

CHAPTER 1
ANNEX 1

MANAGEMENT FUND PROCEDURES

A.1. APPROVAL OF CHARTERS AND MANAGEMENT FUND ACCOUNTS

A separate administrative account, called a management fund account, shall be established for each operation or project that is to be financed by a management fund. This account shall be established only with the approval of the Under Secretary of Defense (Comptroller) (USD(C)). As a basis for approval of a management fund account, a proposed charter and explanation of the reasons for the use of the management fund as the means of financing the operation or project shall be submitted to the USD(C) via the Deputy Chief Financial Officer (DCFO).

A.1.1. The proposed charter shall be prepared in the uniform format prescribed in Annex 2. If a Military Department is to be responsible for administration of the account, the proposed charter shall be submitted in an original and three copies over the signature of either the Secretary, Under Secretary, or an Assistant Secretary of the Military Department. A proposed charter submitted by a Defense Agency shall be signed by the Director or Deputy Director of the Agency concerned. When appropriations or funds of more than one DoD Component are to share in the financing of a proposed account, the concurrence of each DoD Component involved shall be evidenced by the signature of the Component comptroller or an equivalent official.

A.1.2. The scope of operations of a management fund account, as prescribed in the charter, shall not be exceeded. However, the basic provisions of a charter may be changed by submitting a proposed charter amendment in the same manner as an original charter application.

A.1.3. The USD(C) shall evidence approval of a charter or an amendment by executing the original and a duplicate. The executed duplicate shall be returned to the applicable DoD Component as its authority to commence operations subject to availability of funds. The original shall be retained in the official files of the USD(C).

A.2. DISCONTINUANCE OF A MANAGEMENT FUND ACCOUNT

When a management fund account is to be discontinued, the managing DoD Component shall submit a termination notice to the USD(C) stating the reason for discontinuing the account and the estimated date of final liquidation.

A.3. BUDGETING, FINANCING, ACCOUNTING, AND REPORTING

A.3.1. Budgets and Financial Plans

A.3.1.1. Annual budget estimates shall be prepared for each management fund in accordance with Volume 2B, "Budget Formulation and Presentation" of this Department of Defense Financial Management Regulation ("DoDFMR") (7000.14R).

A.3.1.2. An operating budget or financial plan shall be prepared annually and updated quarterly by the managing DoD Component for each management fund account in a format appropriate for management planning and control purposes. A copy of the operating budget or financial plan for an operation or project shall be submitted with the request for approval of an account charter. When required for purposes of obtaining advances or for guidance in estimating appropriation or fund requirements, copies of operating budgets or financial plans also shall be furnished to participating DoD Components or their organizational subdivisions.

A.3.2. Financing and Administrative Control of Funds

A.3.2.1. Obligational authority for the conduct of operations under a management fund account is provided by reimbursable orders, either with or without advances, whichever may be appropriate. The reimbursable orders may be issued in periodic increments to lessen the administrative workload and they shall specify the accounting classifications to be used for billing purposes.

A.3.2.2. The management fund shall be controlled administratively in accordance with [Volume 14](#), “Administrative Control of Funds and Antideficiency Act Violations” of this Regulation. No obligation may be incurred against a management fund that is not chargeable to a specific order and the appropriation or fund supporting that order.

A.3.3. Billing and Payment

A.3.3.1. Management fund outlays shall be charged to appropriations or funds as prescribed in the account charter and specified in the reimbursable order.

A.3.3.2. Billing and payment shall be accomplished by Standard Form (SF) 1081, (Voucher and Schedule of Withdrawals and Credits). In the case of financing by means of advances, the advances shall be accomplished by SF 1081 prepared and processed as of the beginning of the period covered by the advance. In all cases, however, the DoD Component responsible for the management fund account shall submit monthly bills to participating organizations to permit them to charge appropriate accounts and record the reduction in the advance accounts, as well as to permit the managing DoD Component to adjust its own accounts.

A.3.4. Accounting and Reporting. Financial transactions shall be classified under each management fund account in enough detail to meet management planning and control requirements. The principles, standards, and requirements in this “DoDFMR” shall apply to the accounting and reporting systems, including the recording and reporting of the source, application, and status of funds. Additional financial reporting that may be needed by participating organizations for management purposes shall be specified by the DCFO and the Heads of the DoD Components.