of FM operations and provides relevant feedback on the operations effectiveness and efficiency. For FM, assessment includes:

- Continuously monitoring the situation and progress of FM operations towards supporting the commander's desired end state.
- Determining how well FM delivers support to ongoing operations while optimizing the use of limited financial resources.
- Evaluating FM operations against measures of effectiveness and measures of performance.

6-37. The focus of assessment differs during planning, preparation, and execution of FM operations. During planning, assessment focuses on developing and maintaining an understanding of the current situation and developing the assessment plan. During preparation and execution, financial managers focus assessment on monitoring the current situation and evaluating FM operations progress toward stated objectives. FM leaders build their assessments from personal observations, the common operational picture, the FM running estimate, input from subordinate FM units and feedback from supported units and/or

activities. Collaboration with higher, subordinate and adjacent commanders and staff personnel, supported by qualitative and quantitative data, contribute to the ultimate usefulness of the assessment plan. For more information on the design and construction of assessment plans refer to ADP 5-0.

6-38. The assessment process is comprised of three activities:

- Monitoring the current situation to collect relevant information.
- Evaluating progress toward attaining end state conditions, achieving objectives, and performing tasks.
- Recommending directing action for improvement.

6-39. These activities occur continuously throughout the assessment process and are logically sequenced during the operations process. All levels of FM units and/or activities (strategic through tactical), conduct assessments of its operations. The extent, depth, and rigor of the assessment is commensurate with the availability of expertise, personnel, and systems support to perform assessments.

6-40. In theater, FM leaders and staff monitor conditions associated with FM operations to collect relevant information that can be compared to the forecasted situation described in the commander's intent and concept of the operations. FM systems provide quantitative data that when analyzed and interpreted can produce meaningful feedback on the progress of FM operations. Monitoring procedures are outlined in the assessment plan and IAW established SOPs. Many of the FM systems possess management report functions that generate statistics useful in assessing section, activity, or unit performances especially within the commercial vendor services. Financial managers must not solely rely on FM systems for their assessment data. Liaison with other activities (e.g., OCS, and supported units) and higher headquarters can provide meaningful information that would provide a better assessment of FM operations. Customer feedback is always relevant in developing statistics on FM operations effectiveness and efficiency.

6-41. Evaluating progress of FM operations requires the comparison of those conditions pertinent to the operation against MOEs and MOPs to judge progress toward desired conditions. Evaluation is the heart of the assessment process and informs FM personnel on operational successes and deficiencies. Evaluation also provides insight on how operations may be improved to better accomplish the mission. Criteria in the form of MOEs and MOPs aid in determining how well FM operations perform desired tasks, achieve mission objectives, and attain a desired end state. A MOE is a criterion used to assess changes in system behavior, capability, or OE that is tied to measuring the attainment of an end state, achievement of an objective, or creation of an effect (JP 3-0). MOEs focus on the question of "Are we doing the right thing?"

Examples: An FM MOE for the objective of reducing physical U.S. cash in theater may be the dollar amount of physical U.S. cash circulating in theater or the total number of contract payments made via EFT. A MOP is a criterion used to assess friendly actions that are tied to measuring task accomplishment (JP 3-0). A MOP assists in determining how well FM activities are performing FM tasks. These measures are easier to define, develop and track using FM systems or other feedback mechanisms. Examples of FM MOPs are obligation rates, pay support accuracy reports, AUT, Merged Accountability and Fund Reporting (MAFR), contract payment timeliness and accuracy reports, and case management system statistics.

6-42. FM personnel develop MOPs and MOEs ICW other elements of the Fiscal Triad in order to ensure that operational objectives are properly supported by FM operations. Financial managers develop MOP and MOE benchmarks to determine whether FM operations are progressing, regressing or require adjustment. These benchmarks are based on FM standards prescribed in regulations, statute, theater policy or established FM best practices.

6-43. Monitoring and evaluating are critical activities in the assessment process; however, FM personnel must use the information gleaned from monitoring and evaluating activities to develop and implement adjustments and improvements to FM operations. Based on the evaluation of progress, FM leaders and staff personnel recommend to the commander or make adjustments within their delegated authority. Assessment diagnoses threats, suggests improvements to effectiveness, and reveals opportunities. FM staff personnel present the assessment results, their conclusions, and recommendations to the commander as an operation develops. As improvements are made, the assessment process continues monitoring and evaluating the

adjustments in FM operations. FM personnel should refer to ADP 5-0 for specific instruction on the assessment process and development of an assessment plan.

SECTION V– OPERATION PLAN AND ORDER DEVELOPMENT

6-44. This is an administrative guide, instructions, and format for developing the FM Appendix to the Service Support Annex of an operation plan (OPLAN) or operations orders (OPORD). Refer to ADP 5-0 for further guidance in the preparation of plans and orders.

6-45. The FM Appendix to the Service Support Annex of the OPLAN or OPORD, table 6-1, is developed in conjunction with—and in support of—the FM running estimate and operational planning process. The FM Appendix identifies and resolves FM support problems and funding responsibilities in advance of plan implementation. Command responsibilities and functional alignments for providing FM support should be described and defined in the Appendix and in sufficient detail to ensure that provisions are made to support all mission essential tasks. Furthermore, the Appendix should outline special program funding and procedures unique to the operations (e.g., CERP, DOD Small Rewards Program, Train and Equip programs). Requirements validation and funding procedures are essential elements of an FM Appendix. FM planners should specify all spending thresholds that require approval by commanders and/or acquisition review boards (Joint Acquisition Review Board, Combined Acquisition Review Board). Finally, any reporting requirements and formats should be identified and explained in the FM Appendix.

Note: Providing entitlement information to financial managers and DFAS is critical to ensuring accurate payment of personnel deploying to support joint force operations; hence, the information should be communicated as soon as possible.

Table 6-1. FM appendix to the service support annex of the OPLAN and OPOR

(Change from verbal orders, if any)

Copy ## of ## copies
Issuing headquarters
Place of issue
Date-time group of signature
Message reference number

Include heading if attachment is distributed separately from the base order or higher-level attachment.

Tab B (Financial Management Operations TO Appendix 2 (Personnel Services Support) TO Annex F (Sustainment) TO OPERATION PLAN/ORDER [number] [(code name)] [(classification of title)]

References: Field Manual 1-06, ADP 4-0

Time Zone Used Throughout the Order:

1. (U) Situation. *Include information affecting Financial Management (FM) Operations that paragraph 1 of the OPLAN/OPORD does not cover or that needs to be expanded.*

a. (U) Area of Interest. *Refer to Annex B (Intelligence) as required.*

b. (U) Area of Operations. *Refer to Appendix 2 (Operation Overlay) to Annex C (Operations).*

(1) (U) Terrain. *List all critical terrain aspects that impact FM operations. Refer to Tab A (Terrain) to Appendix 1 (Intelligence Estimate) to Annex B (Intelligence) as required.*

(2) (U) Weather. *List all critical weather aspects that impact FM operations. Refer to Tab B (Weather) to Appendix 1 (Intelligence Estimate) to Annex B (Intelligence) as required.*

Table 6-1. FM appendix to the service support annex of the OPLAN and OPOR

c. (U) Enemy Forces. *List known and templated locations and activities of enemy functional area units for one echelon up and two echelons down. List enemy maneuver and other area capabilities that will impact FM operations. State expected enemy courses of action and employment of enemy functional area assets.*

d. (U) Friendly Forces. *Outline the higher headquarters' plan as it pertains to FM. List designation, location, and outline of plan of higher, adjacent, and other FM assets that support or impact the issuing headquarters or require coordination and additional support. List the component FM organizations and the specific tasks each is assigned to support the FM operations of the plan. Summarize their capabilities. Include non-U.S. military forces and U.S. civilian agencies, such as banking institutions or embassies, which may help provide FM support (or may themselves require support).*

e. (U) Unified Action Partners. *Identify and describe organizations in the area of operation that may be entitled to or receive some level of FM support. Identify and describe other organizations in the area of operation that may impact the conduct of FM operations or implementation of FM initiatives.*

f. (U) Civil Considerations. *Refer to Annex K (Civil Affairs Operations) as required.*

g. (U) Attachments and Detachments. *List units attached or detached only as necessary to clarify task organization.*

h. (U) Assumptions. *List any FM-specific assumptions that support the annex development. State realistic assumptions and consider the effect of current operations on FM operations. These could be similar assumptions used by the components when developing cost estimates for the operation.*

2. (U) Mission. *State the FM mission in support of the base plan or order.*

3. (U) Execution.

a. (U) Scheme of Support. *Describe how financial management operations supports the commander's intent and concept of operations. Establish the priorities of support to units for each phase of the operation. Identify and provide key tasks and specific guidance for Pre-Deployment and Mobilization Operations, Deployment and unified Land operations and Redeployment and Demobilization Operations. Refer to Annex C (Operations) as required.*

(1) (U) Financial Management Operations. *Identify key tasks (specified and implied) and requirements to support current and future operations throughout the assigned area. Remain flexible and responsive to constant changes to the operating environment. Identify areas that will impact FM such as transportation, communication and contracting.*

(a) (U) Disbursing Support. *Describe all information to support efficient disbursing operations and require significant logistics and planning capabilities such as air and ground transportation, specialized equipment, secured facilities, armed escort and hardware/software requirements. Include limitations established by DOD, DA and theater policies for local and partial payments, special requirements for pay agents and field ordering officer appointments, currency conversion, funding of subordinate FM units and its replenishment, execution of E-commerce initiatives, and other issues that impact disbursing operations. Identify key components and participants of the procurement process and the coordination that needs to take place in order to reduce the probability of improper or illegal payments. Specify reporting procedures and lines of communication among all parties involved in the process.*

Table 6-1. FM appendix to the service support annex of the OPLAN and OPOR

(b) (U) Accounting Support and Cost Management. *Describe accounting support related to FM. Procedures to reconcile, analyze, and account for transactions affecting disbursing, pay support, and commercial vendor services (CVS).*

(c) (U) Banking Support. *Describe all information that affects the selection of a limited depositary (LD) and the establishment of a limited depositary checking account (LDA). Describe currency resupply process and include limitations established by DOD, DA and theater policies. Provide information on any E-commerce initiatives that affect banking support within the assigned area. Determine the laws and regulations of local banks by establishing a relationship with the local embassy and the Central Bank of the host country. Determine what banks are within the AOR and conduct an analysis to determine feasibility of establishing a bank.*

(d) (U) Internal Control. *Describe all information included in the Managers' Internal Control Program (MICP). Establish specific responsibilities and timelines in the form of written guidance/policy. Provide direct instructions on key actions, training requirements, evaluations, quality assurance and internal review inspections, and any other requirement that supports the MICP. Also describe metrics use to evaluate performance.*

(e) (U) Fund the Force. *Identify the sources of funds available from various DOD and other Federal agencies. Acquire the funds and distribute funds to subordinate elements to support the mission and commander's intent. Describe information on what resources are required and available to support the mission and commander's intent. Information includes, but is not limited to, contracting, transportation, multinational support, support to other agencies and international organizations, foreign humanitarian assistance, and force sustainment.*

(f) (U) Accounting Support and Cost Management. *Describe the accounting support to ensure that proper financial resources are available in order for the commander to make resource informed decisions. Describe procedures to track costs in order to determine obligation rates and conduct analysis on use of funds in support of the mission and to identify trends to foresee resourcing challenges.*

(g) (U) Internal Control. *Describe all information included in the Manager's Internal Control Program (MICP). Establish specific responsibilities and timelines in the form of written guidance/policy. Provide direct instructions on key actions, training requirements, evaluations, quality assurance and internal review inspections, and any other requirement that supports the MICP. Also describe metrics use to evaluate performance.*

(h)(U) Tasks to Subordinate Units. *List FM tasks assigned to specific FM components not contained in the base order.*

(i). (U) Coordinating Instructions. *List only instructions applicable to two or more components not covered in the base order. Identify and highlight any FM-specifics such as timing; information; agreements with the host country, multinational forces, and U.S. Government and nongovernmental agencies; DFAS Crisis Coordination Center and Expeditionary Support Organization (ESO) responsibilities; guidance on special programs and OMA funding, validation, funding and procedures.*

4. (U) Sustainment. *Identify priorities of sustainment for FM key tasks and specify additional instructions as required. Include guidance on contracting requirements, logistic support relationships, reporting requirements, and any particular personnel or augmentation requirements. Refer to Annex F (Sustainment) as required.*

Table 6-1. FM appendix to the service support annex of the OPLAN and OPOR

5. (U) Mission Command.

a. (U) Command. *State the location of key FM leaders and command relationships.*

b. (U) Liaison Requirements. *State the FM liaison requirements not covered in the base order.*

c. (U) Signal. *Address any FM-specific communications requirements such as connectivity (secure internet protocol router or nonsecure internet protocol router), bandwidth, port accessibility, hardware setup and systems vulnerabilities. Refer to Annex H (Signal) as required.*

ACKNOWLEDGE: *Include only if attachment is distributed separately from the base order.*

[Commander's last name]
[Commander's rank]

The commander or authorized representative signs the original copy of the attachment. If the representative signs the original, add the phrase "For the Commander." The signed copy is the historical copy and remains in the headquarters' files.

OFFICIAL:

[Authenticator's name]
[Authenticator's position]

ATTACHMENTS: *List lower level attachment (e.g. appendices, tabs, and exhibits).*

DISTRIBUTION: *Show only if distributed separately from the base order or higher-level attachments.*

[page number]

SECTION VI – PLANNING AND OPERATIONS ACTIVITIES

6-46. The following is a checklist of related FM activities that should be considered in planning and executing FM operations. These activities are not necessarily limited to a single phase. The following list is not all inclusive and the categorizations are for organizational purposes. FM personnel such as FM staff members (theater Army through BCT S-8, FMSC, FMSU, FMSD and ESC FM SPO) and FM unit leadership (FMSU through FMSD) should review these activities and determine which activities are applicable to their mission and organizational level.

PRE-DEPLOYMENT OPERATIONS

6-47. As part of Financial Management operations conducted during mobilization and pre-deployment, the financial manager should—

- Deploy as a member of the Pre-Deployment Site Survey team.
- Provide advice and assistance to command and staff.
- Determine specified, implied, and essential tasks for unit(s) and agencies to accomplish the mission.
- Determine unit preparation, packing, and crating costs.
- Determine method of deployment/redeployment and begin initial coordination with the transportation officer.

- Develop cost capturing methods, cost centers, FCA, fund cite, etc. Obtain the correct cost reporting codes and formats from higher headquarters' G-8.
- Ensure the lead Service has been designated, when appropriate.
- Develop and maintain the FM running estimate and participate in headquarters planning process. Participation should begin during pre-deployment and continue throughout the operations until redeployment is complete.
- Prepare the FM Appendix of the unit OPORD and review OPLANs, to include the concept of support. Coordinate with FMSC and/or ESC FM SPO for information regarding financial management operations as needed to develop the FM appendix. The appendix should include FM tasks and guidance for subordinate commanders and FM units.
- Review requirements to the establishment of funding responsibility, to include contracting and procurement.
- Coordinate and understand requirements of Unified Action Partners.
- Establish and identify resourcing processes and approval authorities for requirement development, validation and funding (all levels, BCT – ASCC).
- Review interagency financial support agreements.
- Determine if support is required for other agencies, such as morale, welfare, and recreation, the American Red Cross, NGOs, and public affairs.
- In coordination with the G-4, determine availability of HNS, coalition, and/or AIK support, and establish reporting and reimbursement requirements. In coordination with the G-4 and staff engineer, initiate wartime military construction requests or reprogramming action.
- Determine any unique reimbursement procedures, if necessary, to capture incremental costs.
- Request special appropriations, if required.
- Identify and understand the various appropriations, authorities, and agreements associated with the deployment.
- Implement procedures to track multinational support costs and review billing procedures.
- Review cost estimates, when required.
- Coordinate with the SJA to ensure legal considerations are reviewed.
- Provide fund certification.
- Determine the commitment accounting automation plan.
- Identify fiscal year-end closeout plan.
- Identify and determine management control requirements.
- Prepare the FM Appendix of the unit OPORD and review OPLANs to develop the concept of support.
- Consolidate and analyze the economic assessment for the AO.
- Provide financial advice and assistance.
- Determine if foreign currencies are to be used and their exchange rates.
- Develop requirements for check cashing; emergency payments; currency conversion; funding of pay agents; foreign currency conversion; solatia payment; recording of cost data; travel; civilian pay; and funds disbursement.
- Determine what duty conditions have been designated for the operation by the commander.
- Determine if group travel has been declared.
- Coordinate entitlements, if required, for Reserve Component (RC) participation.
- Coordinate with the G-1 to ensure consistency of entitlements and level of support. If required, request determination of hostile fire pay, imminent danger pay, hardship duty pay, family separation allowance, special leave accrual, and combat zone tax exclusion.
- Publish guidance, when required, on UN entitlements, leave, and observers to peacekeeping organizations.
- Determine appropriate check cashing limits and recommend approval by the commander.
- Coordinate with the DFAS crisis coordination center.

- Coordinate with USAFMCOM for E-commerce (e.g., SVC, OTCnet, ITS.gov) requirements.
- Determine accounting and central funding support needed for the operation.
- Determine banking laws, regulations, and banking support requirements.
- Determine appropriate quantities of foreign currencies and formalize resupply procedures.
- Determine NEO support requirements.
- Prepare to provide currency funding support to other U.S. and multinational organizations in the AO.
- Determine the requirement for LDAs.
- Prepare for solatia payment and payments for other claims.
- Coordinate with the SJA to ensure legal considerations are reviewed.
- When possible, deploying FMSU leadership, SUST BDE, FM SPO and STB leadership should conduct predeployment coordination (preferably face-to-face) in order to begin building essential working relationships and integrating the FM unit and personnel into the Sustainment Brigade.
- Coordinate with signal support assets to ensure adequate bandwidth and other communication support is sufficient to support FMIS.

DEPLOYMENT AND UNIFIED LAND OPERATIONS

6-48. As part of FM operations in deployment and unified land operations, the financial manager should—

- Co-locate and conduct funding with logistic, contract, and disbursing/pay agent assets.
- Coordinate FM aspects of HNS and AIK.
- Plan for handling battlefield effects and identify the funding source for anticipated requirements.
- Capture and track costs IAW DFAS published guidelines and higher headquarters policy.
- Implement the cost management process in budget execution.
- Provide reports as required, including those needed for reimbursement by a HN, a foreign nation, NGOs, or other Federal agencies.
- Coordinate with the SJA (co-locate if possible) to ensure that legal considerations are reviewed.
- Provide fund certification.
- Establish and monitor commitment accounting automation system(s).
- Monitor established management controls.
- Participate as required in contract review process and requirements boards.
- Perform central funding and accounting (both appropriated and nonappropriated) support, if necessary.
- Support contracting and local procurement requirements.
- Control currency.
- Provide EPW and/or CI pay support, if necessary.
- Support NEO, if necessary.
- Provide pay support to joint and multinational forces, as well as designated civilians.
- Coordinate with the SJA to ensure availability of legal reviews.

STABILITY OPERATIONS

6-49. As part of FM operations in stability operations, the financial manager should—

- Identify and request additional sources of funds (by FY, if needed) in order to continue sustainment of the operation.
- Enforce and adjust resourcing processes and approval authorities for requirement development, validation and funding (all levels, BCT – ASCC).
- Continue to capture and track costs.
- Determine requirements, when necessary, for civil assistance funding.

- Coordinate with the SJA to ensure that legal considerations are reviewed.
- Provide fund certification.
- Monitor the commitment accounting automation system.
- Prepare for year-end closeout, if necessary.
- Prepare for internal and external audits.
- Monitor established management controls.
- Provide banking and cash management/currency support.
- Provide pay support to joint and multinational forces, as well as designated civilians.
- Provide CVS support.
- Establish pay support procedures for the remaining forces in-theater.
- Coordinate with USAFMCOM E-commerce directorate for E-commerce initiatives implementation.
- Coordinate with the SJA to ensure that legal considerations are reviewed.

REDEPLOYMENT

6-50. During redeployment the financial manager should—

- Coordinate and develop FM requirements for redeployment support.
- Close out contingency funding operations and conduct hand-off procedures with the responsible component.
- Coordinate cost capturing for recovery operations.
- Coordinate for reconstitution estimates/costs to repair equipment.
- Provide fund certification.
- Seek reimbursement for cost offset or incremental costs.
- Submit final cost report using SF 1080 in accordance with DODFMR Volume 12.
- Submit after action review.
- Close out the accounts of pay agents.
- Ensure Service Members' deployment related entitlements are stopped.
- Audit pay accounts.
- Close contingency disbursing station symbol numbers (DSSNs).
- Convert from contingency cost centers back to home station cost centers.
- Request additional obligation authority to replace or repair damaged or destroyed equipment.

Chapter 7

Management Internal Controls

We are all accountable for managing the Army's dollars and resources. Whether involved in Financial Management, logistics, acquisition, contracting, payroll, or other business functions everyone has an impact on the Army's financial statement. Everyone must know their role as the Army strengthens its financial operations. Accountability leads to a stronger Army and a clean audit opinion, which proves we are responsible stewards of taxpayer dollars and justifies funds we request from Congress. Ultimately, accountability and audit readiness are inherent to the Army's mission because they allow us to better support the warfighter through better management of Army resources.

The Army must transform itself to meet the financial and managerial requirements of the digital age, producing timely, accurate, and relevant information that is consistently auditable. To achieve this, the Army has created a Financial Improvement Plan (FIP) to reach audit readiness. The FIP is aligned with the Office of the Under Secretary of Defense (Comptroller) (OUSD(C)) Financial Improvement and Audit Readiness (FIAR) Plan to improve financial management, prioritize improvement activities, strengthen internal controls, and ultimately achieve auditability. To achieve the OUSD(C) FIAR Plan objectives, the Under Secretary of Defense (Comptroller) has identified two major financial improvement priorities: The Department's budgetary information, as contained in the Statement of Budgetary Resources (SBR) and information regarding the Existence & Completeness (E&C) of mission critical assets.

SECTION I – MANAGEMENT RESPONSIBILITES

7-1. Management Internal Controls must be embedded in everything the Army does and must be a priority for every leader, commander, manager, and financial manager. Management Internal Controls is not simply an adherence to a series of checklists but more importantly, a continuous process that ensures the effective and efficient use of entrusted resources in mission execution across all areas of operations. Continuous development and review of internal controls ensures that what should happen in our daily operations does happen. Promoting the wise use of resources, deter fraud, waste, and abuse, and protect resources – our dollars, our equipment, and most importantly, our people. Rooted in the professional military ethic, the Army is a trusted institution with leaders committed to doing what is right in all aspects of operations, which includes enforcing management internal controls.

7-2. The Army management internal controls are designed to ensure that programs operate as intended, areas needing improvement are identified and reported, and that timely corrective action is taken. Management internal controls promote these goals through periodic evaluation of key controls and full disclosure of any shortcomings that are detected. Commanders and managers at all levels should understand the importance of evaluating controls in an objective manner and disclosing the results. The Army must have management controls that add value and demonstrate a commitment to effective stewardship of resources entrusted to the Army by the American people.

ARMY MANAGEMENT RESPONSIBILITY FOR INTERNAL CONTROLS

7-3. The Army is required to develop and maintain effective internal controls over all its programs. Commanders and managers at all levels must understand the importance of evaluating their internal controls in an objective manner and sharing the results with others. Internal controls are the policies and procedures used every day to ensure the Army achieves its planned objectives of effective and efficient operations, reliable financial reporting, and compliance with applicable laws and regulations. Internal control standards encourage appropriate use of Army resources and deter fraud, waste, and abuse. Army commanders and managers are responsible for ensuring that effective internal controls are developed, implemented, documented, and assessed for all programs. Additionally, Army commanders and managers must identify required improvements, take corrective actions, and report internal control issues through the annual management assurance statement.

7-4. Leadership is crucial to implementing management controls. Leaders must stress the importance of effective and efficient internal controls to their mission, ensure their staffs understand their responsibilities in the process and demand integrity in the reporting of internal control problems and the corrective actions taken to resolve them. An overarching aspect of management responsibilities is for the Army to take prompt and effective actions to correct weaknesses.

KEY MANAGERS' INTERNAL CONTROLS CONCEPTS

7-5. Each FM manager should be aware of the different concepts that relate to the managers' internal control program. The understanding of each area will improve the application of controls and monitor tools.

Stewardship

7-6. Stewardship is the Army's responsibility to the American people to manage and properly utilize the resources provided to the Army in a manner that reflects and matches the trust and confidence in which those resources are given. Stewardship is a principle of FM and is further defined in chapter 1.

Internal Controls

7-7. Internal controls are an integral component of an organization's management that provides reasonable assurance that the following objectives are being achieved:

- Effectiveness and efficiency of operations.
- Reliability of financial reporting.
- Compliance with applicable laws and regulations.
- Prevention and deterrence of fraud, waste, and abuse.

7-8. Internal controls are an inherent component of operations. It is not a onetime event, but a continuous process of actions and activities that occur throughout an organization's operations. People are a key component of an effective internal controls program. The responsibility for good internal controls rests with commanders and managers. Commanders and managers set the objectives, put controls in place, and monitor and evaluate the controls. All personnel in the organization play important roles in making it happen.

Reasonable Assurance

7-9. Reasonable assurance refers to a satisfactory level of confidence that management controls are adequate and are operating as intended. Reasonable assurance recognizes that there are acceptable levels of risk that cannot be avoided because the cost of absolute assurance would exceed the benefits derived.

Material Weaknesses

7-10. The absence or ineffectiveness of management controls constitutes a management control weakness that must be corrected. Whether the weakness is serious enough to be considered and reported to the next level of command is a management decision based on criteria established in applicable Army regulations.

The ability of commanders and managers at all levels *to detect, or be aware of*, management control weaknesses *and take corrective action* is a fundamental principle of the Federal Managers Financial Integrity Act (FMFIA) and Management Control.

Key Management Controls

7-11. Key management controls are those controls that are absolutely essential to ensuring that critical processes operate as intended and that resources are safeguarded from fraud, waste, and misuse. HQDA functional proponents are responsible for identifying key management controls based on risk.

Separation of Duties

7-12. To reduce the risk of error, waste, or wrongful acts, or to reduce the risk of those acts going undetected, no one individual should control all key aspects of a transaction or event cycle. Rather, duties and responsibilities (e.g., authorizing; approving and recording transactions; making payments; preparing checks and check payments; certification of funding; reviewing and audition) should be assigned to separate individuals to ensure that effective checks and balances exist to minimize risk of loss to the government to the greatest extent possible. Appropriate separation of duties is not always practical or possible due to time constraints, manpower shortages, or the use of automated systems. The commander shall be aware of situations where valid, long-standing separation of duties cannot be achieved, recognize that internal controls have been weakened as a result of such, and make every effort to compensate for loss of the internal control. Unique situations resulting in an inability to separate appropriate responsibilities shall be reported to the applicable DFAS or Service commander, together with a request for a waiver and recommendations for compensating for the loss of the internal control.

ESTABLISHING ACCOUNTABILITY AND STEWARDSHIP

7-13. Since the enactment of key FM reforms, the Army has made substantial progress in improving FM practices. The FM community has to address the following requirements for establishing critical accountability and fiscal stewardship for the Army:

- Transforming FM to embrace an enterprise mindset.
- Transforming FM staffs and units and their business practices.
- Improving financial reporting to achieve auditable financial statements.
- Modernizing FM systems.
- Monitoring remaining internal control weaknesses until corrected.
- Building a competent and trained FM workforce for the future.

7-14. As indicated by the DODIG report of internal controls over payments made in Iraq, Kuwait, and Egypt, the Army and the FM community must make improvements in checking high risk areas. The vignette below describes the impact of weak internal controls on theater financial management operations.

Vignette: DODIG Report of Internal Controls Over Payments Made in Iraq, Kuwait, and Egypt (May 2008)

Background. Between April 2001 and June 2006, the Army made 183,486 commercial and miscellaneous payments, totaling $10.7 billion from seven (7) Army contingency disbursing stations in Iraq, Kuwait, and Egypt. The Defense Criminal Investigative Service determined that there had been only a *limited* review of completeness, accuracy, and propriety of these payment vouchers and that the potential existed for fraud, waste, and abuse. As a result, DODIG reviewed the payment vouchers to determine whether internal controls over the payments supporting Global War on Terror provided reasonable assurance that payments were properly supported and recorded.

Results and Management Comments. Department of Defense (DOD) did not have adequate guidance to support financial operations in supporting military finance operations. DOD did not have adequate internal controls over funds disbursed by contingency disbursing stations.

Commercial Payments Findings. The Army *did not* maintain adequate internal controls over commercial payments to ensure that they were properly supported. DODIG estimates that the Army made $1.4B in commercial payments that lacked the minimum supporting documentation and information for a valid payment, such as certified vouchers, proper receiving reports, and invoices.

Payments to Foreign Governments Findings. DOD did not maintain a complete audit trail to facilitate transparency regarding $1.8 billion of seized and vested assets payments made to Iraqi representatives to ensure that the funds were accounted for, audited, and used to assist the Iraqi people. In addition, the DOD did not maintain a complete audit trail over $134.8 million in Commander's Emergency Response Program (CERP) payments made to representatives of foreign governments and therefore *unable to provide reasonable assurance* that the seized and vested assets funds disbursed were fully used to assist the Iraqi people.

AUTHORITY

7-15. The Federal Managers' Financial Integrity Act (FMFIA) of 1982 (commonly referred to as the Integrity Act) requires the head of each executive agency to:

- Establish internal controls to provide reasonable assurance that obligations and cost are in compliance with applicable laws.
- Ensure funds, property, and other assets are safeguarded against waste, loss, unauthorized use or misappropriation.
- Ensure revenues and expenditures are properly accounted for and recorded.
- Ensure programs are effectively and efficiently carried out according to applicable law and management policy.
- Report annually to the President and Congress on whether these internal controls comply with requirements of the Integrity Act.

7-16. Army Regulation 11-2, Managers' Internal Control Program, prescribes policies and responsibilities for the Army's Managers' Internal Control Program. This regulation applies to all Army organizations and programs; reinforces the accountability of Army commanders and managers for establishing and maintaining effective internal controls; and provides greater flexibility in their evaluations of internal controls.

"No Army activity or program is exempt from the requirements of the Integrity Act. This includes all personnel assigned to Army organizations and reporting organizations for which the Army is executive agent." – AR 11-2

RESPONSIBILITIES

7-17. The Deputy Assistant Secretary of the Army (Financial Operations) (DASA-(FO)) is designated the executive agent for internal controls and is the office the Army uses to manage the Managers' Internal Control Program (MICP) to meet the requirements of the FMFIA which includes the financial reporting requirements.

7-18. The DASA-(FO) will publish annual guidance that includes OMB focus areas for the year; instructions for preparation of individual statements of assurance; information to support assessments; how well the organization complied with applicable laws and regulations for internal controls and financial reporting; reporting new material weaknesses; and update the status of prior-year weaknesses.

7-19. The senior responsible official of the reporting organization has overall responsibility for ensuring the implementation of an effective management control process with that organization and to:

- Provide leadership and support needed to ensure that internal controls are in place and operating effectively.

- Submit an annual statement of assurance that accurately describes the status of internal controls within their organization to include any material weaknesses and plans for corrective action.
- Designate an internal control administrator (ICA) to administer the internal control process within the reporting organization and to serve as a focal point for all internal control matters.

7-20. Assessable unit manager (AUM). This is the focal point of the internal control program for all control evaluations and where the Army relies on its leaders to make the most significant impact in terms of having quality internal control programs. Leaders at this level should provide adequate controls over all its programs to ensure effective use of resources. As weaknesses are identified, the AUM takes immediate corrective action to fix the weakness and report them to the higher commander. The AUM is designated by the head of the reporting organization and must be at least a Colonel or General Schedule 15. The AUM provides leadership and support; executes an internal control plan; conducts evaluations; maintains required documentation; and certifies the results of evaluations.

7-21. Internal Control Administrator (ICA). The ICA is designated by the senior responsible official to administer the management control process within the reporting organization. The ICA is the critical position that ensures the command is meeting the objectives of the management control program on behalf of the AUM. The ICA will:

- Advise the senior responsible official.
- Keep commanders and managers informed on management control matters.
- Identify requirements and provide training.
- Maintain the Internal Control Evaluation Plan (ICEP).
- Coordinate and assist with the preparation of the organization's annual assurance statement.
- Ensure material weaknesses are tracked until corrected.

INTERNAL CONTROL PROCESS

7-22. A common misconception exists that internal controls require less attention during OCO. Intense congressional scrutiny of contracting and procurement operations in Operation Iraqi Freedom and Operation Enduring Freedom, as well as media accounts documenting lapses of internal controls in both theaters, demonstrate the significant importance internal controls play in Army operations, not only in peacetime but during OCO as well. To prevent fraud, waste, and abuse, internal controls should be in place for high-risk areas such as cash, fuel, ammo, and rations. Without proper management controls, commanders are placing their units and mission accomplishment at risk. This section covers the essential elements of the internal control process.

ESTABLISHING MANAGERS' INTERNAL CONTROL PROGRAM (MICP)

7-23. Units deploying to a theater of operation must establish internal controls. The senior FM leader in the AO establishes the MICP. The program establishes specific responsibilities and timelines in the form of written guidance/policy. The guidance/policy directs key actions, like appointing ICAs, training requirements, conduct of the evaluations through the ICEP, and the requirement to submit material weaknesses and annual assurance statements. Use of existing reviews and inspections should be emphasized as an alternative to the use of checklists.

ESTABLISHING FINANCE OPERATIONS INTERNAL REVIEW PROGRAM AND QUALITY ASSURANCE (QA) PROGRAM

7-24. FM units deploying to a theater of operations must establish an internal review program and QA program. Regardless of where the FM units are placed within the SUST BDE, the SUST BDE CDR bears overall responsibility for compliance of FM units with established internal controls and works with the FMSC to ensure that those FM units under his or her command and control do in fact comply with all applicable laws and regulations governing FM operations. The senior FM unit (FMSC or FMSU) in the AO

establishes the internal review and quality assurance program. The internal review and quality assurance program establishes specific responsibilities, checklists, and inspection schedules in the form of written guidance/policy. As part of the internal review and QA program, it is important to establish and track metrics to evaluate performance, develop incentives, and use evaluation results to identify training deficiencies. Accurate payments and prudent cash management practices are areas of emphasis for FM operations.

7-25. Figure 7-1 illustrates how management control is the overarching theme that encompasses Army programs such as the MICP, financial management unit's internal review, and Army quality assurance programs and how all three are charged with deterring fraud, waste and abuse.



Figure 7-1. Management control

7-26. Internal controls are not just about checklists. The management control program allows and encourages commanders and managers to use their existing reviews and inspections in lieu of using a standard checklist. The use of checklists leads to the perception that internal controls are a one-time task done to fill an annual requirement.

7-27. In order to be effective, the internal control process must be a continuous process. One way to ensure a continuous process is by using existing command programs already in place that allows commanders and managers to continuously assess their controls and take corrective action immediately. Another method to ensure a continuous process is to schedule monthly internal reviews of programs versus conducting annual reviews. This will ensure a twelve month visibility of the programs and give internal control personnel year round experience with reporting findings and weaknesses. The use of an existing checklist will meet the minimum requirements of assessing controls, however, if a checklist is used, the management control administrator should attempt to augment the checklist with additional justification from the functional proponent responsible for the assessment.

Financial Liability Investigations of Property Loss, AR 15-6, Investigations, and Command Inspection Program results are potential sources of information that could identify control weaknesses. Established meetings with the SJA and Inspector General should take place with the sole purpose of identifying internal control areas of concern and emerging trends that warrant additional review.

7-28. In order to support their commands in identifying weaknesses and taking corrective action, it is imperative that all FM Soldiers are well versed in the Integrity Act, internal controls, and the MICP. The Army relies on FM Soldiers to lead the effort and promote effective controls.

CONSOLIDATING THE FINANCIAL MANAGEMENT UNITS INTERNAL REVIEW PROGRAM WITH THE MICP FUNCTIONAL REVIEW

7-29. As the single point of entry for all FM in theater, the TA G-8 consolidates all internal control weaknesses to include the financial management units internal control findings and weaknesses. With the merger of RM and FO as FM operations, all findings will be included in the theater Army MICP annual statement of assurance. The MICP functional findings/weaknesses work through the normal G-8 staffs (i.e., corps, div, BCT). The FMSC is responsible for ensuring all FM (i.e., FMSU and FMSDs) findings and weaknesses are reported to the TA G-8. The FMSU reports its FMSD findings to the SUST BDE and the FMSC. The FMSC will maintain coordinating efforts with DFAS. The FMSC will ensure any external audit agency (i.e., GAO, DODIG, AAA) audit/review of any FM unit is included in the ASCC G-8MICP. See figure 7-2 for a full representation of this process.

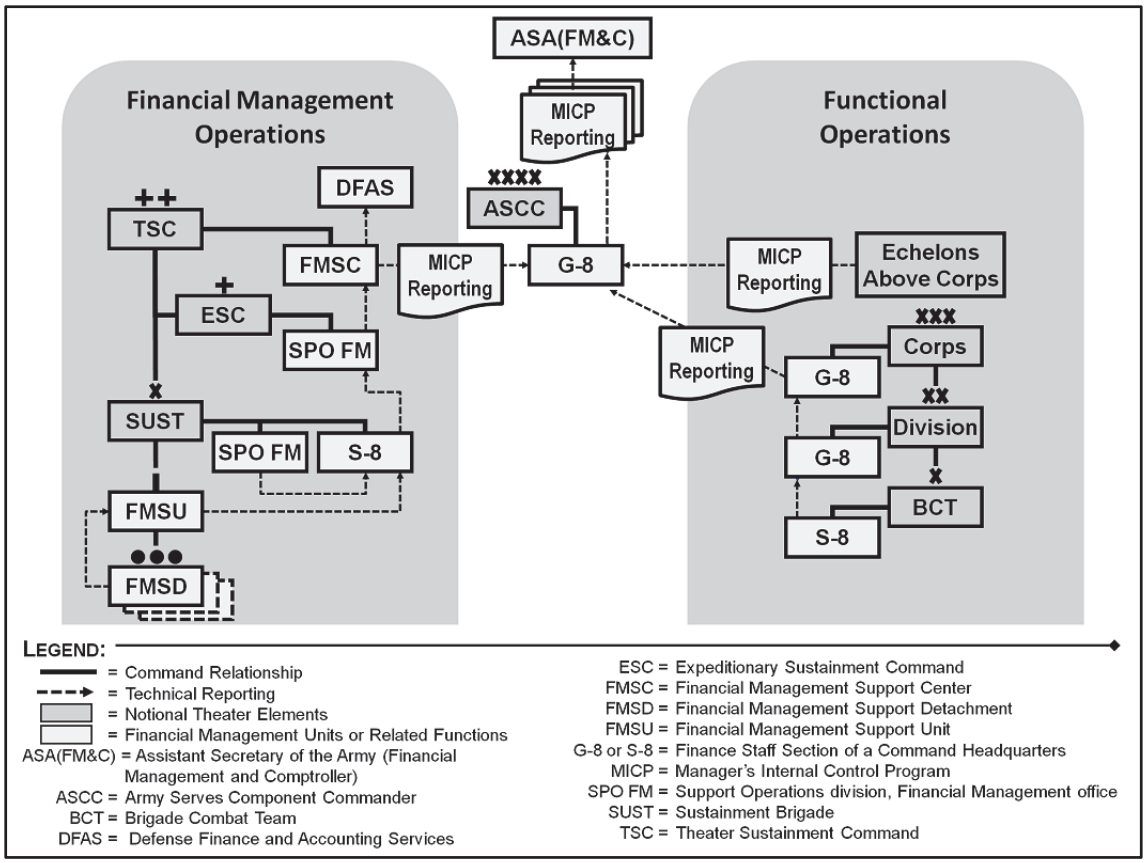


Figure 7-2. ASCC G-8 Management Internal Control Program (MICP)

ASSESSMENTS AND CORRECTIVE ACTIONS

7-30. Key aspects of management internal controls are the actual assessments and the necessary corrective actions that need to take place. The Integrity Act and all applicable laws and regulations require commanders and managers to identify weaknesses through continuous assessments, document any weakness, and most importantly, take the necessary steps to ensure the weakness is corrected.

7-31. Another required aspect of the program is the sharing and reporting of information. As weaknesses are reported through higher headquarters, commands are encouraged to share results of the reviews with other subordinate units and commands to determine if similar weaknesses apply to their operations. Ideally, the Army will develop management controls that will significantly reduce the findings and recommendations from external reviews and audits. In order to accomplish this, the Army must approach management controls aggressively and conduct thorough assessments. This section will give an overview of the principles associated with assessments and the required corrective actions.

RISK ASSESSMENT AND CONTROL ACTIVITIES

7-32. In order to perform the required assessments, a determination of risk and a review of the control activities in place have to be made.

Risk Assessment

7-33. Risk assessment is the identification and analysis of relevant risks of the functional area in order to form a basis for determining how risks should be managed. Commanders and managers have to assess the risk associated with the function and determine an appropriate level of control to ensure the function operates as intended. The higher the level of risk, the more controls are required to ensure a level of reasonable assurance. PAs and disbursing operations have a high level of risk that requires a high level of control, as compared to routine supply requisitions that do not warrant as much control. In the ICEP five year plan, higher risk areas are assessed more frequently.

Control Activities

7-34. Control activities are the policies, procedures, techniques, and mechanisms that enforce management directives. Control activities help ensure that actions are taken to address or reduce risks. Control activities include a wide range of activities such as approvals, authorizations, verifications, reconciliations, physical security, and performance reviews. Records that document evidence of executing these activities need to be created and maintained. Examples of control activities are:

- Reviews of performance by management.
- Information processing controls.
- Physical control of assets.
- Establishing and review of performance measures and indicators.
- Separation of duties.
- Complete, accurate, and timely execution of transactions and events.

Internal control evaluations

7-35. Internal control evaluations are detailed, systematic, and comprehensive reviews of management controls to determine whether or not controls are in place, being used as intended, and effective in achieving its purpose.

7-36. Formal control evaluations of key management controls must be conducted at least once every five years. Any identified “high risk” area requires more frequent evaluations. The Assistant Secretary of the Army (Financial Management & Comptroller) (ASA [FM&C]) through the DASA-(FO) will publish an annual listing of areas that are to be reviewed that year along with a suggested or required method of conducting the evaluation. The AUM certification will be documented on DA Form 11-2 (Internal Control Evaluation Certification).

Methods for evaluating controls

7-37. There are two ways to evaluate controls:

- Use of the checklist. HQDA functional proponents publish checklists as an appendix in the governing Army regulation.
- Use of existing management review process (alternative method). Existing reviews/inspections meet, or can be modified to meet, the requirements of an internal control evaluation. These either can be specific functional reviews/inspections (i.e. Information Assurance) or can be generic (use of Inspector General inspection or a command inspection program).

7-38. Scope of the evaluation must be determined in terms of number of records and timeframe. Testing methods can be an observation, interview, documentation review, or a simulation. The evaluation must include the functional proponent conducting the evaluation, the method used to conduct the evaluation, describe any internal control deficiencies that are detected, and the corrective actions that are to be taken. All evaluations must be certified by the AUM.

REPORTING, CORRECTING, AND TRACKING MATERIAL WEAKNESSES

7-39. After assessments are performed and corrective actions are in place, the importance of keeping track of the weaknesses found and the understanding of the many reports during the different processes, has a major impact on the financial manager capability to inform the commander of the organization status and responsibilities.

Reporting

7-40. Once a weakness is identified, a determination of whether or not it is a material weakness has to be made. Material weaknesses are the absence or ineffectiveness of controls that must be corrected and warrants the attention of the next level of command. Detailed guidance on reporting requirements is provided in the DASA-(FO) instructions for the annual assurance statement. Factors that should be considered in the determination of material weaknesses:

- Actual or potential loss.
- Sensitivity of the resources involved.
- Magnitude of personnel, funds, property, or other resources involved.
- Media interest or adverse publicity.
- Congressional interest.
- Diminished credibility or reputation of the command.
- Impairment of mission.
- Violation of statutory or regulatory requirements.

Correcting And Tracking Weaknesses

7-41. Each material weakness reported must include a plan of corrective action, which includes verification that the weakness is corrected. Reporting commands are responsible for tracking weaknesses to ensure that corrective actions are completed and the weakness is resolved.

Annual Statement of Assurance

7-42. The ASA (FM&C) is required to prepare an annual statement of assurance on internal control over financial reporting. The annual statement of assurance provides an objective assessment of internal controls. The statement is supported by annual feeder statements received from subordinate commanders. These statements represent a *personal certification* of the commander on the effectiveness of internal controls within their respective organizations. At a minimum, the assurance statement will consist of a cover memorandum that includes:

- The operational and administrative statement of assurance required by the FMFIA.
- The internal controls statement must take one of three forms:

- An unqualified statement of assurance where no material weaknesses are being reported:
- *I am able to provide an unqualified statement of reasonable assurance that my organization internal controls meet the objectives of FMFIA overall programs, administrative, and operations.*
- A qualified statement of assurance in which one or more material weakness is reported:
- *I am able to provide a qualified statement of assurance that internal controls meet the objectives of FMFIA overall programs, administrative and operations with the exception of (the number) material weaknesses.*
- A statement of no assurance in which no processes are in place to assess the internal controls or there exist a pervasive amount of material weaknesses that cannot be assessed:
- *I can provide no assurance that my organization's internal controls meet the objectives of FMFIA overall programs, administrative, and operations.*

- Additional supporting information required.
  - How the assessment was conducted to include the basis for reasonable assurance and any other pertinent information and internal control program accomplishments.
  - Listing of any corrected or uncorrected material weaknesses being reported.

Use of Audit and Inspection Reports

7-43. Commanders are required to take corrective or preventive action based on the results of external audits and inspections. Due to the amount of resources required to conduct operations, commanders must expect Congressional interest in the form of GAO or other external audit agencies to report on the use of resources during deployed operations. These outside audits provide valuable assessments of management controls and are distributed to the organizations being audited. Commanders have to respond with their action plan to correct the deficiencies.

SECTION II – AUDIT READINESS

7-44. Congress requires the Department of Defense to obtain an unqualified audit opinion of all financial statements. Department of assured Congress that all of the services will have an auditable SBR.

7-45. The Under Secretary of the Army (USA), directed the Office of the Assistant Secretary of the Army (Financial Management & Comptroller) (OASA(FM&C)) to develop a plan to address the Office of the Under Secretary of Defense (Comptroller) (OUSD(C)) audit readiness requirements. OUSD(C) Financial Improvement and Audit Readiness (FIAR) Guidance, (http://comptroller.defense.gov/fiar) was developed to improve financial management, prioritize improvement activities, strengthen internal controls, and ultimately achieve auditability. To achieve the FIAR Guidance objectives, the OUSD(C) has identified three major financial improvement priorities:

- Improving the budget execution processes that affect the SBR.
- Verifying the E&C of mission critical assets and asset records.
- Maximizing the investment in enterprise resource planning (ERP) systems (e.g., the Global Combat Support System—Army).

7-46. Army commands and installations can become audit ready by providing the following:

- An overview of audit readiness
- A description of key supporting resources available to commands and installations for becoming audit ready
- A description of key internal control activities identified for each command and installation, including authoritative guidance and/or policies related to the internal control activities and internal control deviations discovered by Army audit readiness teams during testing.

7-47. One of the tools available to assist commanders is the Audit Readiness Checklist that provides questions Commanders should ask leaders within their organization to ensure they have the records needed to make sound resource decisions and the Department has the records needed to succeed in coming audits. The checklist provides Commanders with the basic actions their organization should take to determine

whether they are audit ready and, if not, identify areas for improvement. The checklist helps Commanders assess the efficiency of their organization and validate how well each function performs.

7-48. Under the leadership of the Assistant Secretary of the Army (Financial Management and Comptroller), the Army is focusing on the following three priorities to achieve an auditable state:

- Improving the budget execution processes that affect the statement of budgetary resources.
- Verifying the existence and completeness (E&C) of mission-critical assets and asset records.
- Maximizing the investment in enterprise resource planning systems, such as the Global Combat Support System–Army.

7-49. Financial managers maintain supporting documentation that satisfies the requirements of each attribute for key controls within identified business processes in the GFEBS environment. The following business processes are examples of areas where FM should establish mechanisms to promote stewardship throughout the Army to achieve audit readiness:

- Army-wide Controls
- Contracts via Standard Procurement System
- Reimbursable Inbound
- Reimbursable Outbound
- Temporary Duty Travel
- Permanent Change of Station Travel
- Civilian Payroll
- Single Charge Card Solution
- Miscellaneous Payments
- Supply Procurement

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Chapter 8

Information Management

Information management is the science of using procedures and information systems to collect, process, store, display, disseminate, and protect knowledge products, data, and information. Its components are relevant information and information systems. Relevant information is all information of importance to commanders and staffs in the exercise of command and control. Information systems are the equipment and facilities that collect, process, store, display, and disseminate information. These include computers—hardware and software—and communications, as well as policies and procedures for their use (ADP 3-0).

FM operations depend heavily on Financial Management Information Systems (FMIS) as well as the interfacing information systems with which they share. The processing and dissemination of timely and accurate FM information is critical to the success of Army missions worldwide. Successful FM relies on FMIS coupled with advanced communications networks. It is critical to FM that these systems are thoroughly supported by a network that is dependable and can accommodate their particular network requirements. However, even with the ideal system, FM units are always prepared to resort to alternative processes in the event of major systems failures or insufficient automation infrastructure. This chapter discusses the FM hardware and software systems used to support FM operations.

SECTION I – SOFTWARE USED IN SUPPORT OF THE FM MISSION

8-1. FM unit commanders and staffs are responsible for FMIS within their units and sections. The automation sections or designated automation personnel are responsible for executing information management. The FMSU automation section provides support to assigned or attached subordinate FMSDs as required in order to implement theater FM initiatives and support.

8-2. For projected and ongoing operations, coordination with the responsible supporting signal personnel is the first step in ensuring proper communication requirements to support FMIS throughout the assigned AO. FM personnel must be familiar with the requirements of each one of the FMIS. The supporting signal personnel will provide the necessary signal support to satisfy the specific communication requirements for FMIS (i.e., Secure internet protocol router or nonsecure internet protocol router connectivity), bandwidth, port accessibility, hardware setup and systems vulnerabilities. Additional support specific to FMIS operation and maintenance will be provided by the system proponent.

8-3. Figure 8-1 shows legacy systems in the FMIS that support or supported unified land operations in an automated theater and how they connect with each other through the different functions of FM support. The following paragraphs provide a brief description of all FMIS illustrated in figure 8-1 on page 8-2.

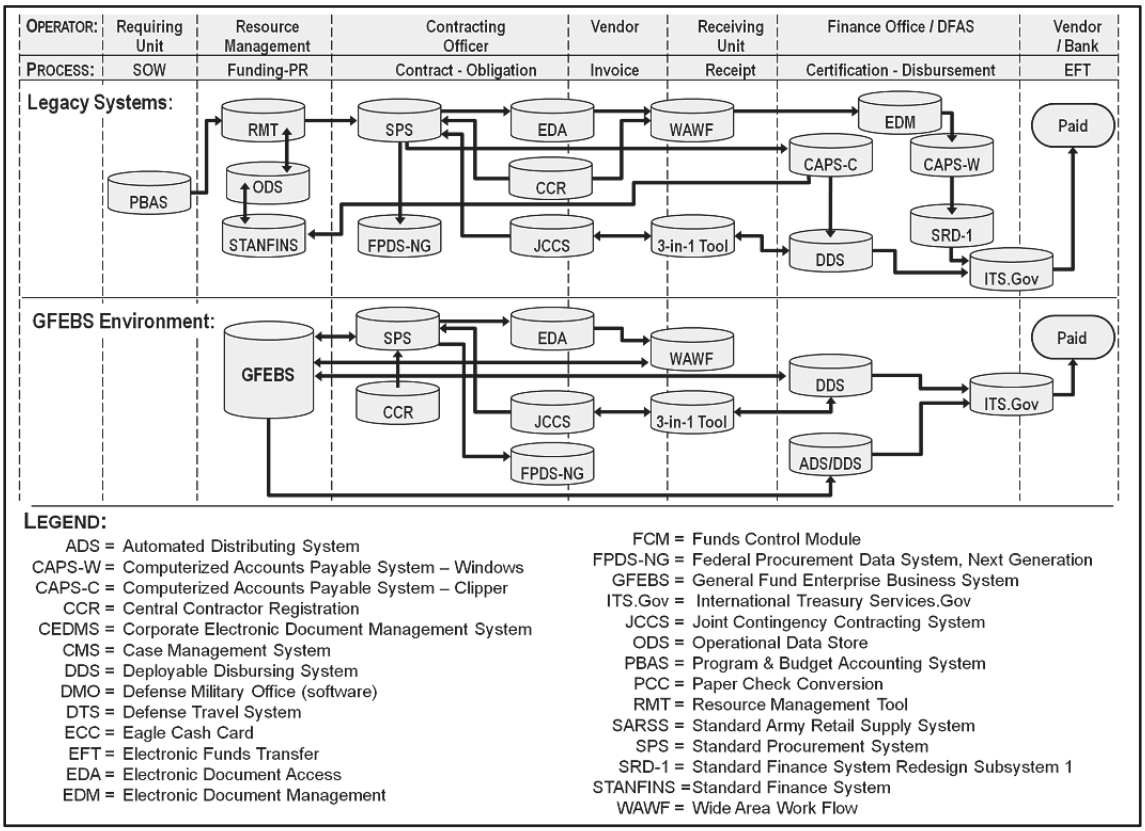


Figure 8-1. Financial Management Information Systems (FMIS)

RESOURCE MANAGEMENT SOFTWARE

8-4. During the funding process several systems are in place to allow the proper distribution and execution of funds. Many of the legacy systems have been replaced by Enterprise Resource Planning (ERP) solutions that help achieve more quantifiable and auditable results.

GENERAL FUND ENTERPRISE BUSINESS SYSTEM (GFEBS)

8-5. GFEBS is the Army's integrated financial management system for funds distribution, execution and reporting. The system provides real-time visibility of transactions as well as historical data; and the availability of these data provides the analytic foundation for better-informed decision-making. GFEBS standardizes business processes and transactions across the active Army, the Army National Guard and the Army Reserve, and the Defense Financial and Accounting Service (DFAS).

8-6. GFEBS is not an update of existing legacy systems; but rather, a replacement of legacy systems with a single integrated, web-based solution. GFEBS employs a commercial-off-the-shelf Enterprise Resource Planning (ERP) solution. GFEBS complies with statutory and regulatory requirements, enforces internal controls and is the Army's centerpiece for achieving unqualified financial audit opinions. Consequently, GFEBS and all ERPs require changes in business processes.

8-7. GFEBS is one of a small group of Army ERPs and interfaces (i.e., Exchanges data) with each of them. Perhaps the most significant interface in a theater of operations is with the Global Combat Support System-Army (GCSS-Army). GCSS-Army is primarily a logistics--but also a financial--system that is tightly integrated with GFEBS. GCSS-Army provides logistics sustainment support in both tactical and installation environments. GCSS-Army receives funds only from GFEBS, shares the financial management module of GFEBS, and provides execution data to GFEBS for consolidation.

8-8. The GFEBS functional scope and processes include the General Ledger, Accounts Payable, Accounts Receivable, Funds Management, Cost Management, Financial Reporting, and Property, Plant and Equipment Management. GFEBS has the ability to empower leaders to make strategic business decisions that have a direct and positive impact on America's fighting force.

ENTERPRISE FUNDS DISTRIBUTION (EFD)

8-9. Currently in process of full implementation, EFD is the new Department of Defense system for managing and distributing funds to the military Departments. EFD capabilities include distributing budget authority to the military Departments, managing rescissions and continuing resolutions, and reprogramming/transferring budget authority as needed to support changes in funding priorities throughout the year. GFEBS interfaces with the EFD system and distributes allocable funds within the Army.

OPERATION DATA STORE (ODS)

8-10. ODS translates legacy data formats into modernized data and Standard Financial Information Structure (SFIS) outputs that can be consumed by GFEBS; thus, ODS serves as a bridging solution in enabling the incremental modernization of the information environment as legacy systems are sunset.

FUNDS CONTROL MODULE (FCM)

8-11. FCM is a transaction processing system designed to take output from logistics and financial systems and bridge the two arenas of supply and financial management. Input is received from the Standard Army Retail Supply System (SARSS) and through a series of processing logic provided to GFEBS for financial obligation recognition. With the implementation of GCSS-Army's supply functionality currently underway, FCM no longer be required to facilitate financial recognition of standard stock procurement. FCM continue to support legacy logistics integration with GFEBS in a number of process areas (e.g., fuels, subsistence) as a bridging solution until those processes and/or legacy systems are modernized.

CONTRACTING SOFTWARE

8-12. In addition to ERPs the procurement process uses other systems that are focused on the contracting arena. Financial managers interact with some of these systems as part of the fiscal triad process.

STANDARD PROCUREMENT SYSTEM (SPS)

8-13. SPS is a standardized, automated procurement system used by the DOD acquisition community. SPS is linked to logistics and financial systems to enable accurate tracking and reporting of financial data through the budgeting, requisition, contracting, contract administration, payment and contract close-out processes. This integration of acquisition, logistics and FM on a single procurement system is a key element in realizing the Army fiscal triad concept which governs the critical path between contracting and FM. It expedites contract creation and provides electronic contract information for later use in payment and contract research.

ELECTRONIC DOCUMENT ACCESS (EDA)

8-14. EDA is one of the Department's sourcing environment programs. EDA is intended to simplify and standardize the methods that DOD uses to interact with commercial and government suppliers in the acquisition of catalog, stock, as well as made-to-order and engineer-to-order goods and services. EDA is a web-based system that provides secure online access, storage, and retrieval of contracts, contract modifications, Government Bills of Lading (GBLs), DFAS Transactions for Others (E110), vouchers, and Contract Deficiency Reports to authorized users throughout the DOD. EDA provides for the online creation of Contract Deficiency Reports and the Contract Deficiency Reports Workflow.

WIDE AREA WORK FLOW (WAWF)

8-15. WAWF is a secure web-based system for electronic invoicing, receipt and acceptance. WAWF allows access to other systems that contain the three documents required to pay a vendor—the contract, the invoice and the receiving report. The WAWF application enables users to submit electronically documents related and required to pay vendors, government inspections, and the acceptance of documents to support the Defense Department's goal of moving to a paperless acquisition process. It provides the technology for government contractors and authorized DOD personnel to generate, capture and process receipt and payment-related documentation, via interactive web-based applications. Authorized DOD users are notified of pending actions by e-mail and are presented with a collection of documents required to process contracting or financial actions. WAWF helps to mitigate interest penalty payments due to lost or misplaced documents and highlights vendor offered discounts, in addition to streamlining the process from weeks to days or minutes.

LOGISTICS SOFTWARE

8-16. The Army continues to modernize every aspect of its operations. Many systems now are deployed to interact with financial management systems to help the mission be more cost responsible.

THE STANDARD ARMY RETAIL SUPPLY SYSTEM (SARSS)

8-17. SARSS is a combat service peacetime and wartime logistics system that enables standard stock supply procurement. FCM facilitates supply management by converting SARSS transactions into financial data that is formatted for proper financial recognition. This allows financial transactions to be routed to the FMIS regardless of the SARSS-1 system the supply order was initiated in; thus, the customer order (financial transaction) will pass through FCM to GFEBS. GCSS-Army is in the process of a deployment intended to subsume SARSS functionality by FY 2015.

GLOBAL COMBAT SUPPORT SYSTEM-ARMY (GCSS-ARMY)

8-18. GCSS-Army is a logistics and financial system that is tightly integrated with GFEBS. GCSS-Army provides a logistics sustainment and support system for both tactical and installation operations. GCSS-Army utilizes a web-based, ERP solution to provide access to and the exchange of operational data related to maintenance, materiel management, property accountability, standard stock supply procurement and the associated financial execution information. GCSS-A is transforming Army logistics processes by integrating/subsuming nine legacy logistics systems and various sustainment functions into a single repository to receive, store, issue, maintain, and account for materiel.

8-19. While GCSS-Army and GFEBS are two separate systems, the two systems are fully integrated; and together, GCSS-Army and GFEBS revolutionize mission command by providing staffs and commanders with reliable data in real time on the status of funds and the disposition of supplies and equipment. GCSS-Army and GFEBS integrate key capabilities such as centralized funds distribution and retraction, consolidated status of funds and trial balance reporting, centralized reimbursable execution, and comprehensive managerial cost accounting and reporting.

SUSTAINMENT SYSTEM MISSION COMMAND (S2MC)

8-20. Sustainment System Mission Command (S2MC) is the primary component within the Mission Command Collapse framework that provides near-real-time tracking and status of military and commercial assets at sea, in the air and on the ground, conveying significant military cargo. As part of the Mission Command Collapse Strategy, S2MC merges and migrates existing critical logistics/sustainment capabilities from Battle Command Support and Sustainment System (BCS3) and Battle Command Sustainment Support System-Node Management (BCS3-NM) onto the collaborative environment of the mission command workstation, including logistics reporting, commander's dashboard, in-transit visibility and asset visibility. In addition, S2MC is leveraging the flexibility of Mission Command Web to expand user access to an enhanced set of S2MC capabilities.

OTHER SOFTWARE IN SUPPORT OF FM

8-21. By using other systems available, the financial manager improves the accuracy of all transactions. These systems have been identified as resourceful tools that complement the many FM systems in use.

OVER THE COUNTER NET (OTCNET)

8-22. OTCnet is a web-based application that integrates Check Capture and Deposit Reporting functionalities into one system. It is created from two legacy systems — Paper Check Conversion Over the Counter and Treasury General Account Deposit Reporting Network. OTCnet's design accommodates check capture and deposit reporting using electronic collection mechanisms instead of paper based processing. check capture activities are primarily performed online; however, there is an offline check capture capability for agencies operating in locations where internet connectivity and bandwidth are intermittent or unavailable. Reporting transactions and associated accounting data "the Central Accounting Reporting System way" will be required under the Government wide Accounting or Central Accounting Reporting Systems Modernization initiative and serve as the standard for all government agencies. supports Central Accounting Reporting System functionalities.

EAGLECASH STORED VALUE CARD (EC SVC)

8-23. The primary goals of the EC SVC Program include supporting mission readiness and increasing security by providing a strategic alternative to traditional cash management by improving efficiencies and reducing high risk and costly U.S. currency transportation in deployed environments. EC SVC replaces or reduces cash in locations characterized by highly restricted physical access, poor telecommunication infrastructure, and limited or no access to commercial banking services. The application consists of encrypted smart cards and specially configured hardware devices. This enable cardholders to add value to the card from designated bank accounts and use the funds on it to make purchases at the base exchange stores, Military Post Office, dining facilities, Moral, Welfare, and Recreation facilities, local concessionaries, or use it to purchase local currency from FM units. In addition, the service is used to convert cash deposits from Army and Air Force Exchange Service, Postal, dining facilities, and Morale, Welfare, and Recreation, to electronic (Deposit Card), and to fund missions of specially designated Pay Agents (EagleCash Agent Stored Value Card). Deployment of EC SVC should be coordinated with the Theater FMSC and USAFMCOM.

INTERNATIONAL TREASURY SERVICES.GOV (ITS.GOV)

8-24. ITS.gov is a comprehensive global payment and collection system used for processing foreign vendor, payroll, and miscellaneous payments. ITS.gov offers a government-wide common solution for issuing international payments in established and emerging markets. Payments supported by ITS.gov include Automated Clearing House (ACH), Wire, Society for Worldwide Interbank Financial Telecommunication, Check, Western Union and Pay Upon Proper Identification. Federal agencies may either manually create payments online or send a file to ITS.gov. ITS.gov accepts a variety of file formats, including most produced by DOD disbursing systems. ITS.gov is a Treasury system that is supported by a fiscal agent, the Federal Reserve Bank of New York. The Federal Reserve Bank of New York is responsible for daily operations while the U.S. Treasury Kansas City Regional Financial Center administer user and access to the program and provides customer support. Deployment of ITS.gov should be coordinated with the Theater FMSC and USAFMCOM.

8-25. Payment Information Repository and Collection Information Repository. CA$H-LINK is a web-based system used to research Treasury deposits and debit transactions. It receives deposit information, initiates fund transfers, and concentrates daily deposits made through multiple collection mechanisms into the Treasury's account at the Federal Reserve Bank. This reduces the time spent on researching and correcting erroneous or disputed EFT transactions. CA$H-LINK provides federal agencies with information, via the Internet, to verify deposits, ACH and Fedwire transfers, as well as adjustment information used to reconcile its accounts, and assists the Treasury in managing depository services provided by financial institutions and monitoring the cash position of the U.S. government.

8-26. Financial Management Service is seeking to optimize its information technology infrastructure and re-align it with core business functions. The implications for CA$H-LINK are that processes in that system will be migrating to successor systems in the near future. In particular, the deposit reporting and reconciliation processes now in CA$H-LINK will be incrementally assumed by the new Transaction Reporting System (TRS). TRS will be a centralized repository of detailed collection transaction information that will simplify Federal agency revenue management and accounting processes. As such, TRS will provide a single touch point from which an agency can obtain transaction data and standard reports integrating information across all collection channels and settlement mechanisms.

TREASURY CASH MANAGEMENT SYSTEM (TCMS)

8-27. Treasury Cash Management System has assumed cash concentration functionality for all deposits reported/processed through Treasury. CA$HLINK was discontinued December 31, 2012. Financial institutions must now use the Federal Reserve Bank's National Settlement Service (NSS) for all transfers in place of CA$HLINK II's ACH and Fedwires.

8-28. TCMS, as one of the critical elements within the Collections and Cash Management architecture, is the application managing the settlement of inflows to and outflows from the Treasury's operating cash account at the FRB. TCMS is the sole provider of cash concentration from Depository Financial Institutions and FRBs. TCMS modernizes, streamlines, and improves the processes and IT systems currently supporting collections business line by eliminating the duplicative cash concentration processes within the current systems.

DEFENSE TRAVEL SYSTEM (DTS)

8-29. DTS is a fully integrated, web-based, electronic, end-to-end travel management system that automates temporary duty travel for the Department of Defense. DTS meets unique DOD mission, security and financial system requirements within the guidelines of Federal and DOD travel policies and regulations. It increases visibility of travel expenditures and reduces both voucher settlement time and processing costs to the Army.

SECTION II – FINANCIAL MANAGEMENT HARDWARE

8-30. Financial managers can now rely on the different automation systems that provide the capability to support deployed financial management operations. This hardware is designed for users to have FM applications necessary to perform mission tasks.

8-31. The AN/TYQ-132(V)1 and AN/TYG-132(V)2, Financial Management Tactical Platform (FMTP) is a deployable, modular, local area network (LAN) configured hardware platform, supporting deployed ESC FM SPO, FMSU, FMSD, G-8 and S-8 operations equivalent to systems used at home station/garrison. The FMTP system is a modular design with FM applications necessary to perform mission tasks at the deployed location. FMTP operates on standard tactical networks/LANs as well as on LandWarNet and Non-classified Internet Protocol Router Network (NIPRNET) through the Global Information Grid (GIG) using the Very Small Aptitude Terminal (VSAT). FMTP functionality includes Commercial Vendor Services, Pay Support, Disbursing, Accounting, Travel, Resource Management, and can provide access to GCSS-Army and GFEBS via a browser. FMTP improves internal controls, reducing loss of fund and accountability risk, and complies with congressional/DOD mandated FM reporting requirements.

8-32. Figure 8-2 showcases the FMTP expanded system designed to support FMSCs, FMSUs, and ASCC G-8s. Figure 8-3 showcases the FMTP basic system designed to support FMSDs, corps and DIV G-8s, and BCT and SUST BDE S-8s.



Figure 8-2. AN/TYQ-132 V (2), FMTP Expanded System



Figure 8-3. AN/TYQ-132 V (1), FMTP Basic System

8-33. The following steps are required to access the training:

- 1. login from the menu on the left using CAC.
- 2. In the left column select training courses.
- 3. Click on SEC-Lee TLD and select, FMTP.
- 4. Click on any course title to select it.

8-34. As shown in Figure 8-4 , the Financial Management Tactical Platform and Financial Management Training Database (FMTP/FMTDb), provides access to critical financial management systems not programmed to interfaced or subsumed by GFEBS or GCSS-A. FMTP interfaces with GFEBS through the deployable disbursing systems it provides the critical link to generate an auditable financial statements acceptable to DOD and Congress. It also provides financial management units a portable and manageable system that can be deploy for early entry operations and the capability to connect to multiple communication network in the global information grid. It contains a unified FM training system for Army financial management units that FMTDb enables standardized end-to-end training for FM Soldiers.

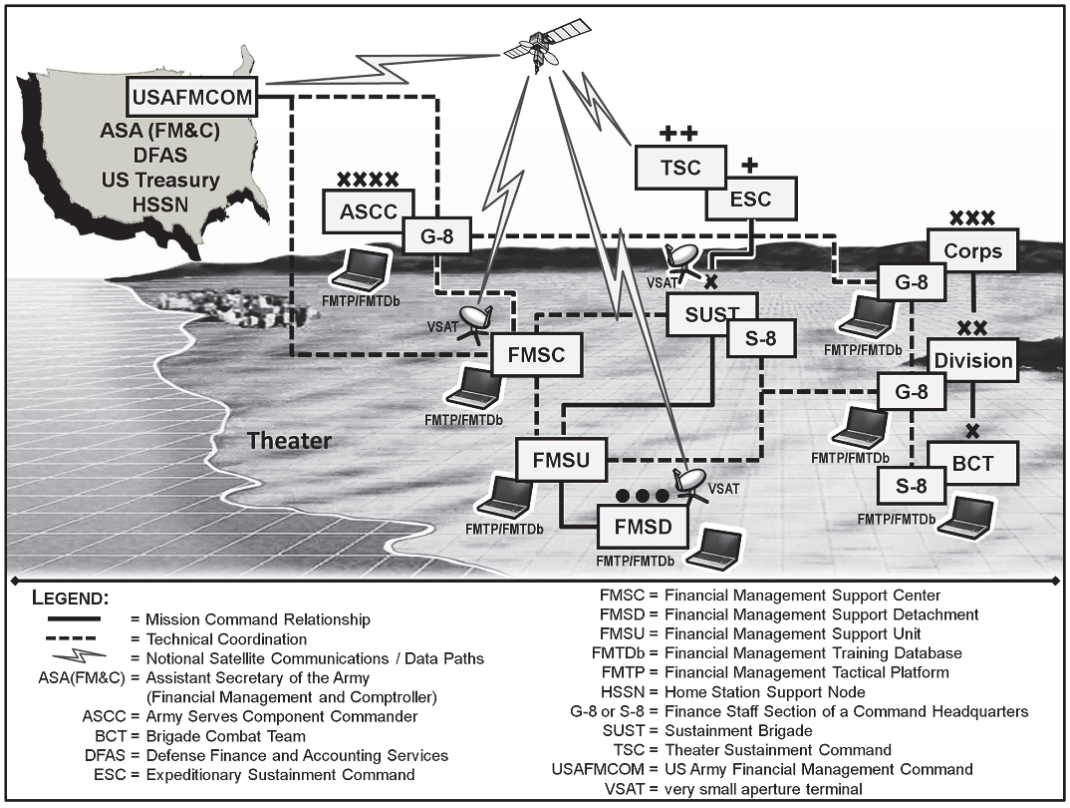


Figure 8-4. FMTP within financial management operations

COMMUNICATION REQUIREMENTS

8-35. All organizations with FMTP are issued Combat Service Support Automated Information Systems Interface (CAISI) as an associated item of equipment. The purpose of the CAISI is to provide the backbone for a secure wireless LAN for Unclassified – Sensitive Information, For Official Use Only (FOUO) data. This allows FMTP to electronically exchange information within the supported area via tactical networks. Using CAISI will allow LandWarNet and NIPRNET access to the GIG through the VSAT.

8-36. FM units with FMTP depend on supporting organizations to provide them with connectivity to the military network. FM units should make arrangements with supporting organizations prior to deployment. If not possible, the unit's Automation Section should make the arrangements once on site with the Brigade S-8.

8-37. Financial Management Training Database (FMTDb): FMTDb is housed in a split partition of the hard drive on the FMTP. It is comprised of the full suite of FM applications and U.S. Treasury peripherals, Deployable Disbursing System (DDS), Computerized Accounts Payable System Windows (CAPSW), International Treasury Services (ITS.gov), Over The Counter-Channel Application (OTCnet), Eagle Cash Card, RMT, Operational Data Store (ODS), and the Standard Finance System (STANFINS). This database provides our FM Soldiers the optimum platform allowing them to "train as they fight".

8-38. The technical nature of our business coupled with the continuous proliferation of technology requires the Financial Management community to know how to work these systems and our corresponding applications. Prior to the deployment of the FMTDb Currently, FM Soldiers are trained by using a disjointed training methodology with different agencies (Defense Finance and Accounting Services, United States Army Forces Central Command, United States Army Financial Management Command, National Providers, Financial Management School & units) all providing various levels of training to deploying personnel. This method of training has provided some familiarity, but it has did not allowed our Soldiers us to take full advantage of the systems and their capabilities and more importantly provide them the means for FM soldiers to sustain their knowledge and proficiency on these systems/applications. The sustainment of the Financial Management Training Database platform will mitigate this challenge while at the same time providing our FM Soldiers in all components the optimum platform that allows them to "train as we fight" while at home station.

SECTION III - FINANCIAL MANAGEMENT SOFTWARE

8-39. Besides the essential hardware needed to establish all the financial management information systems, the interface between those systems is done using different types of software specialized on different areas of information management to process financial management capabilities on time and accurately.

THE DEPLOYABLE DISBURSING SYSTEM (DDS)

8-40. DDS provides automated disbursing support. The system provides the capability to write Treasury or LDA checks, plus the daily accountability and reconciliation for all transactions. DDS receives information from the commercial vendor support and travel modules, which allows the writing of checks to pay vendors and travel claimants. It is capable of being used in remote military operations within contingency locations with foreign currency. DDS integrates with GFEBS to enable deployed disbursing functions. DDS creates pay vouchers and formatted output for upload to the military pay system for payment. The electronic funds transfer interface in DDS requires an upload to FedLine (Federal Reserve Software) to place payments in the Federal Reserve Bank (FRB). In situations where the Department of the Treasury's international payment system (ITS.gov) will not support mission requirements, DOs may maintain official LDAs for check or EFT payments in foreign currency with banks designated as "Depositaries of Public Money of the U.S." by the Treasury. Except for LDAs in U.S. dollars established under Title 10, United States Code, Section 127 for Intelligence Contingency Fund (ICF) purposes. LDAs in U.S. dollars may not be established unless specific authority is first obtained from the Director for Accounting and Finance Policy, Office of the Under Secretary of Defense (Comptroller), through the Director, Defense Finance and Accounting Service-Indianapolis (DFAS-IN).

INTEGRATED AUTOMATED TRAVEL SYSTEM (IATS)

8-41. The Integrated Automated Travel System (IATS) provides automated travel support. IATS provides the capability to process all types of travel payments (except civilian overseas permanent change of station payments, which must be computed manually). IATS also maintains a travel record on every individual receiving a payment processed by that server, and interfaces with DDS to facilitate payments. DTS is also available and can be accessed via the internet.

THE DEFENSE MILITARY PAY OFFICE (DMO) SOFTWARE SUITE

8-42. Defense Military Pay Office (DMO) software suite provides processing access to the military pay system to facilitate pay support. This software is provided for all components (AC, NG and RC), IAW

DFAS policies and procedures for contingency operations. Access to the military pay system of record (currently DJMS) depends on the availability of dedicated communications. If online query capability is not available, a batch process DMO download provides near-time query capability. In addition, the DMO Standard Inquiry System (DSIS) provides the capability to download and archive pay data for an individual, or an entire unit, to facilitate offline pay support. The Evaluation and Reporting System (EARS) is a stand-alone system capable of providing various reports and files (for example, leave and earnings statements (LESs), via DMO batch download.

COMPUTERIZED ACCOUNTS PAYABLE SYSTEM WINDOWS (CAPSW)

8-43. The Computerized Accounts Payable System Window (CAPSW) provides most commercial vendor payments. Input can be received electronically through the internet via WAWF or manually based upon submitted contracts and invoices. Computerized accounts payable system window produces vouchers for standard contracts and maintains the bills register for each contract, and interfaces with DDS to facilitate contract payments. It links EFT vendor payments to DDS and subsequently to FRB. It also receives from DDS the disbursing information to maintain historical records.

SECTION IV – COMMUNICATIONS NETWORKS

8-44. An FM unit's ability to provide timely and critical support depends greatly on its ability to communicate. Widely dispersed FM units must rely on communications with their headquarters to accomplish their mission. Although FM units use wire communications, they also need to possess and be able to utilize mobile and secure communications equipment. They must be able to use reach-back communications to range from forward in BCT areas, through division, corps or theater areas, to FM elements in distant supporting theaters, and back to national providers in CONUS.

8-45. FM units use organic and non-organic voice and data transmission equipment to support internal fixed site, mobile base station, and mobile tactical communications requirements. The automation section coordinates external communications requirements through the higher FM units, ESC FM SPO and/or supporting signal organization. The signal organization provides commercial or military communications assets, as available and appropriate to the requirement. CAISI is the communications tool of choice for FM units. FMTP is designed to utilize CAISI for its communications. CAISI is a logistics communications package designed and fielded by logisticians to facilitate Standard Army Management Information Systems (SAMIS) computer systems' connections to the tactical network. With CAISI, commanders have instantaneous access to the most up-to-date FM information. CAISI provides an interface into tactical radio or satellite communications systems.

COMBAT SERVICE SUPPORT VERY SMALL APERTURE TERMINAL

8-46. Combat Service Support Very Small Aperture Terminal (CSS VSAT) is a portable satellite communications system designed to provide worldwide data and voice communications connectivity to U.S. military forces. CSS VSAT has two primary supported models: AN/TSC-183 Terminal, Satellite Communication (1.2 Meter) and AN/TSC-183A Satellite Communications Terminal (1.2 Meter-Enhanced). The AN/TSC-183 is the first 1.2M terminal and is green in color. The AN/TSC-183A is an enhanced version of the same terminal and is very similar in design and function, but is tan in color.

8-47. As part of system setup and initialization, the antenna pedestal automatically finds the desired satellite and brings up the desired circuit to the distant end within minutes. CSS VSAT operations have been greatly simplified by the incorporation of this auto-acquire antenna system. The CSS VSAT is designed to provide Sustainment Warfighters and other users possessing little or no satellite communications training, the resources necessary to establish connectivity to the LANDWARNET via satellite. The LANDWARNET is the combination of info-structure and services available across the Army. It provides the sustainment community the capability to process, store, and transport information over a seamless network.

8-48. The CSS VSAT also allows access to the NIPRNET, the Army's version of the Internet, and Voice over Internet Protocol (VoIP) from any location in the world where a satellite signal can be transmitted and received. The CSS VSAT will have a direct impact on the successful transmission of data via satellite throughout the LANDWARNET.

8-49. Each FMSU is authorized one CSS VSAT on its Table of Organization and Equipment. As of FY13 all Financial Management Support Units have been issued CSS VSAT. New requirements have been identified and sent to the CSS VSAT Program Manager for approval.

WARFIGHTER INFORMATION NETWORK (WIN-T)

8-50. WIN-T provides the communications network (satellite and terrestrial) and services that allow the Soldier to send and receive information to execute the mission. Information is the element of combat power that allows commanders to magnify the effects of maneuver, firepower and protection. WIN-T is the transformational command and control system that manages tactical information transport at theater through company echelons in support of unified land operations. WIN-T will be fielded in three (3) increments.

8-51. WIN-T Increment 1is similar to a home Internet connection, WIN-T Increment 1 provides a full range of data, voice and video communications at-the-quick-halt, allowing Soldiers to simply pull over on the side of the road to communicate without wasting valuable time setting up complicated infrastructure. WIN-T Increment 1a upgrades allow the former Joint Network Node (JNN) satellite capability to access the Ka-band defense Wideband Global SATCOM (WGS) satellites, reducing reliance on expensive commercial Ku-band satellites. The new WIN-T Increment 1 Colorless Core upgrade enhances the security and interoperability with future WIN-T Increments; takes advantage of the Network Centric Waveform, a dynamic waveform that optimizes bandwidth and satellite utilization; and allows WIN-T Increment 1 and Increment 2 to share the same baseline set of Network Operations tools used by communications officers to manage the network.

8-52. WIN-T Increment 2 supports operations while on-the-move and pushes that integrated on-the-move capability down to the company level for the first time. It also introduces networking radios and enhances Network Operations (NetOps) for network planning and monitoring. Tactical Communication Nodes (TCNs) in WIN-T Increment 2 are the first step to providing a mobile infrastructure on the battlefield. When the TCNs are combined with the Points of Presence, Vehicle Wireless Packages, and Soldier Network Extensions, WIN-T Increment 2 enables mobile mission command from division to company in a mobile, ad-hoc, self-forming, self-healing network. WIN-T Increment 2 embeds communications equipment into select combat vehicles, bringing Secure Internet Protocol Router Network (SIPRNET) connectivity to the platform. WIN-T equipped staffs have the ability to maneuver on the battlefield and maintain connectivity to the network to ensure situational awareness and maintain command and control of forces. With WIN-T Increment 2, Soldiers can utilize applications for maneuver, fires and intelligence from inside vehicles, enabling commanders to make decisions on-the-move rather than being tied down to a fixed command post and ensuring effective and unpredictable offensive and defensive tasks.

8-53. WIN-T Increment 3 currently in development and testing and will provide the "full" on-the-move networking capability by improving the line-of-sight capability fielded under Increment 2, by providing an air tier to the existing WIN-T architecture, refining the network architecture and building the next generation of Network Operations (NetOps) for network planning and monitoring the network. These improvements will provide a leap forward in network capacity as well as improve the overall reliability and robustness of the network. The air tier will offload network traffic from overburdened and expensive satellites. With the addition of the air tier, the Army will have a three-tiered WIN-T communication network -- terrestrial, aerial and celestial. The key component of WIN-T Increment 3 is the Joint Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance (JC4ISR) radio combined with the Highband Networking Waveform (HNW), which significantly improves line-of-sight communications throughput capacity and extends ranges. WIN-T Increment 3 continues to improve the management, planning and defense of the network by providing additional NetOps capabilities used by communication officers

WIRE

8-54. Wire is the primary means used for internal communications. Use of wire communications prevents hostile forces from using radio direction finding (RDF) equipment to locate the unit. Wire use is restricted mainly by mobility requirements, distance between users, installation and recovery time, and maintenance. Wire requires care in installation to preclude damage. Internal wire may be integrated with radio means to increase the capability of communications with outside units. Network radio interface (NRI) permits voice communications between radio users and telephone system subscribers, either from radio to telephone or vice versa, so long as the radio user is within range of the NRI station.

8-55. The Army now has one network that is LandWarNet, the Army's portion of the Global GIG. Signal doctrine is now focused to the capabilities provided in meeting the LandWarNet (LWN) requirements. Warfighter Information Network Tactical and Joint Tactical Radio Systems are programs of record that enable LWN network transport and services. The joint network node (JNN) is the core enabler right now and is the replacement for the mobile subscriber equipment (MSE). LWN is a digital network that is Internet Protocol based, provides Voice Over Internet Protocol capabilities and better services than under MSE. There will be four increments to Warfigther Information Network Tactical capabilities. Increment 1 is the JNN, Increment 2 will be limited on the move capability, (meaning data network capabilities while on the move much like what we can do with cell phones accessing internet now), Increment 3 will be a full on the move capability and Increment 4 is a protected Satellite Communications on the move capability. All BCTs have an embedded Signal Company that supports each of their command posts and are provided a Command Post Node in the battalion HQ that provides a network connection from the battalion to the BCT or BDE level. Approximately 49% of the force do not have any embedded capability and must resort to requesting network capabilities from the Expeditionary Signal Battalion.

RADIO

8-56. An FM unit’s communications cannot depend on wire communication only. Each FM unit must also use radio communications systems in lieu of and as a supplement to wire communications. Communications must be available at all times to accomplish various and concurrent missions. FM support is not static—radio communication must be available at all levels down to FMSTs to maintain constant communications with higher command levels as well as supported units. These communication requirements include data transmission as well as voice capability.

8-57. Radio systems are easier to use and quicker to install than wire, but are susceptible to detection by enemy RDF equipment, which can locate receivers and transmitters. The enemy can monitor transmissions, jam communications, or bring direct or indirect fire weapons to bear on the position of the transmitter/receiver.

8-58. FM units receive AN\VRC-90 radio sets, which are part of the single-channel ground and airborne radio system (SINCGARS). The SINCGARS is capable of processing voice, analog, and digital data in either the frequency hopping or single-channel mode, allowing the FM unit to communicate wirelessly with other FM units, and with supported units.

INTERNAL FIXED SITE COMMUNICATIONS

8-59. Various communications means are available to support fixed site operations at the tactical operations centers (TOCs) of FM units. Most communication requirements are met by using MSE, which can be set up in either permanent or temporary shelters. This equipment provides commanders with multiple means of communicating with outlying units. Headquarters elements send and receive financial and position-reporting data from subordinate units utilizing Enhanced Position Location Reporting System (EPLRS) when available.

BASE AND REMOTE SUPPORT OPERATIONS

8-60. FM units have the responsibility to provide support anywhere in the AO via mobile FMSTs. This requires a mobile capability and a means to locate and communicate with the FMSTs. The FMSTs transmit

information via voice and data means. Communications modes necessary to support this mission include the SINCGARS for voice and EPLRS for data and position reporting.

TACTICAL OPERATIONS INTERFACE

8-61. Headquarters at all levels have access to the JNN to pass command and control information throughout the AO. The appropriate automation section is responsible for coordinating this connectivity and for the maintenance of the node server, when required. Transfer of data from dispersed FM units to its next higher level occurs via the tactical network, when capabilities permit.

COMMUNICATIONS SECURITY

8-62. Security of FM information is a high priority; safeguarding information is the responsibility of all FM personnel. Most electronic information systems and information networks are interconnected. Passwords and system protocols are highly valuable pieces of information that, if in the wrong hands, can cause the compromise of entire systems. Commanders must implement information security and communications security (COMSEC) policies and procedures to prevent hostile forces from accessing systems via the Internet or other means. FM systems are also subject to virus and worm infections. Commanders must ensure that proper measures are in place to protect against this threat. Personnel engaged in preparing and transmitting messages, whether by telephone, radio, or messenger, must know and comply with all COMSEC procedures. COMSEC measures include physical, cryptographic, and transmission security. These procedures are included in AR 25-2, *Information Assurance*.

SIGNAL OPERATING INSTRUCTIONS (SOI)

8-63. FM units currently operate the simple key loader, AN/PYQ-10, receiving necessary SOI extracts from their parent headquarters. These extracts include information on major supported units in the AO.

COMMUNICATION NETWORKS

8-64. A communication network is an organization of stations capable of directly communicating with other users on a common frequency or channel. FM units communicate with each other primarily on the FM operations network. FM units may enter supported units' networks, such as the following:

- Command network.
- Operations and intelligence network.
- Administrative network.

COMMAND NETWORK

8-65. The commander uses the command network for tactical control. Types of messages commonly passed over this network include orders, coordination, and information of immediate value.

OPERATIONS AND INTELLIGENCE NETWORK

8-66. Commanders and operations sections use the operations and intelligence network for command and control purposes. This network is used to control operations and pass intelligence information within commands. The network control station is located at higher headquarters. FMSTs use this network when deployed from the parent FM Detachments. Unit automation sections disseminate specific procedures for use of this network.

ADMINISTRATIVE NETWORK

8-67. The administrative network is used for personnel matters and for supply information and requirements. Battalion or brigade manpower and personnel staff officers, S-4s, and battalion or brigade signal staff officers at all levels of command use this network.

THEATER SERVICES

8-68. Many information technology services are provided by signal and communication elements in theater. FM systems use both the non-secure internet protocol and secret internet protocol router networks.

NON-SECURE INTERNET PROTOCOL ROUTER NETWORK

8-69. NIPRNET is a network of government-owned internet protocol routers used to exchange sensitive unclassified information. It provides access to specific DOD network services and supports a wide variety of applications such as electronic mail, web-based collaboration, information dissemination, and connectivity to the internet. Access to the NIPRNET is obtained through a standardized tactical entry point site or teleport and is then distributed through an unclassified theater network. NIPRNET enables a myriad of other reach functions from deployed forces to the sustaining base and lateral collaboration among deployed elements.

SECRET INTERNET PROTOCOL ROUTER NETWORK (SIPRNET)

8-70. The SIPRNET supports critical mission command applications and intelligence functions. It operates in a manner similar to the NIPRNET, but as a secure network. As with the NIPRNET, the SIPRNET provides access to many web-based applications, as well as the ability to send and receive classified information up to secret. These applications and capabilities enable the effective planning and execution of plans in a secure environment. The SIPRNET also enables a myriad of reach logistics functions from deployed forces to the sustaining base and lateral collaboration among deployed elements.

SECTION V – ORGANIZATIONAL INFORMATION TECHNOLOGY (IT) CAPABILITIES

8-71. The FMSC can provide substantial organic information technology (IT) support to FM units in its area of operation. Below is a list of IT capabilities the FMSCs Automation Section can bring to the battlefield:

- Full Help Desk support.
- Defense Information Assurance Certification and Accreditation Process (DIACAP) accreditation and submission.
- Certification to connect and approval to operate in the network.
- Active Directory Management of Finance Organization Unit (OU). (Note: the OU is a computer container that lists the inventory of computers, employees, printers, digital senders, and servers.)
- Install approved Army operating systems.
- Install applications and FMIS software.
- Troubleshoot configuration problems.
- Establish, deploy and administer a standard Federal Desktop Core Configuration / Army image IAW the National Institute of Standards and Technology – Computer Security Division.
- Request (through appropriate Signal channels) for setup of new user and email accounts.
- Terminal Access Security Officer (TASO) functions at ADSN and DSSN level.
- Establish and administer Telephone Control Officer (TCO) functions (divisional level).
- Define requirements for IT purchase.
- Establish and manage a life cycle replacement program.
- Deploy tactical communications and FMTP.
- Design and administer disaster recovery procedures, backups, and archives.
- Decommission sites and systems.
- Proper destruction of data drives.
- Personal Identifiable Information protection.
- Reach-back to FMSC Rear or other IT supporting organizations.

- Provide/coordinate communication requirements (i.e., Commercial telephone line, Defense Switch Network and LAN) for EagleCash Kiosks.

8-72. The FMSU possess limited organic IT capabilities to support itself and FM detachments under its command and control. Below is a list of IT capabilities the FMSU can bring to the battlefield:

- Basic Help Desk support.
- Troubleshoot individual computer problems.
- Install basic hardware.
- Submit and manage help desk tickets.
- Image personal computers.
- Load software (including FM specific software).
- Install network drops.
- Cable runs.
- Network layer 1 troubleshooting.
- Request (through appropriate Signal channels) for setup of new user and email accounts.
- Conduct TASO functions at their direct level or DSSN department level.
- Deploy tactical communications and FMTP.
- Maintain and perform disaster recovery procedures, backups, and archiving.
- Decommission sites and systems.
- Proper destruction of data drives.
- Personal Identifiable Information protection.

SECTION VI – E-COMMERCE

8-73. Transitioning the theater from cash to a cashless battlefield is a principal aim of FM during a contingency operation. How quickly this transition occurs is operationally dependent on local banking infrastructure, vendors' capability to accept EFT payment, and HN communication infrastructure. E-commerce applications are the conduit for removing cash from the battlefield. FM leaders must continually assess their operations to promote E-commerce initiatives. The FMSC in conjunction with USAFMCOM and the Department of Treasury can proliferate the theater with E-commerce technology. E-commerce technology and its usage must be considered in all operational planning. The U.S. Department of the Treasury has developed Stored Valued Cards (SVC) (electronic money) , International Treasury Services (ITS.gov) (vendor payments), and Over The Counter Channel Application (OTCnet) (check capture processing) applications designed to improve financial controls and cash management, streamline administrative processes, improve internal controls and improve quality of life for Soldiers. Theater policies must be developed and tailored to expand the use of these applications within a theater of operations early on. The FM community and the Army recognizes that in order to improve accuracy and timeliness of transaction processing, a paper-based environment must be replaced by electronic processing to provide single-source entry, electronic transmission of data and electronic storage of data.

8-74. FM units are also equipped with the Deployable Disbursing System (DDS) and must maximize its capability. DDS provides automated accounting and disbursing documentation to mobile and remote military operations within contingency locations requiring foreign currency operations. DDS also interacts with SVC, ITS.gov and OTCnet.

8-75. The following FMIS comprise the E-commerce initiative:

- EagleCash SVC, kiosks and POSs.
- OTCnet.
- ITS.gov

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Glossary

SECTION I – ACRONYMS AND ABBREVIATIONS

AAA	Army Audit Agency
ABO	Army Budget Office
ACOM	Army Command
ACSA	acquisition and cross-servicing agreement
ADA	Anti-Deficiency Act
ADCON	administrative control
ADP	Army doctrine publication
ADRP	Army doctrine reference publication
AIK	assistance in kind
AMSCO	Army management structure code
AO	area of operation
AOR	area of responsibility
AR	Army regulation
AR2B	The Army Requirements and Resourcing Board
ASA(ALT)	Assistant Secretary of the Army (Acquisition, Logistics and Technology)
ASA(FM&C)	Assistant Secretary of the Army (Financial Management and Comptroller)
ASCC	Army Service component command
ASOS	Army support to other Services
AUM	assessable unit manager
AUT	analysis of unmatched transactions
BAH	basic allowance for housing
BAS	basic allowance for subsistence
BCT	brigade combat team
BDE	brigade
BES	Budget Estimate Submission
C-7	Coalition Forces Land Component Command Engineers
CAISI	Combat Service Support Automated Information Systems Interface
CAPSW	Computerized Accounts Payable System Window
CBA	cost-benefit analysis
CCBN	contingency contracting battalion
CCDR	combatant commander
CCP	contingency command post
CCT	contingency contracting teams
CDR	commander
CERP	commander's emergency response program
CHA	cash holding authority

CI	civilian internee
CIA	Central Intelligence Agency
CIR	Collections Information Repository
CJCS	Chairman of the Joint Chiefs of Staff
CJCSI	Chairman of the Joint Chiefs of Staff Instruction
CMS	Case Management System
COA	course of action
COMSEC	communications security
COR	contracting officer's representative
CR	continuing resolution
CSB	contracting support brigade
CU	Credit Union
CVS	commercial vendor services
DA	Department of the Army
DASA-(FO)	Deputy Assistance Secretary of the Army (Financial Operations)
DARB	Defense Acquisition Review Board
DD	Department of Defense Form
DDO	Deputy Disbursing Officer
DDS	Deployable Disbursing System
DFARS	Defense Federal Acquisition Regulation Supplement
DFAS	Defense Finance and Accounting Service
DFAS-IN	Defense Finance and Accounting Service-Indianapolis
DIACAP	Defense Information Assurance Certification and Accreditation Process
DIV	division
DJMS	Defense Joint Military Pay System
DJMS-AC	Defense Joint Military Pay System-Active Component
DMO	Defense Military Pay Office
DO	Disbursing Officer
DOD	Department of Defense
DODD	Department of Defense Directive
DODFMR	Department of Defense Financial Management Regulation
DODIG	Department of Defense Inspector General
DOS	Department of State
DROT	Daily Register of Transactions
DSCA	Defense Security Cooperation Agency
DSSN	disbursing station symbol number
DTS	Defense Travel System
EA	executive agent
ECC	expeditionary contracting command
EC SVC	EagleCash Stored Value Card

EDA	electronic document access
EEE	Emergency and Extraordinary Expense
EFD	Enterprise Funds Distribution
EFT	electronic funds transfer
EIN	Employee Identification Number
EPLRS	Enhanced Position Location Reporting System
EPW	enemy prisoner of war
ERP	Enterprise Resource Planning
ESC	Expeditionary Sustainment Command
EVE	equal value exchange
FAA	Foreign Assistance Act
FAR	Federal Acquisition Regulation
FC	Foreign Currency
FCA	functional cost account
FCM	Force Costing Model
FEMA	Federal Emergency Management Agency **(DHS)**
FIAR	Financial Improvement and Audit Readiness
FMIS	Financial Management Information Systems
FMSC	Financial Management Support Center
FMSD	Financial Management Support Detachment
FMST	Financial Management Support Team
FMSU	Financial Management Support Unit
FM SPO	Financial Management Support Operations
FMTP	Financial Management Tactical Platform
FMTPDb	financial management training database
FNS	foreign nation support
FOB	forward operating base
FOO	Field Ordering Officer
FRAGO	fragmentary order
FRB	Federal Reserve Bank
FY	fiscal year
G-4	Assistant Chief of Staff Logistics
G-8	Assistant Chief of Staff, Financial Management
G-9	Assistant Chief of Staff, Civil Affairs
GAO	General Accounting Office
GCSS-A	Global Combat Support System-Army
GFEBS	General Fund Enterprise Business System
HN	host nation
HNS	host nation support
HNW	Highband Networking Waveform
HQ	headquarters

HQDA	Headquarters Department of the Army
IATS	Integrated Automated Travel System
IAW	in accordance with
IC	internal control
ICA	internal control administrator
ICEP	internal control evaluation plan
ICF	Intelligence Contingency Fund
IMET	international military education and training
I/R	internment and resettlement
ISSA	Interservice Support Agreements
IT	Information Technology
IPL	integrated priority list
J-4	Logistics Directorate of a Joint Staff
J-8	Joint Staff Directorate for Force Structure, Resource, and Assesment
JC4ISR	Joint Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance
JFC	Joint Forces Commander
JFLCC	Joint Forces Land Component Command
JOA	joint operations area
JNN	Joint Network Node
JP	joint publication
JTF	joint task force
LES	Leave and Earning Statement
LD	limited depositary
LDA	limited depositary account
LOA	letter of assist
LOGCAP	logistics civil augmentation program
MAFR	Merged Accountability and Fund Reporting
MBF	military banking facility
MDEP	management decision package
MDMP	military decision making process
METT-TC	mission, enemy, terrain and weather, troops and support available, time available and civil considerations (mission variables)
MICP	Managers' Internal Control Program
MILCON	military construction
MMPA	Master Military Pay Account
MOA	memorandum of agreement
MOE	measures of effectiveness
MOP	measures of performance
MPA	Military Personnel Army
NAF	nonappropriated fund

NATO	North Atlantic Treaty Organization
NEO	noncombatant evacuation operation
NGO	nongovernmental organization
NIPRNET	Non-classified Internet Protocol Router Network
NSFOP	non-stock fund orders and payables
NULO	negative unliquidated obligations
OCO	overseas contingency operations
OCS	operational contract support
ODS	operational data store
OE	operational environment
OMA	Operation and Maintenance, Army
OMANG	Operation and Maintenance, Army National Guard
OMAR	Operation and Maintenance, Army Reserve
OMB	Office of Management and Budget
OPLAN	operational plan
OPORD	operation order
OR	operational readiness
OSD	Office of the Secretary of Defense
OTCnet	Over the Counter Net
OU	Organization Unit
OUSD(C)	Office of the Undersecretary of Defense (Comptroller)
PA	pay agent
PARC	principle assistant responsible for contracting
PBAS	Program Budget Accounting System
PBD	program budget decision
PDM	program decision memorandum
PIR	Payment Information Repository
PKO	peace keeping operations
PM	program management
POM	Program Objective Memorandum
PPBE	planning, programming and budget execution
PRA	Pay Record Accessibility
PRT	provisional reconstruction teams
QA	quality assurance
RDT&E	Research, Development, Test and Evaluation
RIK	replacement in kind
RMT	Resource Management Tool
RPA	Reserve Personnel, Army
RSOI	reception, staging, onward movement and integration
S-8	battalion or brigade financial manager officer
S2MC	Sustainment System Mission Command

SARSS	Standard Army Retail Supply Sytem
SDP	Savings Deposit Program
SJA	staff judge advocate
SM	Service Member
SOI	signal operating instructions
SPS	Standard Procurement System
SRP	Soldier Readiness Processing
STANFINS	Standard Finance System
STB	Special Troops Battalion
STRATLIFT	strategic lift
SUST BDE	sustainment brigade
SVC	Stored Value Card
TA	theater Army
TASO	Terminal Access Security Officer
TCA	Theater Commander Activity
TCO	Telephone Control Officer
TCMS	Treasury Cash Management System
TLP	troop leading procedures
TPU	Troop Program Unit
TSC	theater sustainment command
UCFR	Unit Commander's Finance Report
UN	United Nations
U.S.	United States
USAFMCOM	United States Army Financial Management Command
USAID	United States Agency for International Development
USC	United States Code
USD(C)	Under Secretary of Defense (Comptroller)
USD(P)	Under Secretary of Defense for Policy
WAWF	wide area work flow
WIN-T	Warfighter Information Network
WGS	Wideband Global SATCOM

SECTION II – TERMS

***accounting support**

The accurate and complete recording of financial transactions within the Army Financial Management Information Systems and the review and reconciliation of these financial transactions to ensure the proper expenditure of entrusted funds in support of unified land operations.

administrative control

(joint) Direction or exercise of authority over subordinate or other organizations in respect to administration and support. Also called ADCON. (JP 1)

area of operation

(joint) An operational area defined by the joint force commander for land and maritime that should be large enough to accomplish their missions and protect their forces. Also called AO. (JP 3-0)

Army Service component command

(joint) Command responsible for recommendations to the joint force commander on the allocation and employment of Army forces within a combatant command. Also called ASCC. (JP 3-31)

***banking support**

The provision of cash, non-cash and E-commerce mechanisms necessary to support the theater procurement process and host nation banking infrastructure.

baseline costs

(joint) The continuing annual costs of military operations funded by the operations and maintenance and military personnel appropriations. (JP 1-06)

***budget estimate**

Based on specific command operational plans, requirements, troop levels, location, and operating circumstances.

combatant commander

(joint) A commander of one of the unified or specified combatant commands established by the President. (JP 3-0)

contracting officer

(joint) The Service member or Department of Defense civilian with the legal authority to enter into, administer, modify, and/or terminate contracts. (JP 4-10)

***cost-benefit analysis**

A structured methodology for projecting and comparing the anticipated costs and benefits of alternative courses of action in order to identify the optimum solution for achieving a stated goal or objective.

***cost center**

Serves as a base for a management optimization model utilized to reflect the business, its inputs, conversions, and outputs in order to support management decisions.

***cost culture**

A culture where all leaders and managers factor cost into their decision-making and understand both the near and long-term cost implications of their decisions.

***cost management**

Collects and links financial (cost) data with non-financial output and performance data, presenting the information in a way directly related to major mission objectives.

***direct cost**

Cost such as labor, material or supplies that can be directly attributed to producing a specific output of an organization, product or service.

***disbursing support**

The paying of public funds to entities in which the United States Government is indebted; the collection and deposit of monies; the safeguarding of public funds; and the documenting, recording, and reporting of such transactions.

***economic analysis**

A detailed report provided to a commander in order to make decisions on applying the economic instrument of power, identifying all the financial aspects of a specific geographical area and the effect that United States forces' presence will have on that area.

executive agent

(joint) A term used to indicate a delegation of authority by the Secretary of Defense or Deputy Secretary of Defense to a subordinate to act on behalf of the Secretary of Defense. Also called EA. (JP 1-06)

***financial management**

(Army) The sustainment of the U.S. Army and its unified action partners through the execution of Fund the Force, Banking and Disbursing, Accounting Support and Cost Management, Pay Support and Management Internal Controls . Also called FM.

***fiscal triad**

The legally binding process that governs the critical path between contracting and financial management for acquisition management, internal controls, and fiscal law prescribed for the procurement process.

foreign nation support

(joint) Civil and/or military assistance rendered to a nation when operating outside its national boundaries during military operations based on agreements mutually concluded between nations or on behalf of intergovernmental organizations. Also called FNS. See also host-nation support. (JP 1-06)

***full cost**

The sum of all costs, regardless of funding source, required by a cost object - to include all direct materials, direct labor, and support activity costs – to produce or provide a product, service, customer, or outcome.

***fund the force**

The critical capability that matches legal and appropriate sources of funds with thoroughly vetted and validated requirements.

host nation

(joint) A nation that receives the forces and/or supplies of allied nations, coalition partners, and/or NATO organizations to be located on, to operate in, or to transit through its territory. Also called HN. (JP 3-57)

host-nation support

(joint) Civil and/or military assistance rendered by a nation to foreign forces within its territory during peacetime, crises or emergencies, or war based on agreements mutually concluded between nations. Also called HNS. See also host nation. (JP 4-0)

humanitarian and civic assistance

(joint) Assistance to the local populace provided by predominantly U.S. forces in conjunction with military operations and exercises. This assistance is specifically authorized by title 10, United States Code, section 401, and funded under separate authorities. Also called HCA. (JP 3-29)

incremental costs

(joint) Costs which are additional costs to the Service appropriations that would not have been incurred absent support of the contingency operation. See also financial management. (JP 1-06).

joint force commander

(joint) A general term applied to a combatant commander, sub-unified commander, or joint task force commander authorized to exercise combatant command (command authority) or operational control over a joint force. Also called JFC. (JP 1)

joint operations area

(joint) An area of land, sea, and airspace, defined by a geographic combatant commander or subordinate unified commander, in which a joint force commander (normally a joint task force commander) conducts military operations to accomplish a specific mission. Also called JOA. (JP 3-0)

joint task force

(joint) A joint force that is constituted and so designated by the Secretary of Defense, a combatant commander, a sub-unified commander, or an existing joint task force commander. Also called JTF. (JP 1)

letter of assist

A contractual document issued by the United Nations to a government authorizing it to provide goods or services to a peacekeeping operation. Also called LOA. (JP 1-06)

***limited depositary account**

A checking account in a U.S. or foreign commercial bank that is designated by the Treasury Department to receive deposits from Disbursing Officers for credit to their official limited depositary checking accounts.

***managers' internal control program**

Provides reasonable assurance that establishes accountability and control procedures to comply with applicable laws and regulations.

mission command

(Army) The exercise of authority and direction by the commander using mission orders to enable discipline initiative within the commander's intend to empower agile and adaptive leaders in the conduct of unified land operations. (ADP 6-0)

multinational operations

(joint) A collective term to describe military actions conducted by forces of two or more nations, usually undertaken within the structure of a coalition or alliance. (JP 3-16)

nation assistance

(joint) Assistance rendered to a nation by foreign forces within that nation's territory based on agreements mutually concluded between nations. (JP 3-0)

noncombatant evacuation operations

(joint) Operations directed by the Department of State, or other appropriate authority, in conjuction with the Department of Defense, whereby noncombatants are evacuated from foreign countries when their lives are endangered by war, civil unrest, or natural disaster to safe havens as designated by the Department of State. Also called NEOs. (JP 3-68)

nongovernmental organizations

(joint) A private, self-governing, not-for-profit organization dedicated to alleviating human suffering; and/or promoting education, health care, economic development, environmental protection, human rights, and conflict resolution; and/or encouraging the establishment of democratic institutions and civil society. Also called NGOs. (JP 3-08)

***obligation management**

Is a basic function of financial management operations and provides fiscal controls to protect against Anti Deficiency Act (ADA) violations.

operational contract support

(joint) Process of obtaining goods, services and construction from commercial sources via contracting means in support of contingency operations. (JP 4-10)

operational control

(joint) The authority to perform those functions of command over subordinate forces involving organizing and employing commands and forces, assigning tasks, designating objectives, and giving authoritative direction necessary to accomplish the mission. Also called OPCON. (JP 1)

***pre-deployment cost estimate**

A short notice estimate required to support operational assumptions and decision-making processes, and defines and supports requests for reprogramming or additional appropriations.

***procurement support**

The critical role financial management plays in acquiring, certifying, accounting and disbursing the funding required for operational contracting support (OCS).

***responsibility segment**

A component of a reporting entity that is responsible for carrying out a mission, conducting a major line of activity, or producing one or a group of related products or services.

responsiveness

The ability to react to changing requirements and respond to meet the needs to maintain support. (ADP 4-0)

simplicity

Relates to processes and procedures to minimize the complexity of sustainment. (ADP 4-0)

stability operations

(joint) An overarching term encompassing various military missions, tasks, and activities conducted outside the United States in coordination with other instruments of national power to maintain or reestablish a safe and secure environment; provide essential governmental services, emergency infrastructure reconstruction, and humanitarian relief. (JP 3-0)

***spot rate**

The price that is quoted for immediate settlement on a commodity, a security or a currency.

***technical oversight**

Encompasses the provision of recommendations and advice to theater commanders regarding the employment, integration, direction, and control of financial management forces for the accomplishment of assigned missions.

unified action

(joint) The synchronization, coordination, and/or integration of the activities of governmental and nongovernmental entities with military operations to achieve unity of effort. (JP 1)

unified action partners

Those military forces, governmental and nongovernmental organizations, and elements of the private sector with whom Army forces plan, coordinate, synchronize, and integrate during the conduct of operations. (ADRP 3-0)

warfighting function

A group of tasks and systems (people, organizations, information, and processes) united by a common purpose that commanders use to accomplish missions and training objectives. (ADP 3-0)

***working estimate**

Builds on the budget estimates centered on actual execution of the operational plan based on data provided by the respective component commands.

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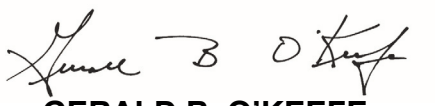
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15 April 2014

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General, United States Army
Chief of Staff

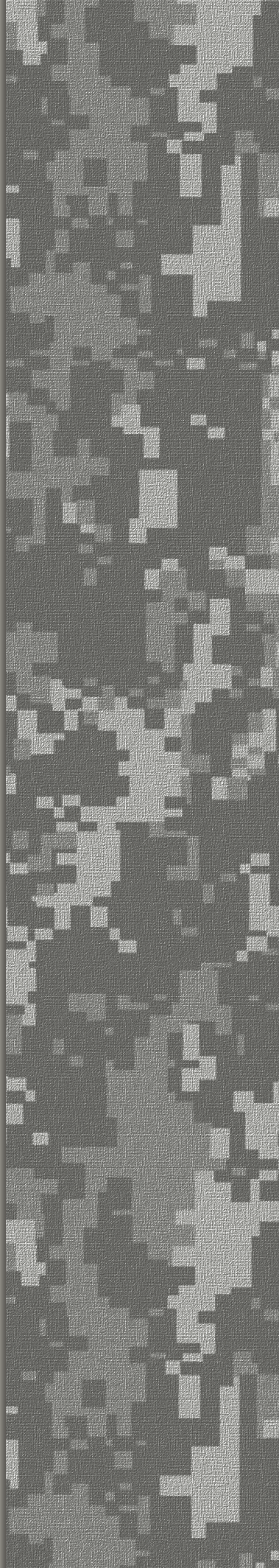
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