

**FM 1-06**

# **FINANCIAL MANAGEMENT OPERATIONS**

**APRIL 2011**

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# FINANCIAL MANAGEMENT OPERATIONS

## Contents

	Page
<b>PREFACE</b> .....	<b>vi</b>
<b>INTRODUCTION</b> .....	<b>vii</b>
<b>Chapter 1 FINANCIAL MANAGEMENT OPERATIONS</b> .....	<b>1-1</b>
<b>Section I – Financial Management Mission and Purpose</b> .....	<b>1-1</b>
Principles of Financial Management .....	1-2
Financial Management Core Competencies .....	1-5
<b>Section II – Financial Management and the Sustainment Warfighting Function</b> .....	<b>1-8</b>
Financial Management and the Elements of Combat Power .....	1-9
The Fiscal Triad.....	1-10
Financial Management Support to Force Projection .....	1-11
<b>Section III – Army Financial Management with Interorganizational Partners (Joint, Multinational, Intergovernmental, Interagency, and Nongovernmental)</b> .....	<b>1-12</b>
<b>Section IV – Financial Management Support to Stability Operations</b> .....	<b>1-15</b>
Financial Management Supporting Tasks .....	1-16
<b>Section V – Financial Management Organizations, Responsibilities and Organizational Relationships</b> .....	<b>1-17</b>
Strategic Financial Management.....	1-18
Operational Financial Management .....	1-20
Tactical Financial Management.....	1-28
Brigade Level Financial Management .....	1-37
<b>Chapter 2 FUND THE FORCE</b> .....	<b>2-1</b>
<b>Section I – Appropriations/Authorization Process</b> .....	<b>2-1</b>
Administrative Control and Distribution of Funds .....	2-3
Basic Appropriations That Fund the Army.....	2-5
The Legislative Proposal Process in Support of Contingency Operations.....	2-7
<b>Section II – Fiscal Law</b> .....	<b>2-8</b>
Basic Tenets of Fiscal Law.....	2-8

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	Anti-Deficiency Act (ADA) .....	2-9
	<b>Section III – Resource Management Support.....</b>	<b>2-10</b>
	Resource Management Support to Stability Operations.....	2-10
	Funding Contingency Operations .....	2-11
	Strategic Resource Management .....	2-13
	Operational Resource Management.....	2-16
	Tactical Resource Management .....	2-17
<b>Chapter 3</b>	<b>BANKING AND DISBURSING SUPPORT .....</b>	<b>3-1</b>
	<b>Section I – Banking Support .....</b>	<b>3-1</b>
	Banking and Host Nation Support.....	3-1
	Cash Management.....	3-2
	Economic Impact.....	3-3
	<b>Section II – Disbursing Operations .....</b>	<b>3-3</b>
	Cash Verification .....	3-4
	Reporting and Analysis .....	3-4
	Irregularities in Disbursing Officer Accounts.....	3-4
	Managing a Limited Depository Account .....	3-5
	Transfer of Accountability (Settlement).....	3-5
	Types of Disbursing Support.....	3-5
	Special Payments .....	3-9
	Miscellaneous Disbursing Support.....	3-10
	Disbursing Roles.....	3-11
<b>Chapter 4</b>	<b>PAY SUPPORT .....</b>	<b>4-1</b>
	<b>Section I – Active Duty Pay.....</b>	<b>4-1</b>
	Key FM Reports .....	4-2
	Separation of Duties.....	4-2
	<b>Section II – Reserve Component Pay.....</b>	<b>4-3</b>
	Mobilization/Demobilization .....	4-4
	<b>Section III – Case Management System .....</b>	<b>4-4</b>
	Types of CMS Cases .....	4-4
<b>Chapter 5</b>	<b>ACCOUNTING SUPPORT AND COST MANAGEMENT .....</b>	<b>5-1</b>
	<b>Section I – Accounting Support .....</b>	<b>5-2</b>
	Stages of a Transaction .....	5-3
	Obligation Management.....	5-5
	Strategic Level Accounting Support.....	5-6
	Operational Level Accounting Support .....	5-7
	Tactical Level Accounting Support.....	5-8
	General Fund Enterprise Business Systems (GFEBs) .....	5-9
	<b>Section II – Cost Management Support .....</b>	<b>5-9</b>
	Cost Culture .....	5-10
	Cost Management Support .....	5-10
	The Cost Management Process .....	5-11
	Cost Management Concepts .....	5-15
	Full Cost.....	5-16
	Cost Management During Contingency Operations .....	5-17
	Cost Estimates for Contingency Operations.....	5-18

	Contingency Cost Reporting .....	5-19
	Cost Collection .....	5-20
<b>Chapter 6</b>	<b>PLANNING AND OPERATIONS .....</b>	<b>6-1</b>
	<b>Section I – Planning .....</b>	<b>6-2</b>
	FM Planning Using the Military Decisionmaking Process (MDMP).....	6-3
	<b>Section II – Preparation.....</b>	<b>6-7</b>
	Troop Leading Procedures (TLP).....	6-7
	<b>Section III – Execution .....</b>	<b>6-7</b>
	Command and Control .....	6-7
	Financial Management Support Operations (FM SPO) .....	6-8
	Considerations in Support of the Procurement Process .....	6-10
	<b>Section IV - Assessment.....</b>	<b>6-13</b>
	Assessment of FM Operations .....	6-13
<b>Chapter 7</b>	<b>MANAGEMENT INTERNAL CONTROLS.....</b>	<b>7-1</b>
	<b>Section I – Management Responsibilities.....</b>	<b>7-1</b>
	Army Management Responsibility for Internal Control.....	7-1
	Key Managers' Internal Control Concepts.....	7-2
	Establishing Accountability and Stewardship .....	7-3
	Authority.....	7-3
	Responsibilities.....	7-4
	<b>Section II – Internal Control Process.....</b>	<b>7-5</b>
	<b>Section III – Assessments and Corrective Actions.....</b>	<b>7-7</b>
	Risk Assessment and Control Activities.....	7-7
	Reporting, Correcting, and Tracking Material Weaknesses.....	7-8
<b>Chapter 8</b>	<b>INFORMATION MANAGEMENT .....</b>	<b>8-1</b>
	<b>Section I – Financial Management Information Systems (FMIS).....</b>	<b>8-1</b>
	Resource Management .....	8-2
	Logistics.....	8-3
	Contracting .....	8-4
	Finance Operations .....	8-4
	<b>Section II – Financial Management Tactical Platform.....</b>	<b>8-6</b>
	Communication Requirements .....	8-6
	Disbursing.....	8-7
	Resource Management .....	8-7
	Vendor Support .....	8-8
	Travel.....	8-8
	Pay Support.....	8-8
	<b>Section III – Communications .....</b>	<b>8-8</b>
	Communication Modes.....	8-8
	Internal Fixed Site Communications.....	8-10
	Base and Remote Support Operations .....	8-10
	Tactical Operations Interface .....	8-10
	Communications Security.....	8-10
	Signal Operating Instructions (SOI).....	8-10
	Communication Networks.....	8-10

	Theater Services .....	8-11
	<b>Section IV – Organizational Information Technology (IT) Capabilities .....</b>	<b>8-11</b>
	<b>Section V – E-Commerce .....</b>	<b>8-12</b>
<b>Appendix A</b>	<b>LEGAL .....</b>	<b>A-1</b>
<b>Appendix B</b>	<b>FISCAL APPROPRIATIONS, AUTHORITIES, AND AGREEMENTS.....</b>	<b>B-1</b>
<b>Appendix C</b>	<b>FINANCIAL MANAGEMENT SUPPORT TO MILITARY OPERATIONS IN A MULTINATIONAL ENVIRONMENT .....</b>	<b>C-1</b>
<b>Appendix D</b>	<b>GUIDE TO OPERATION PLAN/ORDER DEVELOPMENT.....</b>	<b>D-1</b>
<b>Appendix E</b>	<b>FM PLANNING AND OPERATIONS ACTIVITIES .....</b>	<b>E-1</b>
	<b>GLOSSARY .....</b>	<b>Glossary-1</b>
	<b>REFERENCES.....</b>	<b>References-1</b>
	<b>INDEX .....</b>	<b>Index-1</b>

## Figures

Figure 1-1. Financial Management Core Functions.....	1-2
Figure 1-2. Principles of Financial Management .....	1-3
Figure 1-3. Financial Management Core Competencies .....	1-5
Figure 1-4. Example of Combining FM Support to FSO in a Notional Operation.....	1-9
Figure 1-5. Elements of Combat Power .....	1-10
Figure 1-6. Fiscal Triad .....	1-11
Figure 1-7. Authorities for Theater Army Sustainment Responsibilities .....	1-13
Figure 1-8. ART 7.3 Conduct Stability Operations.....	1-16
Figure 1-9. Notional FM Subtasks in Stability Operation .....	1-17
Figure 1-10. Financial Management Operations .....	1-18
Figure 1-11. Theater Army G-8.....	1-20
Figure 1-12. Theater Sustainment Command .....	1-24
Figure 1-13. Financial Management Center (FMC).....	1-26
Figure 1-14. Corps G-8 Organizational Structure .....	1-29
Figure 1-15. Division G-8 Organizational Structure .....	1-31
Figure 1-16. Financial Management Support Operations (FM SPO) .....	1-33
Figure 1-17. Financial Management Company (FMCO).....	1-34
Figure 1-18. Financial Management Detachment (FMDET).....	1-36
Figure 1-19. GFEBS Enabled FM Operations .....	1-38
Figure 2-1. Appropriation/Authorization Process .....	2-2
Figure 2-2. Distribution of Funds.....	2-5
Figure 2-3. PPBE Flow Chart.....	2-15
Figure 3-1. Procure to Pay Process (FM Procurement Support).....	3-7
Figure 4-1. Pay Support Changes Document Flow .....	4-3
Figure 5-1. Stages of a Transaction.....	5-3
Figure 5-2. Cost Management Process .....	5-11

Figure 5-3. Cost Management Support to Resourcing Operations ..... 5-13  
Figure 5-4. Developing the Cost Metric..... 5-14  
Figure 5-5. Example of Full Cost Concept for a BCTs Operational Readiness ..... 5-17  
Figure 6-1. Operations Process..... 6-2  
Figure 6-2. Military Decisionmaking Process ..... 6-3  
Figure 6-3. Example of FM Running Estimate Template ..... 6-5  
Figure 7-1. Management Control ..... 7-5  
Figure 7-2. G-8 MIC Program..... 7-7  
Figure 8-1. Financial Management Information Systems (FMIS)..... 8-2  
Figure 8-2. Financial Management Tactical Platform (FMTP) ..... 8-7  
Figure D-1. FM Appendix to the Service Support Annex of OPLAN/OPORD..... D-1

## Tables

Table 2-1. Strategic Level Resource Management Tasks ..... 2-16  
Table 2-2. Operational Level Resource Management Tasks ..... 2-17  
Table 2-3. Tactical Level Resource Management Tasks ..... 2-18

## Preface

FM 1-06 is the Army's keystone manual for Financial Management (FM). Its purpose is to provide the authoritative doctrine on how FM supports the full spectrum of operations as a component of the theater sustainment warfighting function. It expands on existing doctrine introduced in FM 4-0, Sustainment, to incorporate a broader approach to supporting the fighting force. 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 of FM doctrine, organizations, training, materiel, leadership and education, personnel, and facilities development to support the modular Army, and establishes how FM operations are integrated and synchronized into the overall operations process – plan, prepare, execute and assess. The term “Financial Management” refers to both finance operations (FO) and resource management (RM) responsibilities.

The fundamental purpose of the Army is to provide joint force commanders with sustained and decisive land forces necessary to fight and win the nation's wars. Focused FM support that is responsive, flexible, and precise is crucial to the Army's ability to rapidly project power with the most capable forces at the decisive time and place. FM must provide support during the simultaneous execution of the elements of full spectrum operations: offense, defense, stability, or civil support.

The manual recognizes that FM is provided by active and reserve components, Department of Defense and Department of the Army civilians, joint, and multinational assets. This manual also recognizes that FM, like other sustainment functions, is a commander's combat multiplier, and must be involved throughout the entire military decisionmaking process. It is managed, executed, and assessed through all stages to enable commanders to execute and sustain full spectrum operations.

The intended audiences for the manual are: (1) commanders at all levels, to provide a universal understanding of how FM is organized and functions to sustain Army, joint, interagency, intergovernmental, nongovernmental, and multinational forces (interorganizational partners); (2) sustainment community, staffs, and doctrinal proponents, to institutionalize the integration of FM into all Army components, and interorganizational partners' missions; and (3) Soldiers at all levels and within all branches of the Army, to provide a broad knowledge of the FM structure and functions. Army headquarters serving as a joint force land component command or a joint task force headquarters should also refer to JP 1-06, Financial Management Support in Joint Operations.

This publication applies to the Active Army, the Army National Guard (ARNG)/Army National Guard of the United States (ARNGUS), and the United States Army Reserve (USAR) unless otherwise stated.

The proponent of this publication is the United States Army Training and Doctrine Command (TRADOC) and the preparing agent is the U.S. Army Soldier Support Institute (SSI). Send comments and recommendations to [jacksonatgcidfmdoctrine@conus.army.mil](mailto:jacksonatgcidfmdoctrine@conus.army.mil) or on 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.

Unless stated otherwise, masculine nouns or pronouns do not refer exclusively to men.



# Introduction

The Army's two capstone publications, FM 1, *The Army*, and FM 3-0, *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, which have transformed from a fixed division-based warfighting force to a modular brigade-based force. 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). The modular Army force remains echeloned. There are three headquarters organizations above brigade level, each changed from its recent organization and structure: Army Service Component Command (ASCC), Corps and Division. The Army is fielding joint capable stand-alone corps and division headquarters with no division or corps troops except those in their respective headquarters battalion.

Financial Management (FM) has also changed tremendously since the last publication in September 2006 to better support this modular brigade-based force. On 1 October 2008, the Army merged Basic Branch 44 (Finance) and Functional Area 45 (Comptroller) into Basic Branch 36. The merger combines resource management (RM) and finance operations (FO) into one multi-functional specialty for all FM operations. The integration of FO and RM under FM offers the commander a single focal point for FM operations. The individual with singular responsibility for FM at the theater Army, corps, and division level is the G-8, who consults with the Financial Management Center (FMC). Additionally, the Army has successfully deployed its new modular FM units as part of the new Sustainment Warfighting Function within the Theater Sustainment Command (TSC), Expeditionary Sustainment Command (ESC), and the Sustainment Brigade (Sust Bde). These changes along doctrine and leader development spectrums provide the commander an integrated modular FM capability to better synchronize operations with the Army's new modular contracting units, thereby creating efficiencies for sustainment operations at echelons above battalion.

In January 2009, the Army Chief of Staff called on the Army to undergo an institutional adaptation that better postured the Army's institutions to support an Army on a rotational cycle in an era of persistent conflict. The change described the necessary elements to institutional adaptation; one of these elements speaks directly to a primary FM task: resource management. This element requires the Army to reform its requirements and resource processes by establishing a more responsive and realistic requirements process and inculcating a cost culture that incentivizes good stewardship. A key component of the Army's adaptation is the fielding of an Enterprise Resource Planning (ERP) system that will significantly impact FM processes. This system is the General Fund Enterprise Business System (GFEBS). GFEBS enables the Army to fund and execute down to the brigade level and provides cost-analysis and real time accounting information to better support the Army as it migrates from budget execution to a cost-centric environment. Additionally, GFEBS enhances FM's ability to support the procurement (contracting) process.

The FM mission transformed to include support to stability operations such as providing FM support to host nation banking institutions, developing economic assessments for a theater of operation, and coordinating with nongovernmental, interagency, and intergovernmental organizations to implement the U.S. instrument of economic power.

Given these changes, FM has revised its core competencies to reflect the broad reach of FM operations throughout the Army. These six core competencies are fund the force, provide banking and disbursing support, provide pay support, provide accounting support and cost management, conduct FM planning and operations and perform management internal controls. Details describing these core competencies are found in chapters two through seven.

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## Chapter 1

# Financial Management Operations

Financial Management (FM) is defined as the sustainment of U.S. Army, joint, interagency, interdepartmental, and multinational operations through the execution of two mutually supporting core functions, Resource Management (RM) and Finance Operations (FO). These two functions are comprised of the following core competencies: fund the force, banking and disbursing support, pay support, accounting support and cost management, FM planning and operations, and management internal controls. FM operations have transformed to better support the combatant commander (CCDR) by integrating FO and RM capabilities. When properly combined and synchronized by financial managers, RM and FO enable commanders to leverage fiscal policy and economic power in creating favorable effects that support their operations.

### SECTION I – FINANCIAL MANAGEMENT MISSION AND PURPOSE

1-1. The FM mission is to ensure that proper financial resources are available to accomplish the 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 mission, enemy, terrain and weather, troops and support available, time available and civil considerations (METT-TC). FM is found 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. Figure 1-1 depicts FM core functions.

1-2. The RM 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 RM tasks are providing advice and recommendations to the commander; identifying sources of funds; forecasting, capturing, analyzing and managing costs; acquiring funds; distributing and controlling funds; tracking costs and obligations; establishing and managing reimbursement processes; and establishing and managing the Army Managers' Internal Control Program (MIC Program).

1-3. The Finance Operations (FO) mission is to support the sustainment of Army, joint, and multinational operations through the execution of key FO tasks. These key FO tasks are to provide timely commercial vendor and contractual payments, various pay and disbursing services, oversee and manage the Army's Banking Program and to implement FM policies and guidance prescribed by the Office of the Under Secretary of Defense (Comptroller) (OUSD(C)) and national FM providers (e.g., U.S. Treasury, Defense Finance and Accounting Service (DFAS), Federal Reserve Bank (FRB)). The combined efforts of RM and FO work to extend Army forces' operational reach and prolong operational endurance, thereby allowing commanders to accept risk and create opportunities for decisive results.

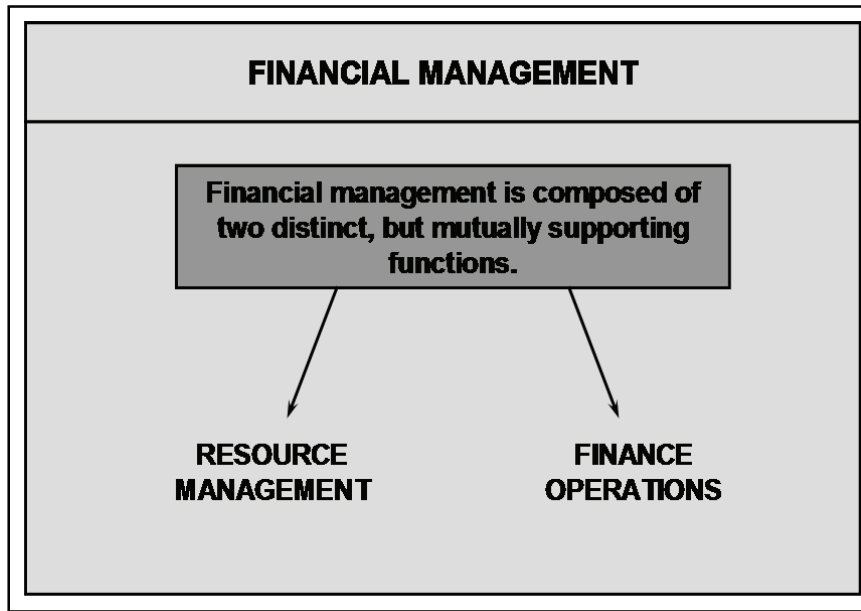


Figure 1-1. Financial Management Core Functions

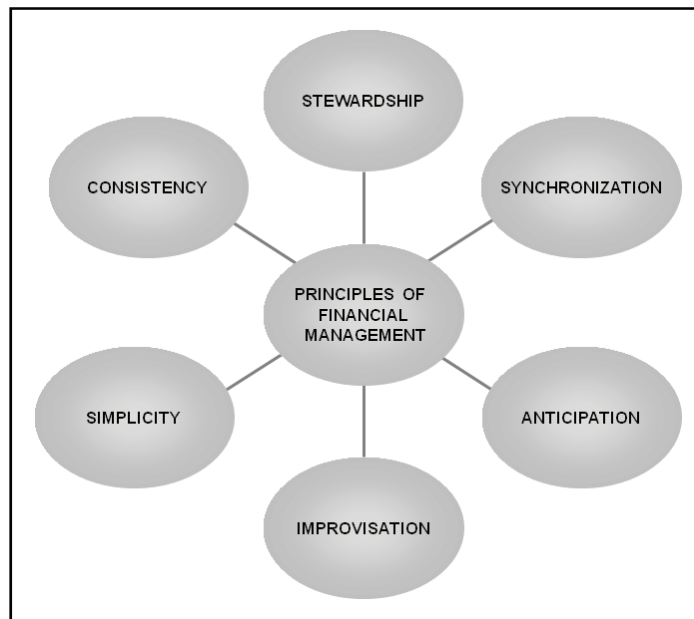
## PRINCIPLES OF FINANCIAL MANAGEMENT

1-4. 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 1-2.

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**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.

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**Figure 1-2. Principles of Financial Management**

## **STEWARDSHIP**

1-5. From an FM perspective, “stewardship” can be defined as the careful and responsible management of those resources entrusted to the government in order to execute responsible governance. The Department of Defense (DOD) is entrusted by the American people as a steward of vital resources (funds, people, material, land, and facilities) provided to defend the nation (JP 1-06, Financial Management Support in Joint Operations). 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 endstate or simply stated, “doing the right thing”. Efficiency speaks to the manner in which those resources are consumed in order to produce the maximum amount of output 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 endstate. Good stewardship requires the availability of timely and accurate financial information to facilitate sound decisionmaking and ensure that resources are used in compliance with existing statutory and regulatory guidance.

## **SYNCHRONIZATION**

1-6. Synchronization is the arrangement of military actions in time, space, and purpose to produce maximum relative combat power at a decisive place and time (FM 1-02, Operational Terms and Graphics). 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**

1-7. Anticipation is the ability of FM leaders to forecast requirements based upon professional judgment honed by experience, knowledge, education, intelligence, and intuition. The ability to anticipate requirements in support of the mission enhances the commander's understanding of the situational context in which his forces operate, and the commander's visualization of his desired end state are key components of battle command (FM 3-0, Operations). The FM leader must also visualize future operations and determine the appropriate FM support. This requires a flexible and responsive execution of FM operations providing FM support to the right place, at the right time and in the right composition. Anticipating FM 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 FM planning and continual coordination with supported commanders' staff. FM 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. For example, in 2009, a Financial Management Center (FMC) from Fort Hood deployed to Afghanistan to support the RM mission rather than its traditional FO mission.

## **IMPROVISATION**

1-8. 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**

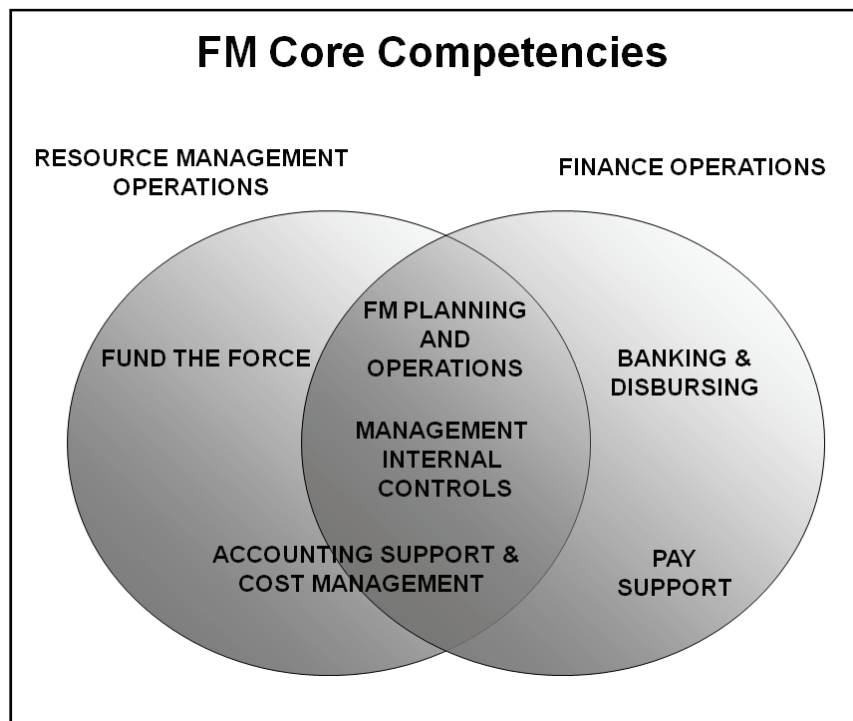
1-9. Simplicity is defined as the freedom from complexity in the sustainment of operations. This principle speaks to FM processes and procedures and the requirement to minimize complexity in FM functions in order to reduce confusion. Simplicity fosters efficiency in the conduct of FM operations and enhances 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 FM support of forces.

## **CONSISTENCY**

1-10. The principle of consistency involves the provision of consistent FM support and guidance to forces throughout the AO. FM providers must coordinate with the appropriate DOD organizations and other Military Services to ensure the uniform provision of FM support to all forces in theater. This includes making appropriate provisions for pay support and services, establishing banking and currency support, payment of travel entitlements and cash operations to support the procurement process (JP 1-06). 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.

## FINANCIAL MANAGEMENT CORE COMPETENCIES

1-11. Figure 1-3 illustrates the FM core competencies as described in the following paragraphs.



**Figure 1-3. Financial Management Core Competencies**

### FUND THE FORCE

1-12. Fund the force is the critical capability within the FM competency resource management that matches legal and appropriate sources of funds with thoroughly vetted and validated requirements. FM leaders execute this core FM capability across the full spectrum of military operations. Fund the force applies to all levels of war – strategic, operational and tactical. FM 3-0 defines the strategic level of war as the level of war at which a nation, often as a member of a group of nations, determines national or multinational strategic security objectives and guidance, and develops and uses national resources to achieve these objectives. Fund the force at the strategic level entails resource management operations that include setting policy, planning resources, interpreting DOD and specific OUSD(C) guidance, coordinating DFAS policies, following congressional legislation, and maintaining effective oversight of execution at the program level.

1-13. The operational level of war links the tactical employment of forces to strategic objectives. At the operational level, FM provides commanders the required resources and ensures the resources are used effectively and efficiently in compliance with existing fiscal laws and regulations. The operational level of resource management involves executing resources, 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.

1-14. At the tactical level of war, commanders employ and arrange forces in relation to each other adopting tactics in the conduct of battles, engagements, and small unit actions to accomplish missions. Resource 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.

## **BANKING AND DISBURSING SUPPORT**

1-15. Banking support is the provision of cash, non-cash and E-Commerce mechanisms necessary to support the theater procurement process to provide support to U.S. and non-U.S. military personnel, civilians, and contractors, and to make payments for special programs such as the Commander's Emergency Response Program (CERP) and the DOD Small Rewards Program. Banking support subtasks include selecting limited depository (LD) institutions and establishing limited depository accounts (LDA) as necessary to make contract payments in foreign currency and to provide for foreign currency replenishment. Another subtask within banking support is the requirement to coordinate with the State Department, local U.S. Embassy, the U.S. Army Financial Management Command (USAFMCOM), the U.S. Agency for International Development (USAID), DFAS, the U.S. Department of State, Provincial Reconstruction Teams (PRTs), the Embedded Provincial Reconstruction Teams, the Office of the Secretary of Defense (OSD), Task Force for Business Stability Operations (TFBSO) and/or the Department of Treasury (Treasury) when conducting business with HN banking facilities. Banking support leverages E-Commerce technologies to achieve effectiveness and efficiencies in FM operations as well as reduce the amount of physical cash in the theater of operations.

1-16. Disbursing support is comprised of currency management and procurement support. Currency management includes supplying U.S. cash, non-cash mechanisms (e.g., debit cards, stored value cards), foreign currencies, U.S. Treasury checks and occasionally, receiving and controlling precious metals (gold and silver). FM units provide currency and coins to Army and Air Force Exchange Service (AAFES) facilities, tactical field exchanges (TFEs), postal organizations, and authorized in-theater defense contractors, as operational considerations allow. Proper control and management of currency is essential to controlling black market activities, securing the money of individual Soldiers, and assisting the HN in avoiding unforeseen fluctuations in domestic currency valuations resulting from the infusion of U.S. dollars.

1-17. The success of sustainment operations depends greatly on the successful planning and execution of operational contract support (OCS) in the operational area. The mission of OCS, including contingency and expeditionary contracting, is to conduct procurement planning then responsively, effectively, and legally contract for the supplies, services and construction necessary to support the mission of the operational ground force and Joint commanders (JP 4-10, Operational Contract Support & FM 4-92, Contracting Support Brigade). FM operations are critical to successful contracting operations. A large percentage of FO contingency efforts support this process. Oversight is critical in preventing improper or illegal commercial vendor payments and ensuring the considerable fiscal resources of the U.S. government are properly applied. All FM Soldiers must understand the roles of the key players involved and their relationships in the proper execution of the procurement process.

## **PAY SUPPORT**

1-18. FM includes the provision of full U.S. pay support (including civilian pay where not supported by DFAS), travel support, local and partial payments, check-cashing and currency exchange to Soldiers, civilians and U.S. contractors, and non-U.S. pay support (e.g., enemy prisoner of war (EPW), host nation employees, day laborers, civilian internee (CI)). Pay support also includes support to noncombatant evacuation operations (NEO) in the form of travel advances. FM units providing pay support must ensure that all Soldiers, regardless of component, receive timely and accurate pay in accordance with existing statute and regulations.

## **ACCOUNTING SUPPORT AND COST MANAGEMENT**

1-19. Accounting requirements for full spectrum 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 FM Information Systems (FMIS). Additional accounting support involves review and reconciliation of these financial transactions to ensure the proper expenditure of entrusted funds.



1-20. Effective decisionmaking 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.

1-21. Cost management transforms accounting data into valuable and accurate cost information that enables the commanders' decisionmaking process. Commanders throughout the Army use cost information for effective decisionmaking 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. "Maximize the budget" was the mantra that drove many decisions regarding resource management. The new "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.*

## FINANCIAL MANAGEMENT PLANNING AND OPERATIONS

1-22. Full spectrum operations require a standardized and systematic approach to planning that remains flexible and responsive in light of constant changes to the OE. The Army relies primarily on two planning processes to guide the planning effort: the Military Decisionmaking Process (MDMP) and Troop Leading Procedures (TLP). MDMP is more appropriate for headquarters with staffs; whereas, leaders at company level and below employ TLP to plan and prepare for operations (FM 5-0, The Operation Process). FM leaders and planners must be well versed with the MDMP and TLP, as described in FM 5-0 in order to participate meaningfully in the planning, preparing, and executing of full spectrum operations at all levels of war. FM leaders continuously combine analytic and intuitive methodologies to their decisionmaking in planning and executing FM operations. The analytic approach to decisionmaking entails generating several alternative solutions, comparing these solutions to a set of criteria, and selecting the best course of action (COA). Intuitive decisionmaking employs pattern recognition based on leaders' knowledge, judgment, experience, education, intelligence, boldness, perception and character to recognize the key elements and implications of a particular problem or situation to arrive at an adequate solution. Planning is a critical activity in the execution of effective FM operations whether conducted at the strategic level when forecasting funding requirements for a contingency operation; or at the operational level when estimating the cost associated with the execution of an operational plan; or at the tactical level when planning mobile Financial Management Support Team (FMST) missions in support of a BCT. FM planners should be integrated in the command staff planning effort at all echelons. In execution of the FM mission, FM leaders perform and coordinate functions and activities needed to conduct and sustain FM support operations. These activities and functions include planning, mission preparation, staff coordination and establishment, and operations of FM units. Planning is the means by which the commander envisions a desired outcome, lays out effective ways of achieving it, and communicates to his subordinates his vision, intent and decisions, focusing on the results he expects to achieve (FM 3-0). The benchmark for a successful plan is not whether or not it was executed exactly as planned, but whether the plan facilitates effective action in the face of unforeseen events (FM 5-0). FM leaders and planners develop and execute plans and orders that—

- Foster mission command by clearly conveying the commander's intent.
- Assign tasks and purposes to subordinates.
- Contain the minimum coordinating measures necessary to synchronize the operation.
- Allocate or reallocate resources.
- Direct preparation activities and establish times or conditions for execution.

*See Chapter 6, Planning and Operations, for more information.*

## MANAGEMENT INTERNAL CONTROLS

1-23. In accordance with 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 MIC Program is designed to provide reasonable assurance that established accountability and control procedures comply with applicable laws and regulations. As it pertains to FM, the MIC Program 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 MIC Program must be established as soon as possible, but not at the expense of operational or tactical considerations. *See Chapter 7, Management Internal Controls, for more information.*

## SECTION II – FINANCIAL MANAGEMENT AND THE SUSTAINMENT WARFIGHTING FUNCTION

1-24. FM operations support the Army in its role as the provider to combatant commanders of versatile land forces ready to fight and win the Nation's wars. The Army contributes to joint operations through its capability to exert landpower, defined as the ability—by threat, force, or occupation—to promptly gain, sustain, and exploit control over land, resources, and people (FM 3-0). The integration of FMs two core functions enables the Army's application of landpower. This integration of FO and RM supports the Army's ability to establish and maintain a stable environment that sets the conditions for political and economic development; addresses the consequences of catastrophic events – both natural and man-made – to restore infrastructure and reestablish basic civil services and support; and provides a base from which joint forces can operate. FM operations extend the Army forces operational reach by allowing for the exploitation of initiatives. FM operations also prolong the forces operational endurance, giving commanders the ability to accept risk and create opportunities for decisive results.

1-25. The foundations for Army operations are contained in its operational concept—*full spectrum operations*. An operational concept describes how Army forces, as part of a joint force, conduct operations. Full-spectrum operations require the Army force to combine offensive, defensive, and stability or civil support operations simultaneously as part of an independent joint force to seize, retain, and exploit the initiative, accepting prudent risk to create opportunities to achieve decisive results (FM 3-0). FM provides support to the elements of full spectrum operations. The mission determines the relative weight of effort among the different elements of full spectrum operations (FSO): offense, defense, stability operations and civil support operations. Likewise, FM operations, its composition and missions, vary dependent upon which operational element or elements (offense, defense, stability and civil support) comprise the nature of the operation.

1-26. Consider Figure 1-4 depicting a notional joint operation executed in six phases: shape, deter, seize the initiative, dominate, stabilize and enable civil authority. In this illustration, the elements of FSO are combined and weighed across the phases of the notional campaign plan based on anticipated changes in operational conditions. Similarly, FM operations supporting FSO will also change in priority of effort and composition. The graphic also portrays the changing nature of FM support of FSO through all phases of the plan. These changes are illustrative of a notional situation and not a fixed template for all situations. FM leaders adjust FM support of the plan based on changes to conditions in the OE and the missions that are anticipated and included in the phases of the operations. The relative weight given to each FM task (i.e., fund the force, banking and disbursing support, pay support, accounting support and cost management (CM), FM planning and operations, management internal controls) varies with the actual or predicted conditions.

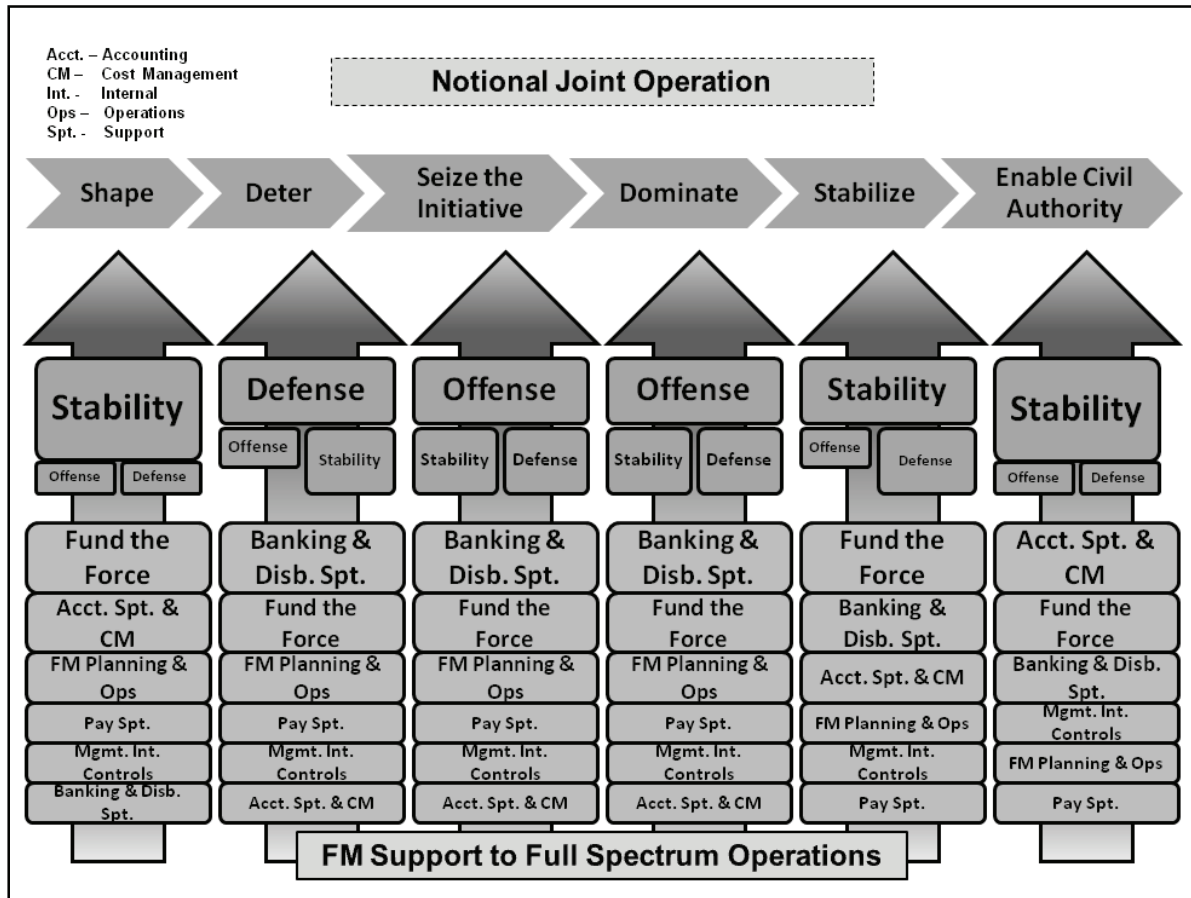
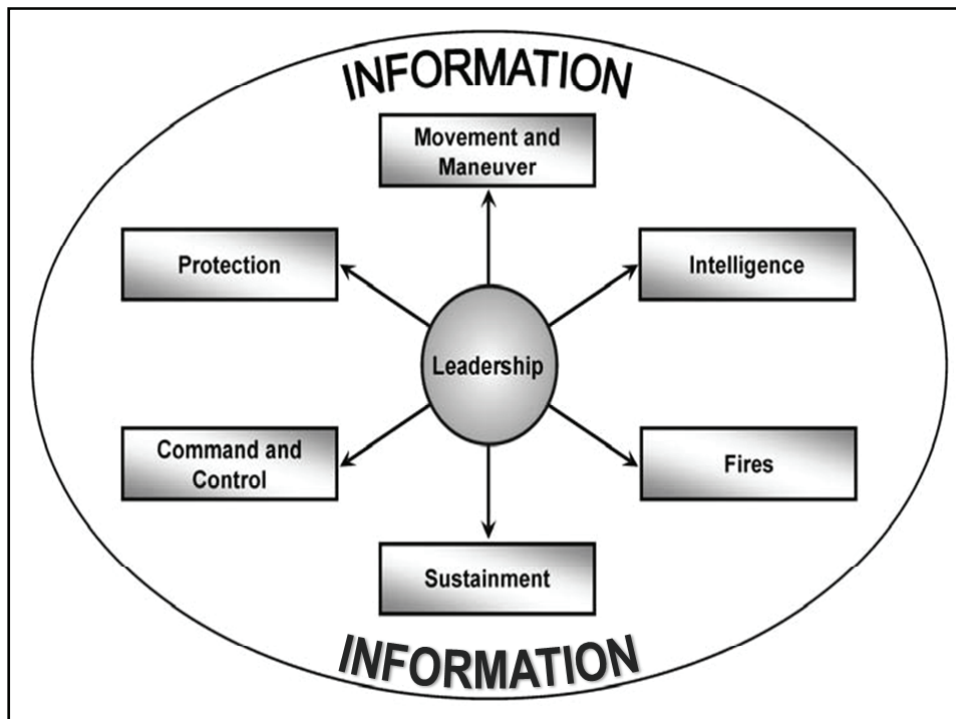


Figure 1-4. Example of Combining FM Support to FSO in a Notional Operation

**Example:** During the stabilize phase of the joint operation and in support of stability operations, providing funding for special programs and training and equipping of host nation security forces may be the main efforts for FM operations in support of the Army’s efforts to provide the local populace with security, restore essential services, and self governance.

## FINANCIAL MANAGEMENT AND THE ELEMENTS OF COMBAT POWER

1-27. Full spectrum operations require the continuous generation and application of combat power throughout the length of operations. Combat power is the total means of destructive, constructive, and information capabilities that a military unit/formation can apply at a given time (FM 3-0). As depicted by Figure 1-5, eight elements comprise combat power: leadership, information, movement and maneuver, intelligence, fires, sustainment, command and control (C2), and protection.

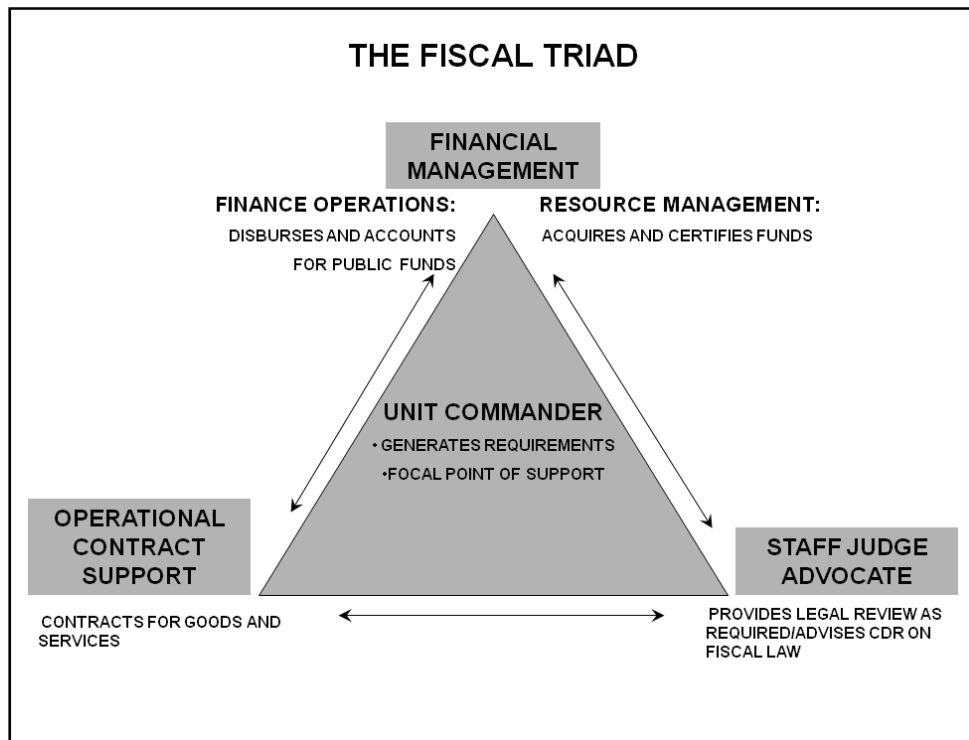


**Figure 1-5. Elements of Combat Power**

1-28. Six of these elements (movement and maneuver, intelligence, fires, sustainment, command and control and protection) are categorized as *warfighting functions*. A warfighting function is 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 (FM 3-0). The sustainment warfighting function is the related tasks and systems that provide support and services to ensure freedom of action, extend operational reach, and prolong endurance. Sustainment subtasks are captured under three categories: logistics, personnel services and health services support (FM 4-0). The Army's operational endurance relies primarily on sustainment. FM operations support the Army's endurance through RM and FO. FM operations fall within the sustainment warfighting function to extend the depth and duration of Army operations.

## THE FISCAL TRIAD

1-29. The Fiscal Triad, depicted in Figure 1-6, illustrates the legally-binding process that governs the critical path between contracting and FM 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 the full spectrum of 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 that initiate 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 6, Planning and Operations, for more information.*



**Figure 1-6. Fiscal Triad**

## FINANCIAL MANAGEMENT SUPPORT TO FORCE PROJECTION

1-30. Force projection is the military element of national power that systemically and rapidly moves military forces in response to requirements across the spectrum of conflict (FM 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 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.

1-31. As the tactical military unit responsible for the Theater Opening (TO) mission, the Sust Bde will be one of the first organizations into a theater of operations and designated as the Sustainment Brigade TO. Elements from the FMCO and/or FMDETS should deploy along with the Sust Bde TO in order to execute finance 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 RM tasks. TO 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 (FMI 4-93.2, The 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 and to provide essential financial services to deployed personnel. Initial FM capability include:

- Fund the force.
  - Identify and obtain appropriate funding.

- Certify funds and track costs.
- Banking and disbursing support.
  - Currency support.
  - Procurement support.
  - E-Commerce program support.
- Pay support.
  - Start applicable deployment entitlements.

1-32. 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 INTERORGANIZATIONAL PARTNERS (JOINT, MULTINATIONAL, INTERGOVERNMENTAL, INTERAGENCY, AND NONGOVERNMENTAL)**

1-33. Today, the Army finds itself operating not only with other Services but other U.S. agencies ((e.g., Department of State (DOS), Treasury, 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.

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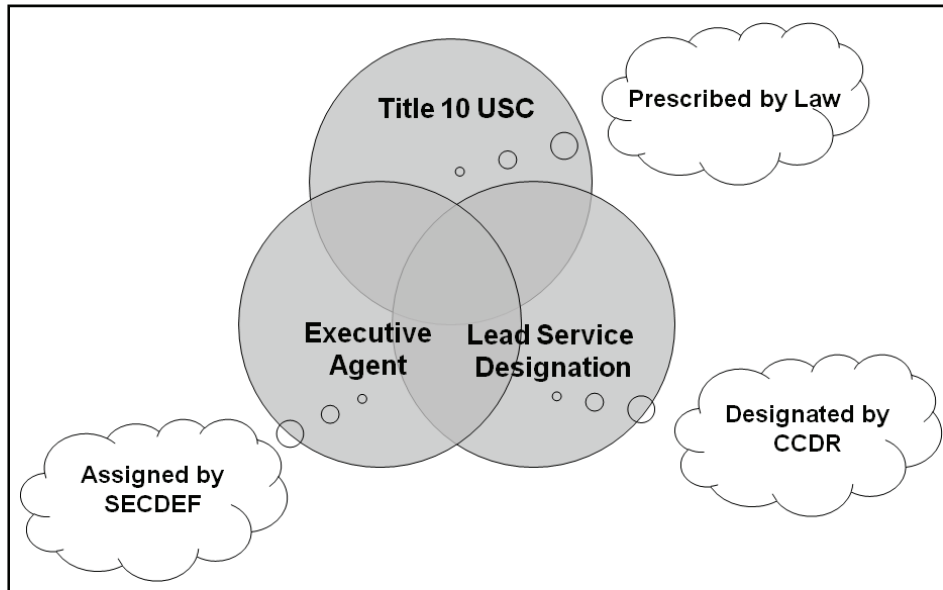
Examples of global intergovernmental organizations are the United Nations (UN), its agencies and the World Bank. Examples of regional intergovernmental organizations are North Atlantic Treaty Organization (NATO), the African Union, the European Union and the Organization of American States. During stability 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.

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1-34. 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 its 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.

1-35. 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. One area of joint interdependence is joint sustainment (FM 4-0). Sustainment of joint forces is the deliberate, mutual reliance by each Service component on the capabilities of two or more Service components (FM 3-0). Figure 1-7 describes the authorities that define the theater army sustainment responsibilities.



**Figure 1-7. Authorities for Theater Army Sustainment Responsibilities**

1-36. The Secretary of Defense (SecDef) may designate an executive agent (EA) IAW DOD Directive (DODD) 5101.1, *DOD Executive Agent*. This EA normally is 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 (FM 4-0).

1-37. The CCDR possesses Directive Authority For Logistics (DAFL) authorizing the CCDR to issue directives to subordinate commanders, to include directives regarding the provision of common user logistics (CUL). Under DAFL, the CCDR may select a Service component as the *Lead Service* to execute specific CUL 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 (FM 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.

1-38. 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 JFC, based on guidance from the supported CCDR, must delineate funding responsibilities between the FM Lead Service and other Service components. 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) (JP 1-06).

1-39. Joint FM doctrine identifies four FM objectives to facilitate unified action and the prudent use of resources. These four objectives are:

- Provide 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 alternative funding sources and accurate cost identification used to determine 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 legal concerns in joint operations.
- Ensure detailed FM planning is conducted and coordinate efforts between the Services and combatant commands to provide and sustain resources.

1-40. 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.

1-41. When the Army is appointed the lead Service responsible for common FM support, the FM mission with interorganizational partners ensures RM and FO needed to support all aspects and agencies involved in the mission are present. 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 operational themes 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.

1-42. 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.

1-43. 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 nature of the emergency, participating forces must engage in operations with minimal planning. 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.

1-44. As a nation, the United States wages war employing all instruments of national power — diplomatic, informational, military, and economic (JP 3-0, Joint Operations). For the purposes of this manual, the term “instrument of economic power” refers to the employment of a nation's fiscal resources through financial activities at the strategic through tactical levels of war to create the desired effects necessary to support the attainment of national security objectives. At the strategic level, these 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 such as CERP, infuse millions of dollars into local economies creating local employment and supporting local communities.



1-45. CCDRs and subordinate JFCs must work with U.S. chiefs of missions, 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 interorganizational 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 Appendix C, Financial Management Support to Military Operations in a Multinational Environment.*

## SECTION IV – FINANCIAL MANAGEMENT SUPPORT TO STABILITY OPERATIONS

1-46. Department of Defense Instruction (DODI) 3000.05 established stability operations as a core military mission on par with offensive and defensive operations stating:

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Stability operations are a core U.S. military mission that the Department of Defense shall be prepared to conduct and support. They shall be given priority comparable to combat operations and be explicitly addressed and integrated across all DOD activities including doctrine, organizations, training, education, exercises, materiel, leadership, personnel, facilities, and planning.

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1-47. Stability operations encompass 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).

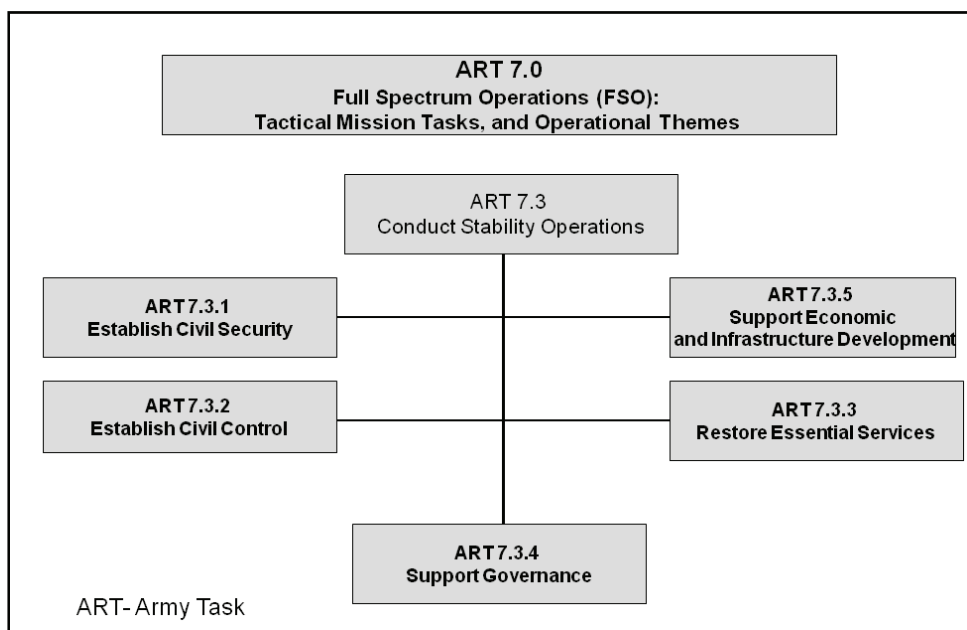
1-48. Stability operations leverage the coercive and constructive capabilities of the military force to establish a safe and secure environment; facilitate reconciliation among local or regional adversaries; establish political, legal, social and economic institutions; and facilitate the transition of responsibility to a legitimate civil authority. Through stability operations, military forces provide security and control in order to stabilize the security environment within the operational area and thus enable other instruments of national power, as well as other international organizations, foreign entities, and nongovernmental organizations to succeed in achieving the broad goals of conflict transformation. The United States usually conducts stability operations in support of a host nation; however, in the absence of a legitimate government, stability operations may support a transitional civil or military authority. When the host-nation government, designated civil authorities, agencies or organizations prove incapable of fulfilling the basic needs of the people, the military provides essential civil services until a civil authority or the host nation can provide these services. In this capacity and under Congressional authority, military forces perform specific functions as part of a broader response effort, supporting the activities of other agencies, organizations, and institutions.

1-49. To achieve conditions that ensure a stable and lasting peace, stability operations capitalize on coordination, cooperation, integration, and synchronization among military and nonmilitary organizations. FM 3-07, Stability Operations, describes five primary end state conditions for stability operations:

- A safe and secure environment.
- Established rule of law.
- Social well-being.
- Stable governance.
- A sustainable economy.

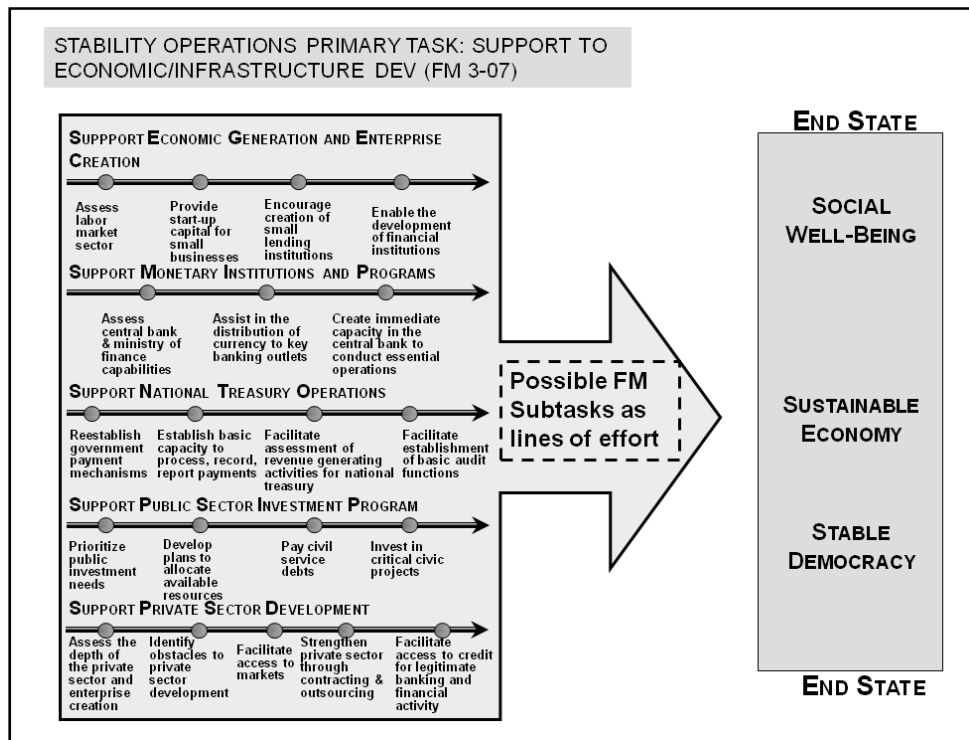
## FINANCIAL MANAGEMENT SUPPORTING TASKS

1-50. Full spectrum FM includes FM support to stability operations and requires FM leaders to develop a thorough understanding of these operations and the resources necessary to enable warfighting commanders to successfully conduct stability operations. The implications of DODI 3000.05 are that the FM community must organize, equip, and train to conduct FM operations that support stability operations. The Army must develop multi-functional FM military and civilian personnel capable of applying the full array of U.S. fiscal and economic power employed during full spectrum operations with interorganizational partners in order to enhance U.S., multinational and host nation institutions and facilitate security, stability, and economic development. During stability operations, FM leaders and their FM organizations may be required to execute missions and tasks that fall outside the current core competencies of FM. This doctrine acknowledges the importance of stability operations as a requirement, not only for the Army but also for FM, and suggests possible tasks FM personnel may execute in support of stability operations. These tasks are derived from analysis of FM 3-07, Stability Operations and FM 7-15, Army Universal Task List and are described in the following paragraphs. As with most stability operations tasks, these tasks would be conducted in close coordination and cooperation with other DOD agencies, U.S. government agencies, intra and intergovernmental organizations, nongovernmental organizations and host nation agencies.



**Figure 1-8. ART 7.3 Conduct Stability Operations**

1-51. As illustrated in Figure 1-8, FM 7-15 lists “Conduct Stability Operations” as a primary Army task and five sub-tasks that support stability operations. Army Task, “Support Economic and Infrastructure Development”, is a subtask of the Army’s task to conduct stability operations and requires military forces to maintain an understanding of the economic sector, the impact of military activities on the economy, and the proper method to lay a stabilizing foundation that will support future sustainability and development. FM 3-07 suggests several subtasks to the primary task to support economic and infrastructure development. The Army relies significantly on Civil Affairs (CA) forces to conduct these and other tasks associated with civil military operations in stability operations, foreign internal defense, security force assistance and other operations; however, Civil Affairs assets are limited in number and possibly insufficient in quantity to address the full demand of operations. Therefore, theater commanders and their subordinate commanders could rely on FM leaders and their units to provide recommendations and advice on executing stability operations tasks that fall within the FM domain. These commanders may assign non-traditional missions to FM staff organizations (theater through Division G-8) and FM operational through tactical units (Financial Management Center through Financial Management Company) in order to support stability operations.



**Figure 1-9. Notional FM Subtasks in Stability Operation**

1-52. To illustrate possible FM subtasks in support of stability operations, consider Figure 1-9. The diagram depicts a notional operational design where theater forces execute along specific lines of effort to focus military effort toward establishing the conditions that define the desired end state. In this example, the end state conditions address only those applicable to the lines of effort and the multiple tasks and missions prescribed along each line of effort. (*For a thorough discussion on the use of lines of effort when planning stability operations refer to FM 3-07*). The lines of effort and their subtasks support the primary stability task of “Support to Economic/Infrastructure Development” and work together to create effects that establish conditions described in the desired end state. Subtasks to the primary task of Support to Economic Infrastructure Development include:

- Support Economic Generation and Enterprise Creation.
- Support Monetary Institutions and Programs.
- Support National Treasury Operations.
- Support Public Sector Investment Program.
- Support Private Sector Development.

1-53. In Figure 1-9, these subtasks represent the lines of effort for this notional operation. These particular lines of effort link specific activities/tasks that must occur along each line of effort to generate the effects necessary to attain the desired end state. These activities represent possible FM tasks/missions for FM staff organizations and units within the theater of operations. Although not traditional missions or tasks prescribed to the FM community, given the current OE of persistent conflict with a focus on stability operations, FM must evolve to support the theater commander not only in the execution of typical FM functions but in full spectrum operations – to include stability operations.

## SECTION V – FINANCIAL MANAGEMENT ORGANIZATIONS, RESPONSIBILITIES AND ORGANIZATIONAL RELATIONSHIPS

1-54. 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 G-1, G-4, G-8, and surgeon designed to function as the focal point for integrated sustainment planning. At brigade level, FM assets must be added to provide an inherent FM capability to sustain brigade operations for an extended duration of time.

1-55. 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 level, Senior Contingency Contracting Teams (SCCT) at Division level, and Contingency Contracting Teams (CCT) at Brigade level echelons. Figure 1-10 depicts current FM Operations.

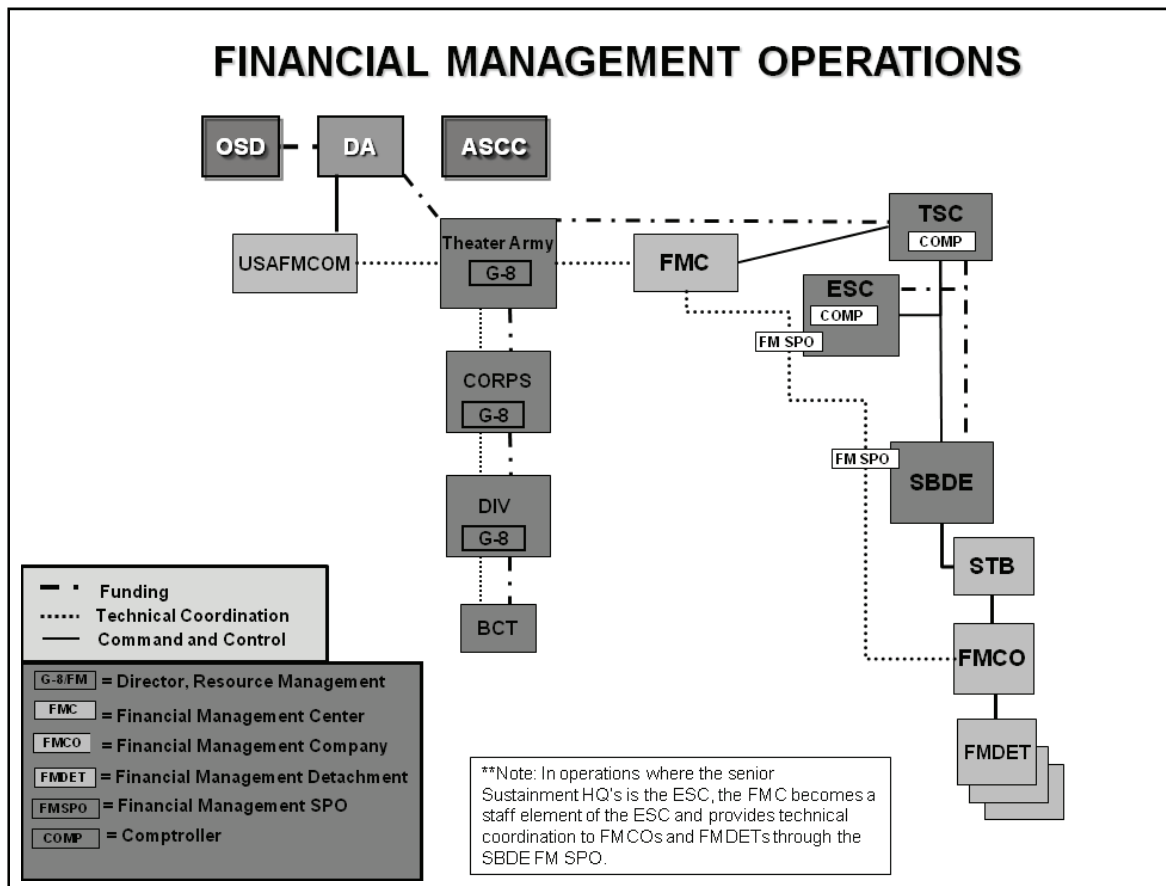


Figure 1-10. Financial Management Operations

## STRATEGIC FINANCIAL MANAGEMENT

1-56. 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)), 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, ASA (FM&C) coordinates and synchronizes procurement policy with ASA (AL&T). 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)**

1-57. 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 ARMY (FINANCIAL MANAGEMENT AND COMPTROLLER)**

1-58. 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 decisionmaking; 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 ARMY (ACQUISITION, LOGISTICS AND TECHNOLOGY) (ASA (AL&T))**

1-59. ASA (AL&T) 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 (AL&T) 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(AL&T) 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 (HCA).

**UNITED STATES ARMY FINANCIAL MANAGEMENT COMMAND (USAFMCOM)**

1-60. 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 FM SPOs; 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)**

1-61. 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

1-62. Operational FM encompasses the FM 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 Theater Army (TA) G-8 is singularly responsible for all FM (RM & FO) 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 FMC and through the TSC, the G-8 establishes and implements command FO 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. He coordinates FM policies and practices with the ECC to ensure guidance is executed IAW DA mandates. The FMC supports ASCC, TSC, and ESC by providing cash management, internal controls, accounting, automation, and technical guidance for FMCOs and FMDETs. The Corps G-8 is the primary financial manager that manages funds to support the commander's efforts and priorities during major combat operations.

1-63. The TA is the primary headquarters to support the CCDR providing Area of Responsibilities (AOR) wide Title 10, Army support to other Services (ASOS), CUL, 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) reduced to small scale contingency operations (e.g., NEO), Humanitarian Assistance and Disaster Relief) with reach back to the Main Command Post (MCP) and the initial entry CCP.

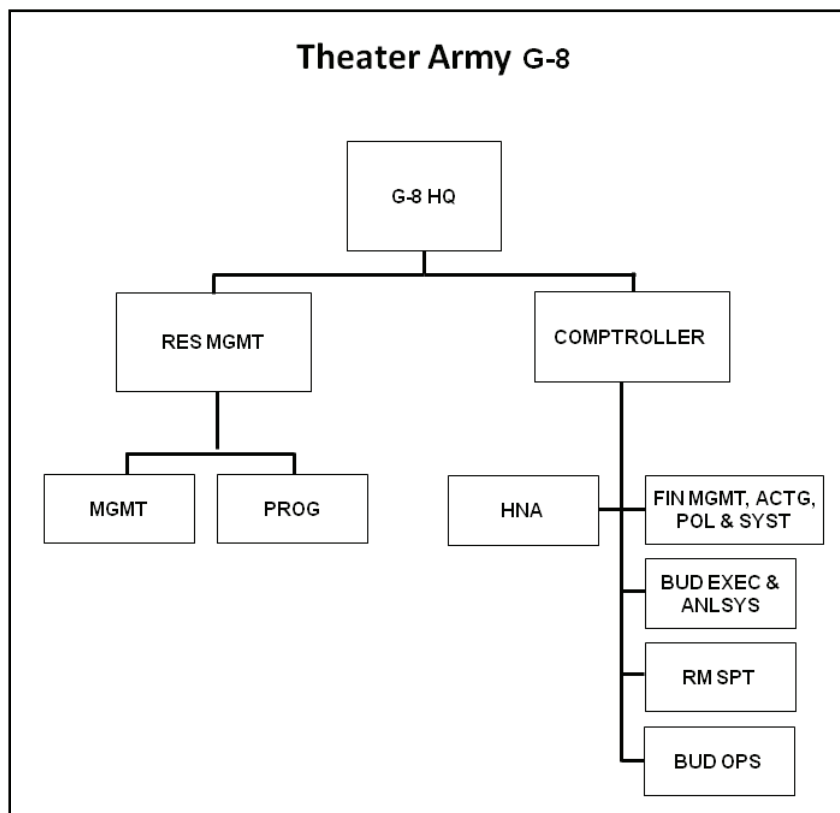


Figure 1-11. Theater Army G-8

## THEATER ARMY G-8

1-64. 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. It 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 FM operations within the JOA. It performs and oversees management internal controls, cost management, and accounting functions as required by the combatant commander. The G-8 mission is governed by regulatory guidance emanating 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 1-11 depicts the G-8 organizational structure.

### Resource Management Section

1-65. The resource management branch plans and coordinates FM policy and support. The resource management branch 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, SOPs, 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 RM offices.
- Coordinating the development of the Combatant Commander's Integrated Priority List (IPL) in coordination with the Combatant Command 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 RM functions.
- Coordinating command and staff PPBE support to geographic combatant commander.

### Management Element

1-66. The management section performs management functions for the command and monitors the orders process for resource implications. Section tasks and responsibilities include:

- Administering the MIC Program.
- Validating cost factors associated with requirements.
- Conducting contract cost analysis, manpower management, and contract review and performing lean six sigma functions.
- Ensuring proper coordination of audits with external agencies.
- Monitoring operation orders (OPORDs) and fragmentary orders (FRAGOs) to ensure synchronization of FM support into unit operations.
- Planning and coordinating FM support and preparing FM annexes in support of orders/plans.

### Programs Element

1-67. This 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 (SPG), 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.
- Produces 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, SPG, 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 Section**

1-68. The Comptroller Branch is responsible for identifying resource requirements, types and sources of funding, providing accounting and systems support of resources, supplying resource management support for host nation exercises and theater program managers. The comptroller supervises the Finance, Policy and Accounting Systems Element, Budget Execution & Analysis Element, Resource Management Element, Host Nation Assistance Element, and the Budget Operations Element. 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 RM 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 MDMP process for current and future operations.
- Preparing Budget Estimate Submission (BES).

### ***Host Nation Assistance Element***

1-69. This section performs the following functions and responsibilities:

- Reviews theater-wide international arrangements and assesses financial impacts.
- Coordinates with Department of State/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 Element***

1-70. This 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 Element***

1-71. This section is responsible for budget execution and funds certification in support of theater wide operations. This section performs the following functions and responsibilities:

- Executes budget and fund certification in support of theater-wide operations.
- Monitors budget execution and fund certification compliance with applicable statutes 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 Military Interdepartmental Purchase Requests (MIPRs), purchase request and commitment, temporary duty processing, Resource Management Tool (RMT), files maintenance, and Defense Travel System (DTS) Management.
- Manages execution of civilian pay.

***Resource Management Support Element***

1-72. This section provides RM support to exercises and theater program managers (e.g. Flying Hours Program, JCS exercises, Combat Training Center). Tasks for this section include:

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

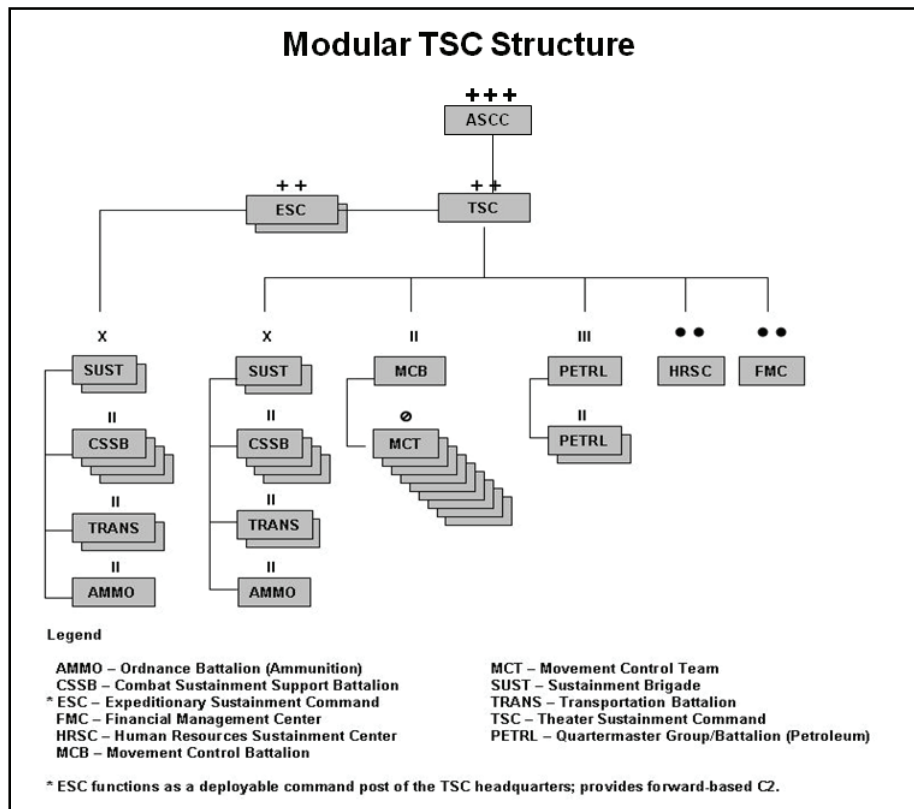
***Budget Operations Element***

1-73. This section synchronizes resource management operations between the MCP 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 fiduciary 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 CONTINGENCY COMMAND POST (CCP)**

1-74. 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.



**Figure 1-12. Theater Sustainment Command**

## **THEATER SUSTAINMENT COMMAND (TSC)**

1-75. 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 joint force commander (JFC). It provides a centralized logistics C2 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, CSSB, and functional sustainment units (to include a FMC and FMCs 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.

1-76. 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 C2 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 TO, theater distribution, and/or theater sustainment capabilities.

1-77. The TSC headquarters provides multifunctional sustainment: supply, maintenance, transportation, field services, FM, human resources, and explosive ordnance disposal. The TSC 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. The TSC and its subordinate units are assigned to a TA. Doctrinally, the TSC headquarters operates from fixed facilities in sanctuary and is collocated with

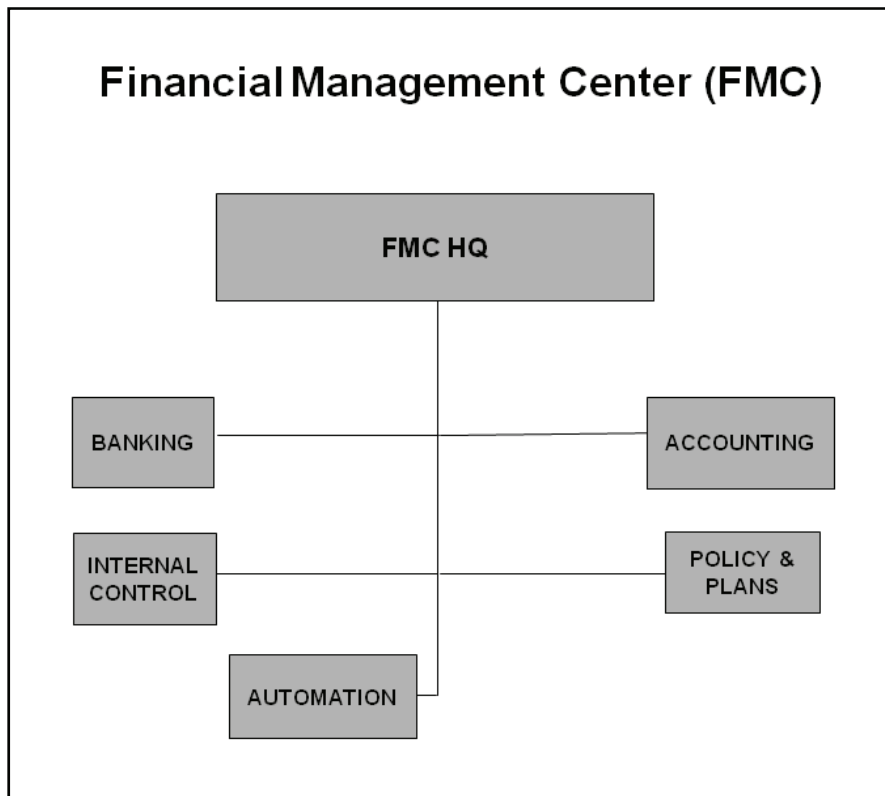
the ASCC in order to most effectively perform its C2 functions. In many situations, the TSC headquarters will remain static. When required, the TSC employs ESCs as forward deployed command posts. The TSC may employ an ESC in this capacity to provide a forward C2 presence, improve span of control, or C2 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. The TSC organizational structure is depicted in Figure 1-12.

### **Expeditionary Sustainment Command**

1-78. The ESC, attached to a TSC, provides C2 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, TO, and RSOI movement for Army forces in full spectrum operations. The ESC may serve as the basis for an expeditionary joint sustainment command when directed by the combatant commander or his designated multinational/ 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, ESCs 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.

### **EXPEDITIONARY CONTRACTING COMMAND (ECC)**

1-79. The ECC, a subordinate command under the Army Contracting Command and Army Material Command (USAMC), plans and provides effective and agile contracting support for ASCCs in support of Army and Joint operations with its contracting force structure consisting of CSBs, CCBNs, SCCTs and CCTs. The ECC plans and provides effective and responsive contracting support for outside the continental United States installation operations through its deployable CSBs, which are aligned to each TA.



**Figure 1-13. Financial Management Center (FMC)**

### THE FINANCIAL MANAGEMENT CENTER (FMC)

1-80. The FMC 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 FMC maintains visibility of all FM operations and placement of all operational and tactical FM units in theater. The primary mission of the FMC is to provide technical coordination of all theater finance operations and serve as the principal advisor to the TA G-8 and the TSC commander on all aspects of theater finance operations. Technical coordination 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. Examples of technical coordination include such matters as—

- Advising commanders on all aspects of FM operations.
- Assisting commanders with FM training and deployment preparedness through certification exercises, finance 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.

1-81. In executing this mission, the FMC, working in close coordination with FM support operations (FM SPO) team and G-8 staff, provides FM units with technical guidance 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. Figure 1-13 depicts the FMC organizational structure. Other FMC functions include:

- Advise commanders on the use of local currency.
- Develop FO 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 Financial Management Company (FMCO) and Financial Management Detachments (FMDETs) within the FMCs AO.
- Identify FM force structure requirements and monitor force flow of FM units.
- Establish and implement management internal controls for theater finance operations to include FMCOs and FMDETs.
- 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 finance operations.
- Establish and maintain cash holding authority.
- Manage and coordinate E-Commerce programs and initiatives.

### **Banking Section**

1-82. 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 FMCOs, other DOD Agencies, Services or multinational forces IAW interservice 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, PRT, 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 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**

1-83. This section operates under the direct control of the FMC Director to ensure a high state of technical proficiency is maintained in all operational elements of the FMC, subordinate FMCOs and FMDETs. 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 FMCOs and FMDETs. These findings are provided to cognizant commanders and the TA G-8.

### **Automation Section**

1-84. This section supports the information operations of the FMC. The section coordinates and provides installation of software and hardware updates to the FMIS (e.g., Financial Management Tactical Platform (FMTP), RMT, GFEBS, Stored Value Card (SVC) and Paper Check Conversion Over the Counter (PCC OTC)). It interfaces with the supporting signal unit for communications requiring external maintenance support for the system. The section ensures system integrity against viruses and ensures appropriate systems security measures are in place.

### **Accounting Section**

1-85. 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 FMC 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**

1-86. This section provides advice regarding the interpretation and dissemination of FM directives, policies, programs, and plans. 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 Assistant Chief of Staff for Civil-Military Affairs (C/J/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 C/J/G-9 and civilian officials.

### **CONTRACTING SUPPORT BRIGADE (CSB)**

1-87. The CSB serves as the ASCCs Army contracting commander and advisor. The CSB plans then executes OCS and installation contracting support throughout the theater to which they are aligned. The CSB participate in ASCC deliberate and crisis-action planning, drafting contract support integration plans (CSIPs) published as an annex in every ASCC operations and contingency plan. The CSB execute theater support contracting actions in support of deployed Army forces and installation support contracting throughout theater, and coordinates other common contracting actions as directed by the ECC, the Army forces Commander, and the senior sustainment command in the operational area, exercising contracting authority delegated by the ECC (FM 4-92, Contracting Support Brigade).

## **TACTICAL FINANCIAL MANAGEMENT**

1-88. 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. Resource management capability is embedded within the corps and division G-8s. Aligned within the Sust Bde, a FMCO, and its FMDETs execute finance operations (e.g., disbursing, accounting, and commercial vendor service support). Modular FM support is coordinated through the FM Sust Bde Support Operations (FM SPO) Cell and delivered at the critical place and time from supporting FMCOs and FMDETs.

### **CORPS G-8**

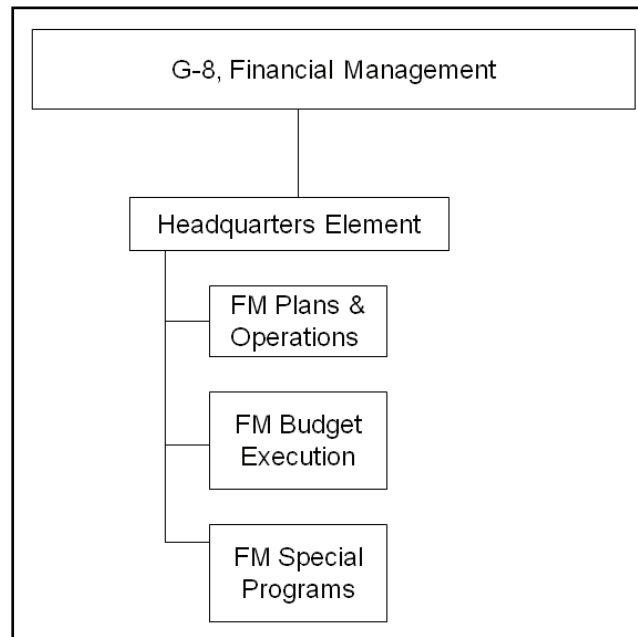
1-89. The modular Corps is an operational level Army Headquarters capable of rapid transition to a JTF or JFLCC for C2 of joint /multinational forces engaged in full spectrum operations. However, the ability of the corps to transition to a JTF headquarters or JFLCC headquarters is heavily dependent on 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 C2 land forces with a focus on the conventional war fighting during major combat operations through assignment of missions and allocation of resources to subordinate units.

1-90. 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.

1-91. The G-8 structure is illustrated in Figure 1-14.



**Figure 1-14. Corps G-8 Organizational Structure**

### **Financial Management Plans & Operations**

1-92. 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 SCCT.
- Executes the MIC Program.

### **Financial Management Budget Execution**

1-93. 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**

1-94. This cell manages and provides financial oversight for special funding programs (e.g. CERP, Iraq Security Forces Funds (ISFF), Afghanistan Security Force Funds (ASFF), Transition Team Implementation Funds (TTIF)) 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.

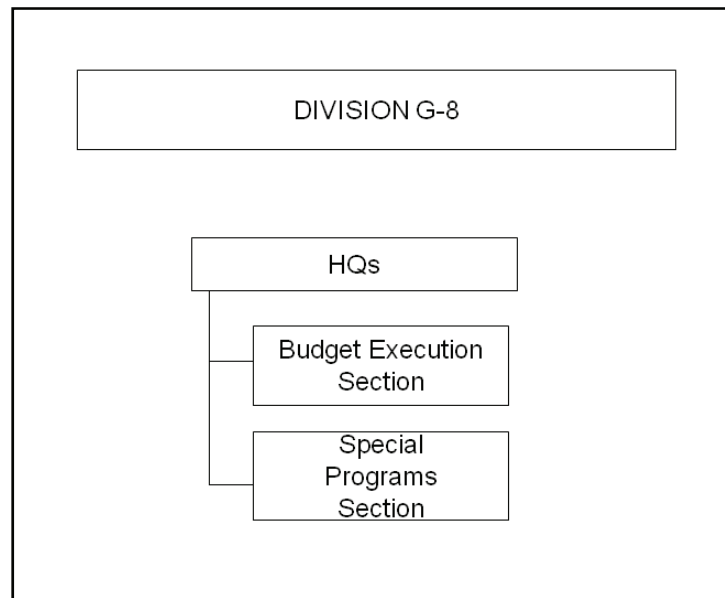
### **CONTINGENCY CONTRACTING BATTALIONS (CCBN)**

1-95. CCBNs are aligned with, but not assigned to, Army corps HQs to facilitate OCS planning and staff assistance. When available, the CCBN will deploy in support of its aligned corps HQs. When deployed, the CCBN, like the CSB, concentrates on planning and management vice actually writing and executing contracts. CCBN are normally placed under the direct command of the deploying CSB or in small scale operations, may deploy separately from the CSB HQ. In these situations, the CCBN would normally be direct support to the major Army sustainment unit in the AO. In major combat operations, the CCBN may be combined with a CCT and/or contracting elements from other Services to form a regional contracting center (RCC). The RCC normally provides general support to theater support contracting to designated customers on an area basis.

### **DIVISION G-8**

1-96. 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 waste, fraud, 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 1.15 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 1-15. Division G-8 Organizational Structure**

1-97. 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 the following:

- Provides RM advice to the commander on FM and provides budget estimates of preparing for and conducting operations.
- Conducts FM planning and synchronizes execution with SCCT, the fiscal lawyer, the FM Cell in the SPO, and the FMCOs 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), 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 the MIC Program 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

1-98. 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., RMT); managing, loading and reconciling the document register; funding Field Ordering Officers (FOO); fund certification of all validated, approved, and funded requirements; developing and executing the division spend plan; managing the funding of recurring contracts; and providing full RM support to the BCTs. Responsibilities include the following:

- Identifies, certifies, and manages funds available for immediate expenses for supported BCTs.
- 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

1-99. 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 the following:

- 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.

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Examples of special programs: CERP – Commander’s Emergency Response Program, I-CERP – Iraqi Commander’s Emergency Response Program, ISFF/ASFF –Iraq Security Forces Funds/Afghanistan Security Force Funds, TTIF – Transition Team Implementation Funds, a subset of ISFF, PCCF – Pakistan Counterinsurgency Capability Fund, Rewards Funds – DOD Rewards Program.

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## SUSTAINMENT BRIGADES

1-100. Sustainment brigades are the primary execution command of multifunctional operational-level sustainment support. They exercise C2 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 C2 role of FM tactical units, Sustainment brigade commanders are responsible for the provision of FM support 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.

## SENIOR CONTINGENCY CONTRACTING TEAMS (SCCTs)

1-101. SCCTs are small table of organization and equipment (TOE) units made up of four Contingency Contracting Officers. Active duty SCCT are co-located and aligned with, but not assigned to, active duty division HQs. When available (SCCT may, or may not, be on the same deployment cycle as the local division HQ) the SCCT team chief provides the division commander and staff operational contract support advice and serves as the unofficial ECC liaison officer to the division HQs. Under the direction of the supporting CSB commander, the SCCT may be required to provide mission specific planning assistance to

division and/or sustainment brigade HQs. SCCTs normally deploy under the C2 of a CSB and provide theater support contracting on a general support basis within a designated support area or direct support to a designated maneuver or sustainment unit as directed. In long-term operations, SCCT may also be utilized to form regional contracting offices (RCO) to provide general support to multiple organizations in the AO.

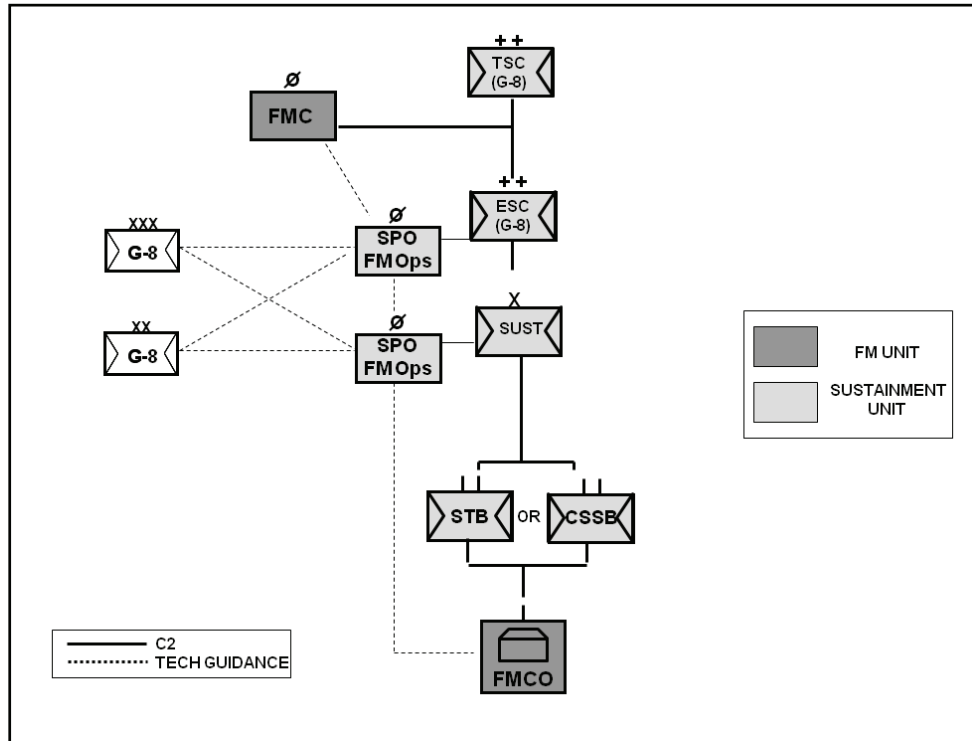
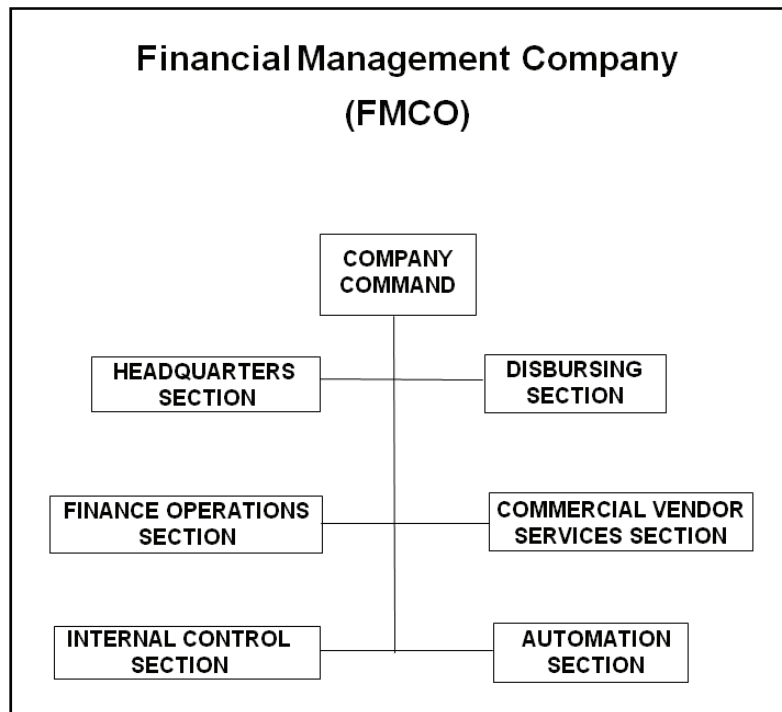


Figure 1-16. Financial Management Support Operations (FM SPO)

**FINANCIAL MANAGEMENT SUPPORT OPERATIONS (FM SPO)**

1-102. The FM SPO monitors and tracks FM operations throughout the AO. The FM SPO integrates FM operations; plans the employment of FM units; coordinates FM requirements; synchronizes the FM network; monitors the FM systems; and coordinates and provides support to subordinate FMCOs and FMDET. It also coordinates for additional operational and strategic FM support when needed. All functions of the FM SPO are closely coordinated with the FMC, FMCO and G-8. Figure 1-16 depicts the *FM SPO relationships*. See Chapter 6, *Plans and Operations*, for additional information on SPO functions.



**Figure 1-17. Financial Management Company (FMCO)**

## THE FINANCIAL MANAGEMENT COMPANY

1-103. The FMCO offers a modular and tailorable unit that gives the commander the capability to C2 three to five FMDETs. Assigned to the sustainment brigade, the FMCOs primary mission is to provide FM support on an area basis, to include support to joint and multinational commands, units, Soldiers, authorized civilians and contractors. The FMCO analyzes the supported commander's tasks and priorities to identify the financial resource requirements that will enable mission accomplishment. The FMCO 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 FMCO Commander is the primary account holder to the Treasury and the LDA. The commander is also responsible for funding subordinate FMDETs, determining currency requirements and replenishment (U.S. and foreign) needs, receiving collections, making payments on certified vouchers, conducting EPW/CI support, safeguarding funds, and protecting funds from fraud, waste, and abuse. The FMCO performs procurement and host nation support. Additionally, in conjunction with the FMC Banking Section, the FMCO establishes banking relationships with host nation banking institutions. The FMCO is responsible for the management and execution of E-Commerce programs, to include program oversight of its FMDETs. The FMCO is depicted in Figure 1-17. The location of the FMCO HQs should be determined by METT-TC. Strong consideration should be given to locating the FMCO in the proximity of the Division G-8 and the CCT due to its critical role in support of the procurement process.

### Headquarters Section

1-104. The Headquarters Section provides and coordinates unit level administration, training, and sustainment support to company personnel and three to five FMDETs. 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 FMCO, to include the command post (CP). The FMCO requires sufficient transportation and communication assets to perform numerous and simultaneous support missions during day or night operations. The requirement to execute C2 increases the need for adequate transportation, maintenance, communication, power generation, global positioning, and life support assets.

**Finance Operations Section**

1-105. The Finance Operations section coordinates the overall operation and readiness posture of the FMCO, provides financial policy and plans to subordinate FMDETs, and provides unit status reports. Working closely with the FMC and the Sust Bde FM SPO, this section coordinates all FM support within the FMCO AO and tracks missions conducted by FMDETs. The section provides technical training assistance to the FMDETs to include coordinating with the FMC and other providers.

**Commercial Vendor Services (CVS) Section**

1-106. 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**

1-107. 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, and determines the need for currency and replenishment requirements. The disbursing section serves as the central funding element, acquiring and providing currency support for assigned FMDETs. It also maintains inventory, replaces and distributes as appropriate, E-Commerce hardware (e.g., EagleCash cards, kiosks, point of sale devices).

**Internal Control Section (IC)**

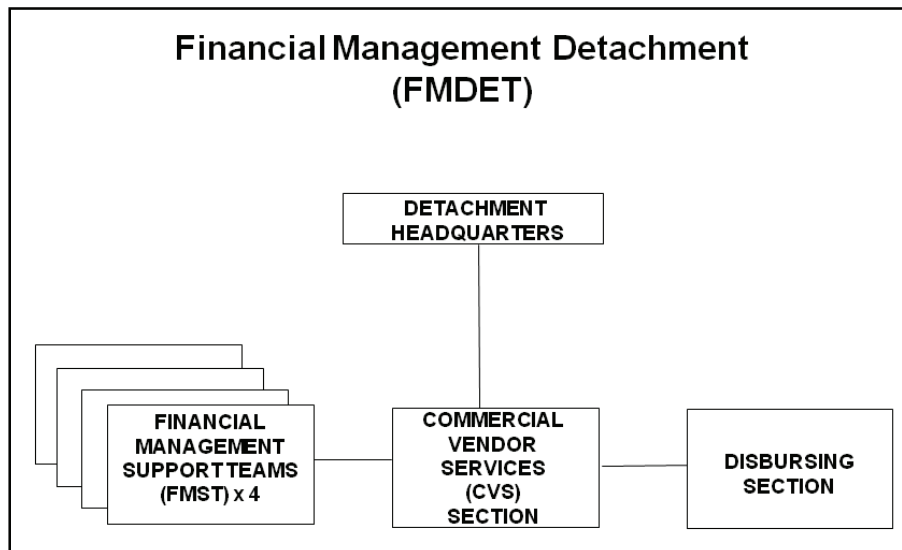
1-108. The IC section, in conjunction with the FMC IC section, establishes management internal control processes to provide reasonable assurance that government funds are protected and safeguarded and evaluates FM operations conducted by FMDETs, reporting deficiencies and citing corrective actions required. 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 FMC to provide a more detailed and robust IC capability, depending on the mission.

**Automation Section**

1-109. The Automation section supports the information operations of the FMCO. 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 FMCOs and FMDETs, to include any required signal support.

**Pay Support**

1-110. The FMCO oversees the execution of pay support functions of subordinate detachments, generates, consolidates, and analyzes reports for distribution to higher FM echelons. The FMCO task organizes from existing company sections to accomplish the pay support mission. The FMCO, in coordination with the Sust Bde FM SPO, reports systemic issues (i.e., systems or policy) directly to the FMC.



**Figure 1-18. Financial Management Detachment (FMDet)**

## FINANCIAL MANAGEMENT DETACHMENT

1-111. The FMDet is the lowest echelon of FM support and is both a modular and tailorable force. The FMDets primary mission is to provide area FM support typically within a division AOR or as directed by the FMCO. 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 FMCO will determine the level of direct FO support and may embed an FMDet or Financial Management Support Team(s) (FMSTs) 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 Sust Bde FM SPO and the FMC. Within the FMDet, the headquarters element provides C2 for four FMSTs, the CVS, and the disbursing sections. The FMST provides mobile FM 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, EPW pay support, and U.S. pay support. The FMSTs can operate independently of the detachment headquarters over significant time and distance to support CCT and other critical FM operations. The FMDet Disbursing Section provides currency to the FMST 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, SCCTs, and the FMCO CVS Section to ensure legality, prompt payment, and reconciliation to identify unused funds. The FMDet 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 FMDet 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 FMDet to accomplish its mission. The FMST can be augmented with additional support from detachment leadership. Figure 1-18 depicts the FMDet organizational structure.

### Detachment Headquarters

1-112. The FMDet Commander is responsible directly to the FMCO Commander and coordinates the deployment of FMDet personnel and equipment. When deployed away from the FMCO location, the FMDet 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**

1-113. 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 FMDET Disbursing Section augments the FMCO when co-located. The Disbursing Officer (DO) provides cash control and certifies payments. The Disbursing Manager is the deputy to the DO.

### **Financial Management Support Team (FMST)**

1-114. The FMST provides contract payments, disbursing and funding support, EPW pay support, non-U.S. pay support, and U.S. pay support to all units and Soldiers in their AOR. The FMDET is designed to support mission requirements with four mobile FMSTs. 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 FMDET.

### **Commercial Vendor Services (CVS) Section**

1-115. 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 SCCT, and the FMCO CVS Section to coordinate contracting support and to ensure legality, prompt payment, and reconciliation of contracts.

### **Pay Support**

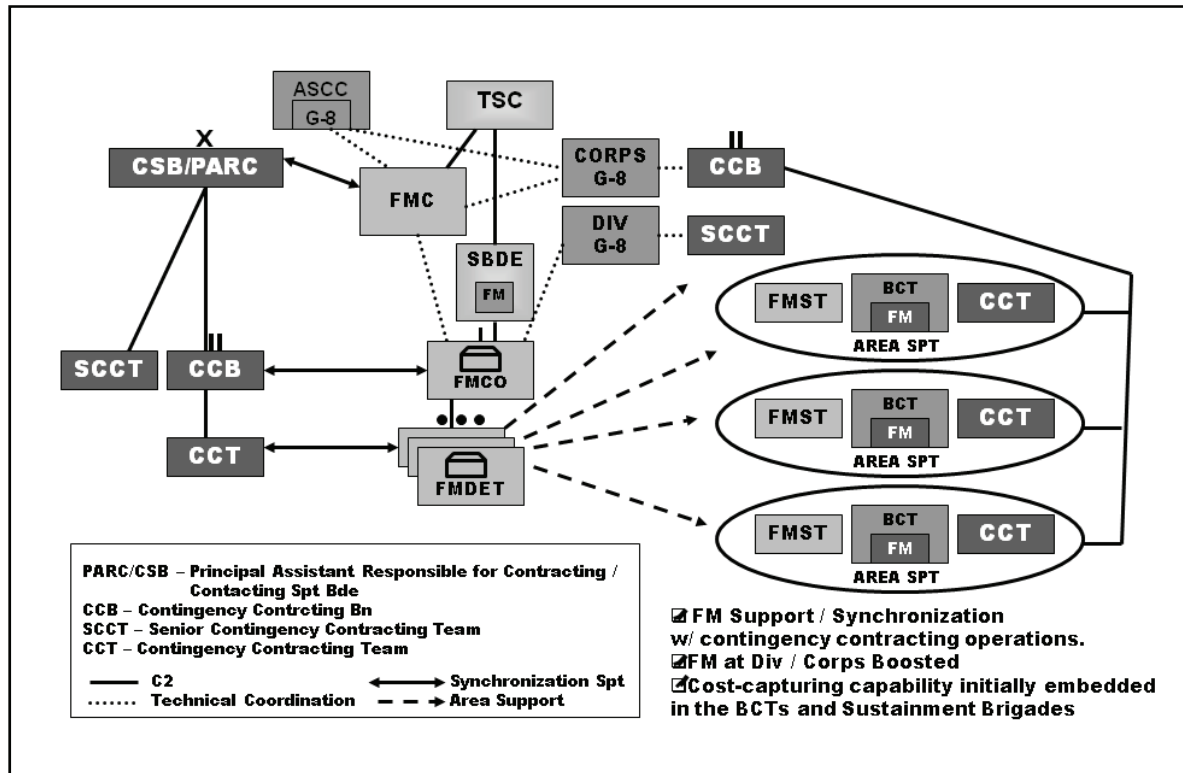
1-116. Under the FMCO C2, FMDETs provide a wide variety of Pay Support functions through their FMSTs to all units and Soldiers in their AOR. Detachment Commanders structure their section to maintain strict separation of duties and proper internal controls when conducting pay support operations to minimize potential fraud and abuse.

## **BRIGADE LEVEL FINANCIAL MANAGEMENT**

### **BRIGADE COMBAT TEAMS (BCT)**

1-117. 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. To maximize the effectiveness of the BCT operations, the BCT HQ requires an FM capability to execute full spectrum operations. These capabilities include the following:

- Receive, develop, and disseminate FM guidance at the brigade level.
- Develop and submit brigade funding requirements to the higher HQ.
- Monitor and report status of funding.
- Develop, submit, and monitor the status of requirements packets to the appropriate board.
- Coordinate contracting and FMDET support for FOOs and Pay Agents (PAs).
- Manage the government purchase card program.
- Serve as the coordinator for the brigade's MIC Program.



**Figure 1-19. GFEBS Enabled FM Operations**

1-118. Emerging FMIS will be discussed in Chapter Eight. The General Fund Enterprise Business System (GFEBS) supports FM operations at the lowest level. Figure 1-19 depicts Financial Management Operations during overseas contingency operations (OCO) in a GFEBS environment.

**CONTINGENCY CONTRACTING TEAMS (CCT)**

1-119. CCTs represent the Army’s primary deployable theater support contracting building block structure. Like SCCTs, CCTs are small TOE units made up of four CCOs. CCTs normally deploy under the C2 of a CCBN and provide theater support contracting on a direct support or general support basis as directed. During major combat operations, a CCT may be combined with a SCCT or other CCT to form a RCC and RCO as required.



## Chapter 2

# Fund the Force

Funding the force constitutes one of Financial Management's core competencies and contributes significantly to supporting the Army's primary role in our nation's defense--the application of land power. 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 function, resource management, which matches legal and appropriate sources of funds with thoroughly vetted and valid requirements. Fund the Force provides flexibility through non-lethal 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 resource management support at the strategic, operational and tactical levels.

### SECTION I – APPROPRIATIONS/AUTHORIZATION PROCESS

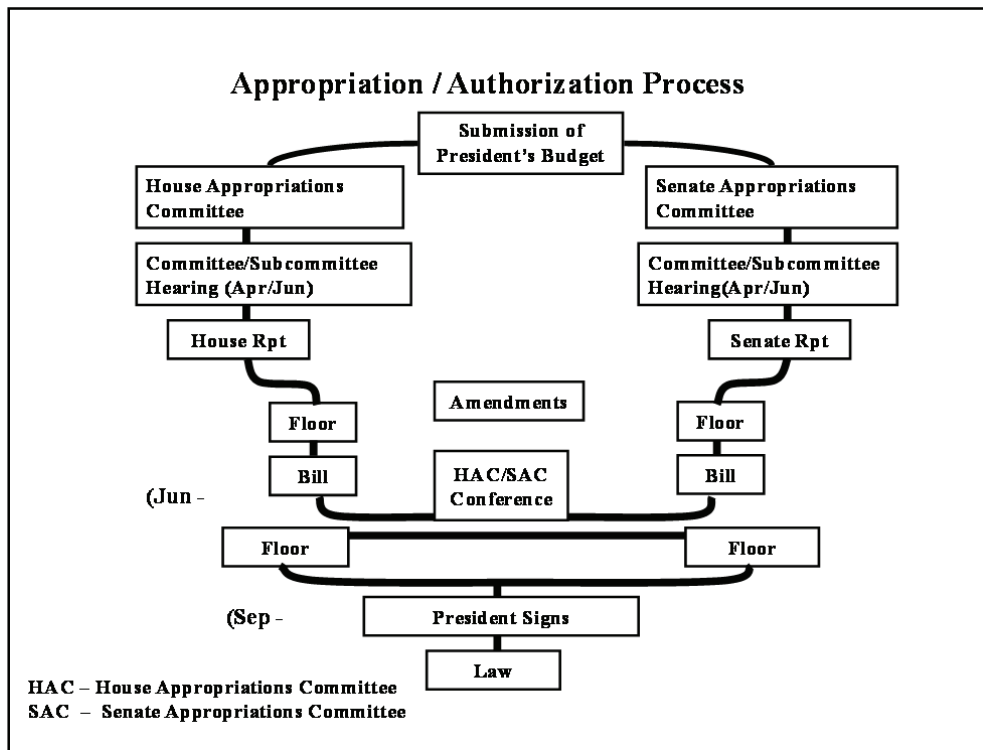
2-1. Congress exercises the power granted to it under the Constitution, which states, "No money shall be drawn from the Treasury, but in Consequence of Appropriations made by Law." The power to appropriate is a legislative power. Congress has further exercised this legislative power by setting legal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

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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.

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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.



**Figure 2-1. Appropriation/Authorization Process**

2-3. As depicted in Figure 2-1, the President initiates the appropriations process by submitting the President's Budget (PB) for the upcoming fiscal year to Congress. The President is required to submit the annual PB 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.

2-4. In response to the submission of the PB, 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 budget 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. *Guidance for operating during a funding gap can be found in Continuing Resolution Authority General Guidance (OASA-FMC, August 1998, found at <http://www.asafm.army.mil/pubs/cra/cra0898.doc>).*

## 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 Appropriations 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, Chapter 1 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). The OUSD(C) relies on the Program Budget Accounting System (PBAS) to control fund distribution throughout the defense department. PBAS is the official funds control management system 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 (DRU)), and Operating Agencies (OA) 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 PBAS/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. Suballotments may be used to further subdivide the budget authority. Accounting for a suballotment is the same as accounting for an allotment; only the term allotment will be used in this chapter. ACOMs, ASCCs and OAs, through PBAS/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 OA 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 (CONOPS) ACOMs distribute funds informally to their major subordinate commands (MSC) in theater through allowances. These MSCs, 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.

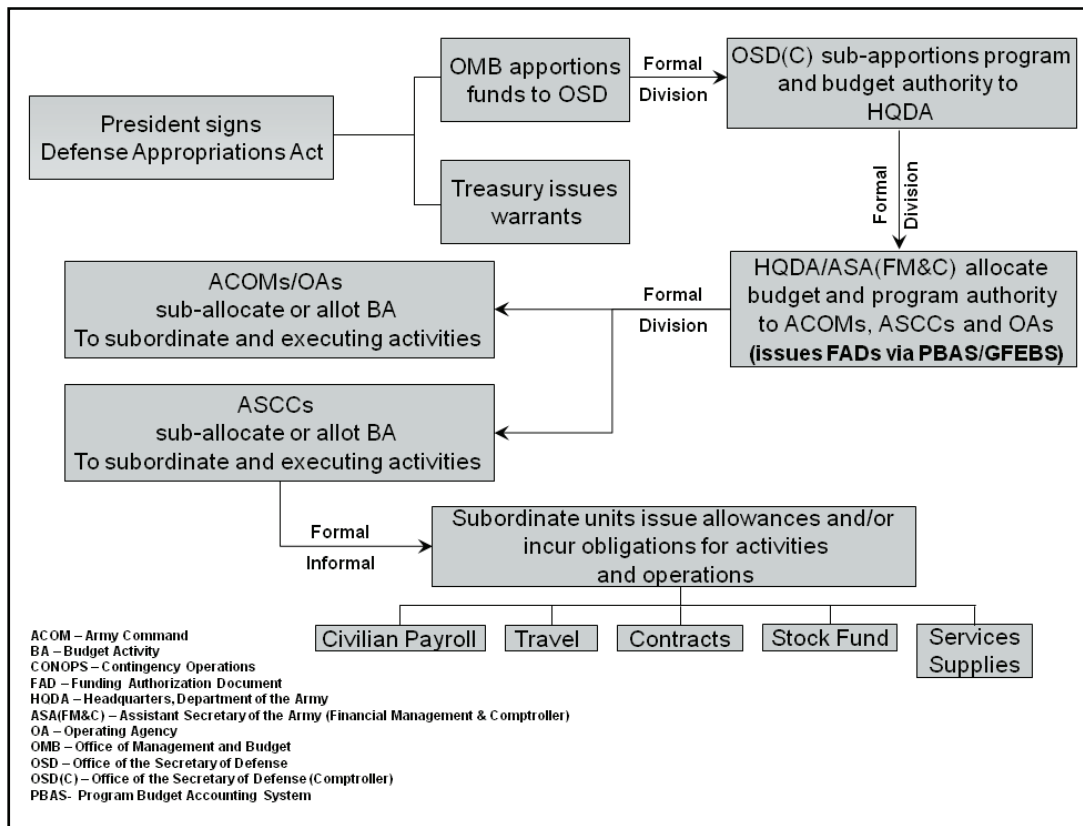


Figure 2-2. Distribution of Funds

## BASIC APPROPRIATIONS THAT FUND THE ARMY

2-17. The following discussion highlights the basic appropriations that fund Army organizations and activities.

### OPERATION AND MAINTENANCE (O&M)

2-18. **Purpose.** The Army's O&M funding comes from 3 appropriations: OMA (Army), OMAR (Army Reserve), and OMANG (Army National Guard). Operation and maintenance Army (OMA) 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.

2-19. **General Guidance.** The Chairman, 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 O&M funds. Service components use O&M 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 costs less than \$750,000 (with proper approval, it is possible 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. *For current threshold and specific implementation guidance, refer to Annex A, DFAS 37-100 (X1-EXINV).*

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Examples: OMA funds are used to sustain daily operations of Army forces in operations (i.e. Iraqi Freedom (OIF) and Enduring Freedom (OEF)), and funding daily requirements from contractual support to leases for non-tactical vehicles.

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### **MILITARY PERSONNEL (MILPERS)**

2-20. **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.

2-21. **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.

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

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### **ARMY PROCUREMENT**

2-22. **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.

2-23. **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 C-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. 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.

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

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

2-24. **Purpose.** Provides for the development, engineering, design, purchase, fabrication or modification of end items, weapons, equipment or materials.

2-25. **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)

2-26. **Purpose.** Provides for the acquisition of land and construction of buildings for which authorizing legislation is required.

2-27. **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. The O&M funds may be used for unspecified minor construction under \$750,000. Maintenance and repair are not considered construction, and expenditure of O&M for these purposes is not subject to the construction expenditure limitation. Maintenance and Repair, up to \$3 million, is authorized for OMA. Up to \$1.5 million of OMA is authorized in circumstances required to preserve health, welfare, and safety/force protection of forces. 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 (MCA) appropriation.

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

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## THE LEGISLATIVE PROPOSAL PROCESS IN SUPPORT OF CONTINGENCY OPERATIONS

2-28. During the conduct of CONOPS, 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 and require specific legal authorities that allow the expenditure of appropriated funds to provide for that support. 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 is necessary to provide commanders with the requisite fiscal flexibility to fund emergent requirements that fall outside the bounds of existing fiscal law.

2-29. 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. 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

2-30. 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.

2-31. Fiscal law, from an FM perspective, is the body of statutes and regulations (e.g., opinion, 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.

2-32. Congress's "power of the purse" emanates from the United States Constitution, specifically—

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- 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."
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2-33. 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

2-34. 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.

### TIME LIMITATION

2-35. 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. Again, expired funds are not available for new 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

2-36. 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."

2-37. 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.

2-38. 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 FY and not change appropriations regardless of whether or not funds in the originally chosen appropriation are exhausted.

## AMOUNT LIMITATION

2-39. 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).

## ANTI-DEFICIENCY ACT (ADA)

2-40. 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 Jun. 2, 2006 which directed organizations to review the training fund certifying officers received and encouraging organizations to conduct refresher training at least every five years. If an apparent violation is discovered, the agency must report and investigate. Violations could result in administrative and/or criminal sanctions. (See DOD FMR, 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.

2-41. 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.

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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.

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### SECTION III – RESOURCE MANAGEMENT SUPPORT

2-42. The resource management 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.

2-43. The financial manager identifies various funding requirements and responsibilities during full spectrum operations (FSO). This section discusses funding in support of FSO, which spans offensive, defensive, stability, and civil support 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.

2-44. The financial manager's focus during full spectrum 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 5, Accounting Support and Cost Management for additional information.*

## RESOURCE MANAGEMENT SUPPORT TO STABILITY OPERATIONS

2-45. The Army must be prepared to operate in stability operations in an era of persistent conflict. Where offensive and defensive operations 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. The often unique Army Special Operations Forces fiscal milieu can be found in FM 3-05.137, Army Special Operations Forces Foreign Internal Defense.

2-46. FM support in FSO will require the financial manager to provide the commander the ability to implement non-lethal actions in coordination with other staff elements as part of working groups to provide funding support for the following:

- Establishing civil security.
- Establishing civil control.
- Restoring essential services.
- Supporting governance.
- Supporting economic/infrastructure development.

## FUNDING CONTINGENCY OPERATIONS

2-47. During CONOPS, 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.

2-48. During any CONOPS mission analysis, the senior financial manager (ASCC/JTF/CORPS/DIV) must ensure all deploying G-8 sections have enough personnel to operate both the OMA and the special programs funding. The current force structure in the deploying Corps/Division G-8s will require augmentation to manage special funding and perform cost management functions. Additionally, the G-8 coordinates for nonsecure internet protocol router (NIPR) and secure internet protocol router (SIPR) 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 (RM, FO, 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

2-49. Combat operations are directed to a CCDR by order of the Secretary of Defense. The Army organization that supports the CCDR, the TA or DRU is the Army financial management Lead Service for the operation. In the role of executive agent, the Theater Army or DRU coordinates with the ABO for funding. For operations not tasked to a CCDR, HQDA identifies a FM Lead Service.

2-50. 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 purchase request 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.*

2-51. 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). The following are funding authorities the financial manager may leverage during a contingency operation:

- Contingency Construction Authority.
- Other Procurement, Army (OPA).
- Host Nation Support Agreements (assistance in kind).
- Theater specific appropriated funding.
  - Security Forces Fund.
  - Commanders Emergency Response Program (CERP).
  - Rewards Program.
  - Department of State Funds.

2-52. Historically, CONOPS have been unforecasted events and therefore not part of a unit's annual budget. Initial funding for a CONOPS requires using available home station dollars to fund requirements arising from participation in CONOPS. The use of available unit funds to support CONOPS requirements is known as "cash flowing" the operations. 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.

2-53. 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 CONOP funding available during pre-deployment, deployment, and reconstitution. HQDA will consider the timeframe to pull, or offset, the home station funding.

## **RM CONTINGENCY SUPPORT TO INTERORGANIZATIONAL PARTNERS**

2-54. Resource management 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 J-8. As a JTF J-8 the financial manager has to manage central funding of mission assignments based on requests from civil authorities. The type of support the financial manager can expect range from providing goods, services, and security during the stated emergency.

2-55. 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.

2-56. 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

2-57. 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 cites.
- Guidance on appropriate expenses and uses of funding.
- Points of contacts.
- Management internal controls.

2-58. 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 7 discusses Financial Management and the internal control process.*

## STRATEGIC RESOURCE MANAGEMENT

2-59. 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 decisionmaking 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)

### Planning

2-60. 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 Integrated Priority List.

### **Programming and Budgeting**

2-61. 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 Program Objective Memorandum (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**

2-62. 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 and 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)**

2-63. 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 MDEPs within its respective group.

### **The Army Management Decision Package (MDEP)**

2-64. The MDEP serves as a key RM 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.

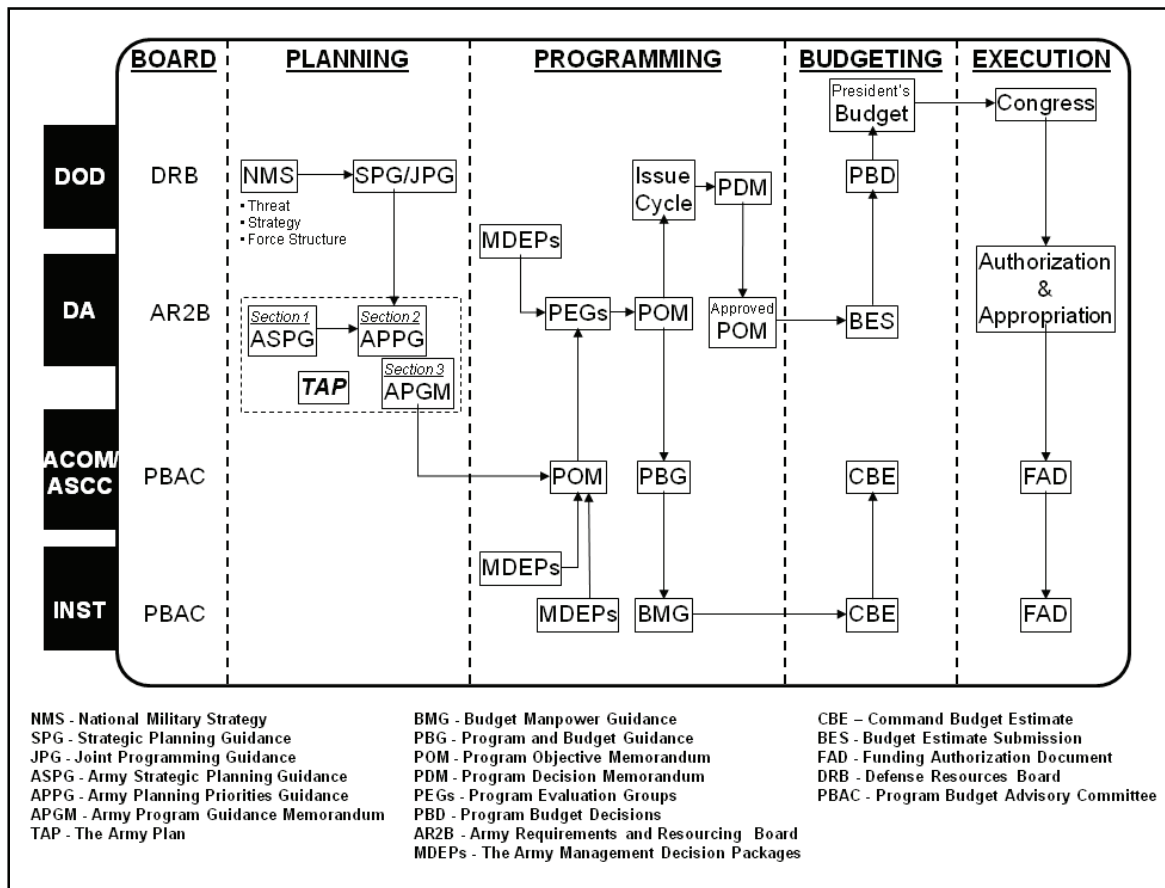


Figure 2-3. PPBE Flow Chart

## FUNDING SUPPORT

2-65. Resource management 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.

2-66. Fundamentals of Strategic RM funding support include the following:

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

2-67. The table below identifies specific tasks and sub-tasks that are associated with the strategic fundamentals of RM support.

**Table 2-1. Strategic Level Resource Management Tasks**

<b>STRATEGIC</b>	
<b>Resource Command Requirements:</b>	<b>Identify, Acquire, and Distribute funds:</b>
Develop requirements IAW OSD instructions to support the Army's funding submission into the supplemental process.	Receive approved supplemental funding from OMB for all phases of CONOPS (predeployment, sustainment, redeployment, and reconstitution).
Generate data call to Army Commands, ASCCs and DRUs with detailed instructions on submission requirements to generate mission critical funding requirements.	Distribute additional Supplemental funding to appropriation managers.
Determine HQDA funding requirements to cover potential shortfalls in all Army appropriations in consequence of CONOPS.	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 OSD 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 FM 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.	

2-68. 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 OPA funding; use of OMA funding for any add-on armor to vehicles constitutes an ADA violation.

### **The Army Requirements and Resourcing Board (AR2B)**

2-69. 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 RESOURCE MANAGEMENT**

2-70. Resource management 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 Financial Management Center (FMC) for finance operations 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 RM guidance should include the following:

- 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 (CARB), Joint Acquisition Review Board (JARB), Super CARB) approval process, and thresholds.
- MIC Program 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.

2-71. The table below gives specific tasks and sub-tasks that are associated with the operational fundamentals of RM support.

**Table 2-2. Operational Level Resource Management Tasks**

<b>OPERATIONAL</b>	
<b>Resource Command Requirements:</b>	<b>Identify, Acquire, and Distribute funds:</b>
Formulate mission critical funding requirements IAW HQDA instructions and respond to HQDA data calls.	Provide advice to the commander on all FM 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 FM 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 IAW approved spend plan and command priorities.
Develop historical execution rates to estimate and validate resource requirements.	
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 RESOURCE MANAGEMENT

2-72. Resource management 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.

2-73. 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 RM support.

**Table 2-3. Tactical Level Resource Management Tasks**

<b>TACTICAL</b>	
<b><i>Resource Command Requirements:</i></b>	<b><i>Identify, Acquire, and Distribute funds:</i></b>
Develop spend plans containing mission critical funding requirements IAW Operational command instructions and respond to data calls.	Provide advice to the commander on all FM 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 FM 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 IAW approved spend plan and command priorities.
Defend requirements as necessary.	

2-74. Along with enforcing theater published guidance, the Division G-8 is responsible for ensuring the most effective and efficient use of resources. It is at this level that fiscal decisions can be the most effective and have the farthest reaching impact. 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.

2-75. 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.

## Chapter 3

# Banking and Disbursing Support

Providing currency on the battlefield has been a Finance (now FM) 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.

Banking support encompasses a wide spectrum of FM activities ranging from 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 act of distributing funds from a specific account. A Disbursing Section makes payments (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.

### SECTION I – BANKING SUPPORT

#### BANKING AND HOST NATION SUPPORT

3-1. 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 spectrum of conflict. These agencies must be integrated early in the planning process and given the opportunity to deploy assets forward early in support of full spectrum 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.

3-2. The FMC Director, working in consultation with the Theater C-8/G-8, will develop an assessment of the theater and host nation banking requirements. The FMC 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., COB, FOB) is required, the FMC will facilitate the process; however the base commander is the signing authority for the operating agreement of a bank is his area. Follow the rules set forth in DODFMR Volume 5, Chapter 34 and DODI 1000.11 for DOD banking policy.

3-3. 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 FMC 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 FMC Banking section procures funds until the theater matures, and an LDA is established.

3-4. 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.

3-5. 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.

## **CASH MANAGEMENT**

3-6. The FMC provides currency support (U.S. and foreign) to a theater of operations. Coordination with the host nation, U.S. banks, CUs and MBFs provides currency to the FMCs and other Services or multinational forces IAW interservice and intergovernmental agreements. The FMC 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.

3-7. Generally, the FMC provides the primary source of currency in the operational theater. Deployed FMCs and sister service FM organizations will draw and return cash through the FMC. In contingency operations where there is no FMC deployed, FMCs 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 all critical in support of funding requirements.

## **CURRENCY SUPPORT**

3-8. Currency support is the act of supplying foreign currencies, U.S. Treasury checks and local currency checks, available E-Commerce (e.g., EagleCash Cards, Paper Check Conversion Over the Counter, 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 physical currency for cash dispensing machines and where feasible, maximize the use of existing technology such as EFT and mobile banking, to minimize the use of cash in the operational area. 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 vendors.

## FOREIGN CURRENCY

3-9. Financial managers must make every attempt to minimize the use of U.S. currency and maximize use of foreign currency 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 FMC 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.

3-10. Once the DO selects an LD, they must formally request approval and designation of that institution as an authorized LD 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 FMC. FMCO 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 FMC banking section.

## ECONOMIC IMPACT

3-11. 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.

3-12. Reduction of Cash on the Battlefield - 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 interorganizational partners' will also directly and immediately affect the local economy. Without careful planning, U.S. Forces and interorganizational 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.

## SECTION II – DISBURSING OPERATIONS

3-13. 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.

3-14. 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 (IPAC), 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 DO 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 be held pecuniarily liable 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.

3-15. 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.

3-16. The FMC and each FMCO may deploy with a contingency DSSN. The DSSN is assigned to a disbursing officer 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 FMC and FMCO is accountable for the funds within their respective AOR. The FMC provides currency to the FMCOs in order to support the FMCOs 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.*

## CASH VERIFICATION

3-17. Critical to the success of FM operations is maintaining accountability of public funds entrusted to the DO. IAW DODFMR Volume 5, a cash verification team will conduct an unannounced verification of the cash and other accountable instruments under the accountability of the DO. The FMC coordinates with its higher headquarters for the required cash verification, while the FM SPO coordinates for the FMCOs and FMDETS.

## REPORTING AND ANALYSIS

3-18. 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]).

3-19. The Analysis of Unmatched Transactions (AUT) is a tool that allows DOs the ability to evaluate the accuracy of their disbursing operations. When properly acted upon, utilization of 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.*

## IRREGULARITIES IN DISBURSING OFFICER ACCOUNTS

3-20. 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 are pecuniarily liable. 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.

## MANAGING A LIMITED DEPOSITARY ACCOUNT

3-21. DOs are responsible for the maintenance and management of an LDA. DOs 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 depository are used to reconcile the disbursing records. *See DODFMR Volume 5, Chapter 14 for more information on LDA.*

3-22. DOs 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 day supply) are promptly withdrawn and deposited with the Treasury.
- The terms negotiated with the depository are favorable to the government, including interest on the account at the highest possible rate.

## TRANSFER OF ACCOUNTABILITY (SETTLEMENT)

3-23. The DO is responsible for accounting for all funds expended while performing disbursing duties. Transfer of disbursing records only relieves the DO 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 who 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.

## TYPES OF DISBURSING SUPPORT

### CURRENCY SUPPORT

3-24. The DO is responsible for currency support within their area of responsibility and directs 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 (cash holding authority (CHA)) 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 3 for additional information on CHA.*

## CURRENCY EXCHANGE

3-25. 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. Currency exchanges include U.S. to foreign currency and foreign currency to U.S. conversions must comply with currency control standards and 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 the following:

- 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.

3-26. 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

3-27. 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 FMC 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.*

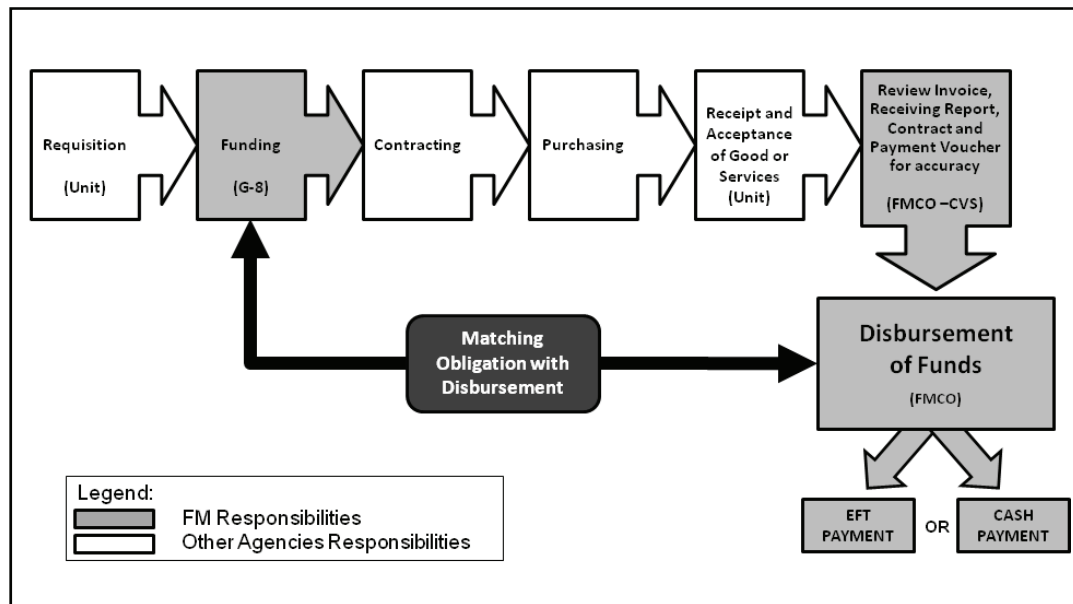
## PROCUREMENT SUPPORT

3-28. 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 requested unit, 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 certifying officer prepares and certifies the payment voucher and then advises the disbursing office that the requisite conditions for payment have been met. These requisite conditions include:

- A legal obligation to pay exists (typically a contract).
- The payee has fulfilled any prerequisites to payment (typically an invoice and receiving report).
- 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).

*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)**

### PAY AGENT (PA) SUPPORT

3-29. 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 disbursing officer. 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 DO. 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 DO 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 his accountability with the DO. PAs provide the warfighting commander with a capability to procure local goods and services. DOs must provide PAs with detailed instructions on FO policies regarding the expenditure of cash.

### DISBURSING OFFICER/ACCOUNT HOLDER RESPONSIBILITIES

3-30. 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

3-31. A PA is appointed by the local commander IAW DODFMR, Volume 5 and the applicable theater policy. The appointment order specifies the FM 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.

3-32. The PA checks the appointment order for correctness and keeps it in his possession while performing duties as a PA. The PA forwards a copy of the appointment order to the DO to which the PA is appointed. The DO keeps a copy of the appointment order until the order expires or is revoked.

3-33. Newly appointed PAs will immediately contact the DO to receive a detailed briefing before they are advanced currency. PAs receive from the DO 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.

### **Appointing Official's Responsibilities**

3-34. 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 the following:

- 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**

3-35. PAs must acknowledge the receipt of funds by signing DD Form 1081. 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.

3-36. 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 prior to departing the theater of operations, regardless of circumstances.

### **Types of Support**

3-37. 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.

### **Local Procurement Support**

3-38. 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 FM commander. The ordering officer whom the PA supports receives separate instructions from contracting officials. Field Ordering Officers (FOO) and PA train and work as a team; the PA should participate in with their FOO in training provided by the contracting officer. When appointed to make local procurement payments, the PA does not provide any individual support.

3-39. The PA or FOO may be held personally liable for any payment not IAW the appointment orders or prescribed instructions. The PA cannot simultaneously serve as either a certifying or field ordering officer. 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 all SFs 44 (U.S. Government Purchase Order–Invoice–Voucher) prepared by the ordering officer.
- Disburses currency for the goods or services as stated on the SF 44, but only after the SF 44 has been approved by a field ordering officer.
- 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 his account with the DO that advanced the funds.

## PAY AGENT CHALLENGES

3-40. 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 this program. 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/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 you or by someone speaking for you.
- Chain of command and conflicting responsibilities.
- Contingency/combat environment.

## SPECIAL PAYMENTS

### SOLATIUM PAYMENTS

3-41. A solatium payment is monetary compensation given to indigenous personnel to provide relief from grief, suffering, and anxiety resulting from injury, property, or personal loss. Occasionally, solatium payments are made in order to meet cultural expectations. A solatium 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 solatium payments. FM units are responsible for the disbursing and accounting of all solatium payments. *AR 27-20, Claims, contains more information on solatium payments.*

### REWARDS PROGRAMS

3-42. 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 non-lethal 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.

3-43. 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**

3-44. 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 a Weapons-for-Cash program with the senior operational commander providing the funding authorization. PAs are used to ensure successful execution of the program. The DO 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 DO.

### **COMMANDER'S EMERGENCY RESPONSE PROGRAM (CERP)**

3-45. 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 and tracking utilization of these funds within their AOR.

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

3-46. 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 FMC 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/CIs.

### **OTHER PROGRAMS**

3-47. 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**

### **CURRENCY FOUND IN PERSONAL EFFECTS**

3-48. 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)**

3-49. 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)**

3-50. 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 FMC 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 FMC 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, Chapter 9000 for more information.*

### **ADVANCE OF PAY AND ALLOWANCES**

3-51. 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 FMC 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)**

3-52. 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**

### **FINANCIAL MANAGEMENT CENTER**

3-53. The FMC serves as the conduit for banking and disbursing operations between the theater of operations, national providers and the theater's FM assets. Generally, the FMC 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.

3-54. The FMC works closely with the FM SPO at the ESC and Sust Bdes to ensure cash requirements are meeting commanders' objectives. FM SPOs provide the FMC with immediate notification of changing cash requirements and ensuring dissemination of FM policies. In coordination with FM SPOs, the FMC establishes reporting procedures to monitor currency usage throughout theater.

3-55. The FMC 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 FMC 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 COMPANY**

3-56. Generally, the FMCO receives funding for its operations from the FMC. In cases where the FMC is absent from theater, the FMCO assumes central funding responsibilities. As the theater matures, and an FMC deploys, the FMCO transfers its central funding responsibilities to the FMC. The FMCO provides the FMC 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 FMCO has responsibility for funding subordinate FM Detachments assigned to the FMCO task organization. FMCOs ensure procedures are in place for daily account balancing by all assigned FMDET's.

### **FINANCIAL MANAGEMENT DETACHMENT**

3-57. The FMDET provides currency support to its subordinate FMSTs and PAs. Generally, the FMDET conducts disbursing support autonomously from the FMCO. As such, the FMDET 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 FMDET's AO.

## 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 Financial Management Center 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 FMDET and distribution of supporting documentation affecting Soldiers' pay.

4-3. The FMC 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 FMCs and FMCOs ensures that a high state of technical proficiency is maintained in all functional sections of the FMCs, FMCOs, and FMDETs.

4-4. Under the FMCO command and control, FMDETs provide a wide variety of Pay Support functions through their FMSTs to all units and Soldiers in their AOR. The FMDETs 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 & Funding Report (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 & Funding Report (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 FMDET 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 the following:

- 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 the following:

- 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 not 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 FMCO Commander.
- Ensure coders have annotated the substantiating document number on each document.

### SECTION LEADER

4-11. The Section Leader responsibilities include the following:

- 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.

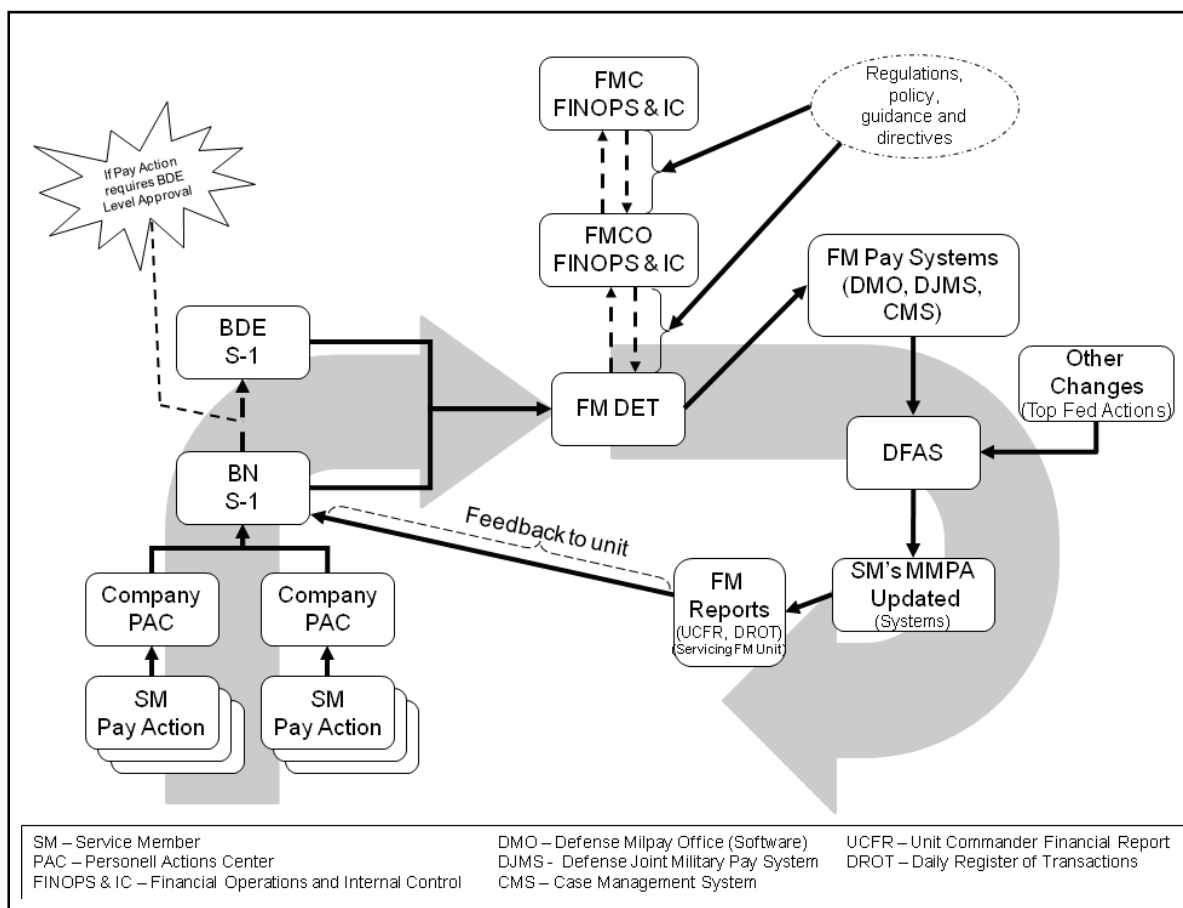


Figure 4-1. Pay Support Changes Document Flow

## 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.

## MOBILIZATION/DEMOBILIZATION

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 FMDET 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

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.*

### TYPES OF CMS CASES

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.

- 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.** These 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 FSO. Details on the particular procedures and processes related to federal budgetary, proprietary, and managerial cost accounting are described in DODFMR, DFAS-37-1, and published Statement of Federal Financial Accounting Standards (SFFAS).

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 decisionmakers 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 within the RM function. 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 him to make 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 decisionmaking and the proper allocation of resources.

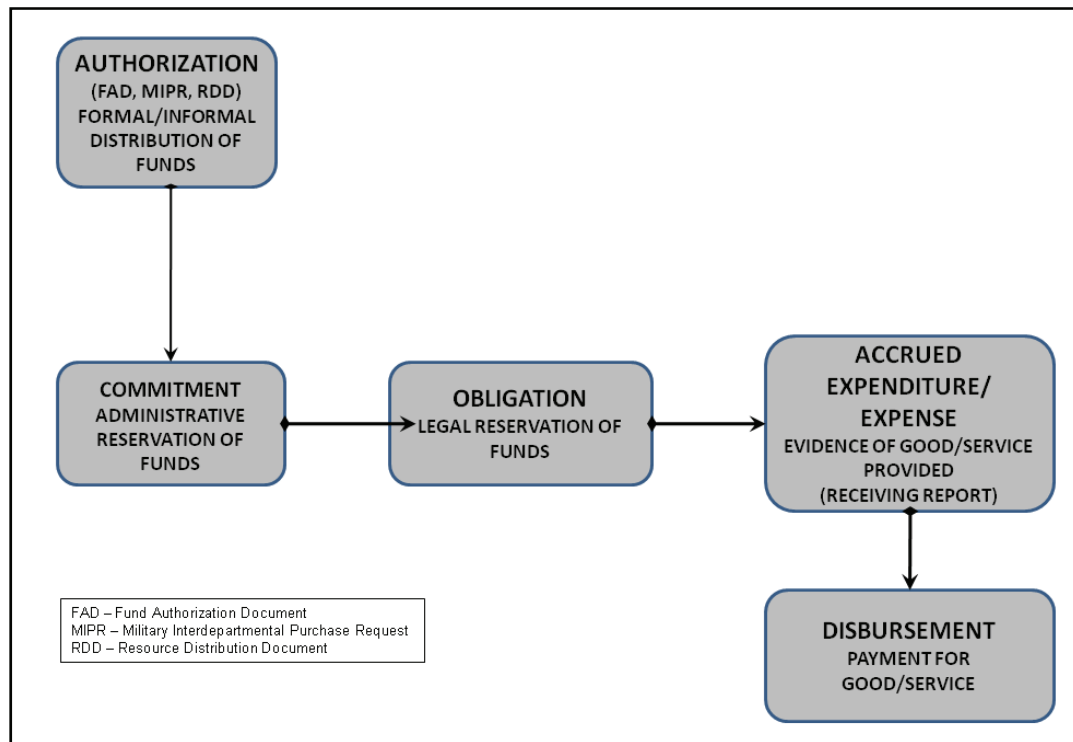
## SECTION I – ACCOUNTING SUPPORT

5-1. Accounting support requires the close participation of ASCC/Corps/Division G-8, FMC, and FMCO 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 his 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 decisionmaking 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.



**Figure 5-1. Stages of a Transaction**

## STAGES OF A TRANSACTION

5-5. A commander must know the status of funds (funding balance and costs per event/unit/item) 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.

### 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/Military Interdepartmental Purchase Request (MIPR)/Resource Allocation Documents (RADs)/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. An account processing code (APC), per DFAS-IN Manual 37-100-XX, 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. APCs may be assigned to specific units, staff sections, events, or functions. APCs link MDEPs and AMSCOs with the purpose of the funding.

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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 APC and retrieves all element of resource 26\*\* (supplies) for the year. The answer to the commander's question can be found easily if the APC is established correctly and properly annotated on all applicable orders.

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## **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 MIPR, 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, Banking and Disbursing Operations.



## OBLIGATION MANAGEMENT

5-13. Obligation management is a basic function of RM 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, Army Management Structure Codes (AMSCOs) or Army Processing Codes (APCs).
- 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 (NULO), 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 [MOD]). Serviced activities and accounting activities will jointly ensure the actual obligation document is received to replace the MOD.

### **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(D) 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**

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

5-21. 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 decisionmaking; 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 the following:

- 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 decisionmaking 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.
- Develop financial statements that meet GAO standards with an unqualified opinion (with support from DFAS).
- Provide timely and accurate (reliable) cost reports with support from DFAS and other financial information required by HQDA decisionmakers.
- Ensure management controls are in place, IAW congressional mandate to provide annual assurance statement.

### **DEFENSE FINANCE AND ACCOUNTING SERVICE (DFAS)**

5-22. 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**

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

5-23. 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 anti-deficiency 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.
- Ensure management controls are in place, IAW congressional mandate to provide annual assurance statement,
- 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), Military Purchase Requests (MIPRs), and Acquisition Cross Service Agreements (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 CENTER**

5-24. Accounting support provided by the FMC complements the resource management function within supported G-8 staffs. The FMC participates in joint reviews, as required, to ensure accounting records are accurate and updated in a timely manner. The FMC has an accounting section that is responsible for providing requested accounting support to theater units. These activities include the following:

- 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/DSSN transactions with the FMCO(s) (i.e., Merged Accountability Funds Report (MAFR)).
- Ensure CASH-LINK transactions are accurate.
- Reconcile SF Form 215 (Deposit ticket)/SF Form 5515 (Debit Voucher) with FRB.
- Assist FMCO(s) with reconciliation of SVC transactions.

## **TACTICAL LEVEL ACCOUNTING SUPPORT**

### **CORPS, DIVISION, TSC & ESC G-8s**

5-25. Accounting support at the Corps and Division may include the following:

- 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 anti-deficiency 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, MIPRs, and ACSAs.

### **FINANCIAL MANAGEMENT COMPANY**

5-26. The FMCO accounting function may be limited in scope, and dependent upon METT-TC. These capabilities may include the following:

- 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 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 solatium payments.
- Ensure all FEDLINK data requirements are timely and accurate.

### **GENERAL FUND ENTERPRISE BUSINESS SYSTEMS (GFEBS)**

5-27. GFEBS is the accounting system that operational and tactical FM elements will use to provide accounting support, replacing the current accounting system of record, the Standard Finance System (STANFINS). 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 SUPPORT**

“Our goals are to be good stewards of the resources we are provided by Congress and to free human and financial resources for higher priority operational needs. ...Integral to achieving our goals is the development of an Army-wide cost-management culture in which leaders better understand the full cost of the capabilities they use and provide and incorporate cost considerations into their planning and decisionmaking. This approach will enable us to achieve readiness and performance objectives more efficiently.”

\* Excerpt from the 2008 Army Posture Statement

## **COST CULTURE**

5-28. 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.

5-29. A cost culture is the cultural shift from “obligate 99.9% of budget” to “accomplish the mission considering cost.” Leaders at all levels of the Army entrusted with public funds must ensure that all available resources shall be used in the most efficient means possible. When prioritizing and allocating resources, commanders must seek to maximize the efficient use of resources but not to the detriment of mission accomplishment (JP 1-06). Commanders rely on the FM community to ensure that the maximum benefit is derived from the expense of fiscal resources in support of operations. In order to fulfill this role, FM is leading a culture change within the Army that shifts the focus from budget execution, with its focus on the expenditure of available funding, to outcome-based decisionmaking where the emphasis is on outcomes and their associated costs. As articulated by then Assistant Secretary of the Army (Financial Management & Comptroller), the HON Nelson M. Ford, the Army vision for this cost culture is a culture where all leaders and managers factor cost into their decisionmaking and understand both the near - and long-term cost implications of their decisions. Furthermore, they make effective trade-off decisions to achieve the best possible use of limited resource and focus on improving the efficiency and effectiveness of their operations. This cost culture requires FMIS that provide decisionmakers 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 leadership.

## **COST MANAGEMENT SUPPORT**

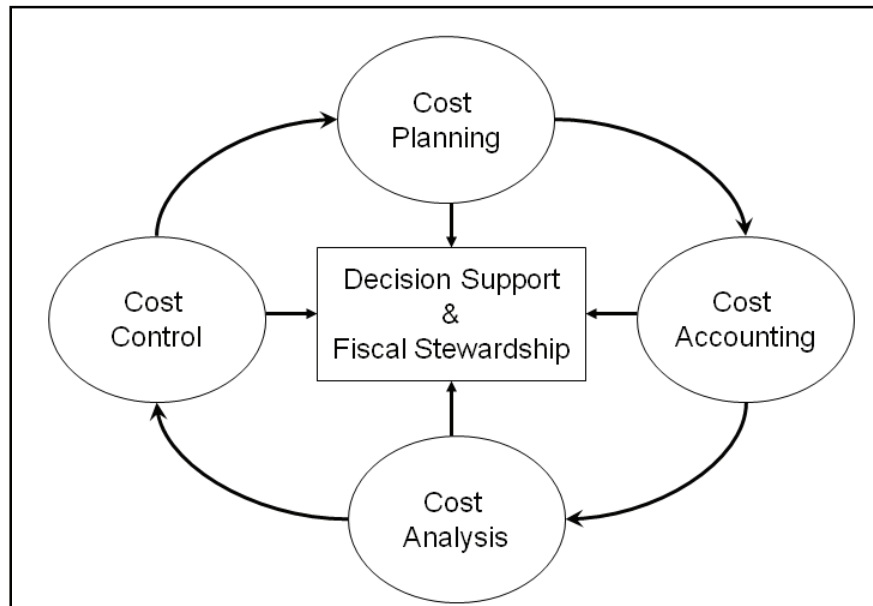
5-30. As good fiscal stewards, Army leaders at all levels need to make resource informed decisions that optimize available resources to accomplish the mission. Sound decisionmaking requires considering the resource implications of decisions within and across the Army enterprise. In taking the lead role in cultivating the cost culture, FM has adopted a new core competency, cost management support. Cost management support is a critical FM enabler to the decisionmaking 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 support will provide Army leaders and managers -- from HQDA to subordinate organizations -- with real-time cost data tied to operations and functions. This will empower 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. This is an important culture change within the Army, a culture change directed by our senior Army leadership. In a 15 Jan 2009 memorandum, the Army Chief of Staff, GEN George W. Casey and the then Secretary of the Army, the HON Peter Geren, stated “...the Army will reform its requirements and resources processes by establishing a more responsible and realistic requirements process and inculcating a cost culture that incentivizes good stewards.” The Army is adopting a cost culture and FM will lead this process. This cost culture requires financial managers equipped with a thorough understanding of the cost management process and its underlying principles and concepts. FM leaders must be able to translate the technical information associated with cost management into valuable knowledge that links the benefits of effective cost management to generating positive effects on military operations. The remainder of this section will describe key terms and concepts, the cost management process, and cost management activities during contingency operations. However, the breadth and scope of the knowledge required to effectively apply these principles extends beyond this manual and necessitates FM practitioners to expand their cost management expertise through self-study and attendance of cost

management courses. *For a more detailed discussion on cost management, refer to the Deputy Assistant Secretary of the Army (Cost and Economics) Cost Management Handbook.*

5-31. TA G-8s expend great effort in determining and refining the major cost drivers that will compete for strategic level funding. The G-8 is responsible for developing a theater FM plan designed to maximize the theater's industrial capacity and capabilities while reducing resource consumption. Industrial capacity as discussed in this RM context is an effort to determine the most cost effective way to provide national industrial capacity, like equipment repair and restoration, at either the national depot sites in CONUS or to build that capability in theater.

## THE COST MANAGEMENT PROCESS

5-32. 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' decisionmaking and fiscal stewardship thereby maximizing the effectiveness and efficiency of the activity's operations. Cost management considers all key quantitative aspects of the consumption of resources and provides Army leaders and financial managers with the ability 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. taxpayers).



**Figure 5-2. Cost Management Process**

5-33. As depicted in Figure 5-2, the cost management process encompasses four components: cost planning, cost accounting, cost analysis, and cost control that support commanders' decisionmaking and improve their fiscal stewardship. Cost planning involves forecasting future costs of a particular operation or activity. Organizations establish cost targets and efficiency goals to continually improve its 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 decisionmaking process. Cost analysis provides financial managers with 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 changing targets, moving resources (capacity management), and adjusting output to maximize value of the desired outcome (e.g., products and services). Keep in mind that cost is only a consideration and not a constraint in the commander's decisionmaking process. The purpose of cost management is to enable the commander to make resource informed decisions, not hamper his operations.

5-34. Implementing the cost management process will accrue numerous benefits to leaders and their units. The process facilitates commanders—

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

5-35. Financial managers continually monitor the execution of each component of the cost management process and adjust the process as needed when new information external to the process or internally generated indicate a requirement to modify the process. Each component is described in more detail in the following paragraphs.

## **COST PLANNING**

5-36. 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) at a standard. The approximate cost relies on identified cost drivers, standard rates, historical trends, and can include other variables (e.g., inefficiencies, economies of scale, or others). Methods to produce a should-cost are varied and include engineered estimates, parametric estimates, or estimates produced by analogy, and can include other approved methods. 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 accurately 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, process, or project under evaluation.

## **COST ACCOUNTING**

5-37. 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 carry on 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 allows the establishment of cost centers and output products. In order to support management and/or command requirements, the financial manager must be able to translate the measurement into terms of source documents, allocation techniques, and such other cost accounting techniques. Financial managers rely on FMIS to capture and record cost data from one or several feeder systems that feed financial and non-financial transactions into the FMIS. The Army is currently migrating to the General Fund Enterprise Business System (GFEBS), an enterprise resource planning (ERP) solution that will eventually become the Army’s primary accounting system of record. GFEBS will provide 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 decisionmaking.

## **COST ANALYSIS**

5-38. 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 decisions that affect available resources.



5-39. 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 – 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.

5-40. For example, a theater 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 cost consequences that reduce available resources for other missions or requirements. In order to quantify these consequences, he will rely on his financial manager to analyze and articulate those cost impacts in a meaningful way that will enhance the DIV commanders’ decisionmaking. The financial manager will either develop a cost model or employ an existing cost model to determine the actual and full cost effect of increasing operational readiness, the cost objective for this particular analysis.

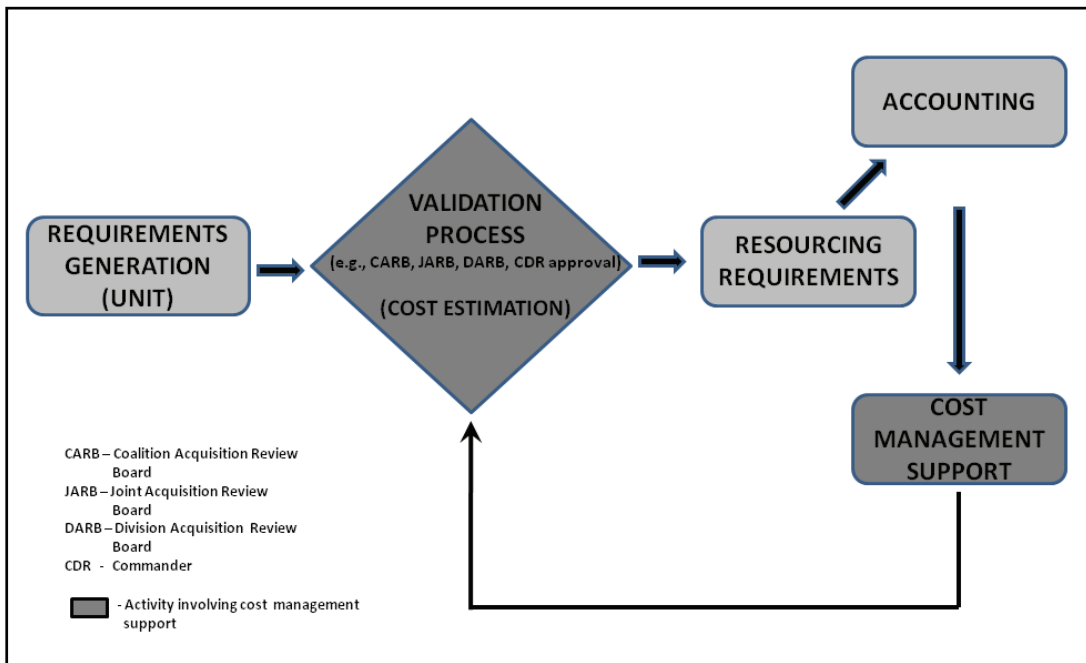
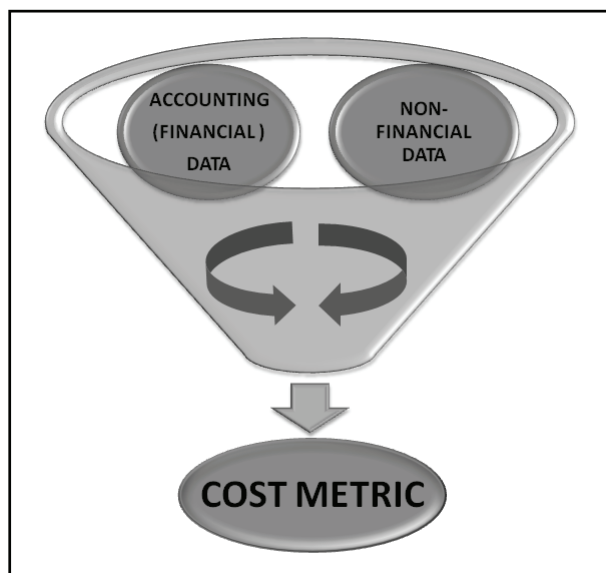


Figure 5-3. Cost Management Support to Resourcing Operations

5-41. Figure 5-3 depicts how cost management supports the resourcing requirements process where FM personnel allocate fiscal resources to validated requirements. Costs are driven by requirements. Cost estimation is the process of forecasting what future costs are for the requirements. The cost estimating process along with requirements validation leads to an approval of the resources to execute the desired effect. During the cost estimation process, multiple courses of action should be considered to produce the same effect but the decision should consider optimization of resources needed. The accounting function collects the actual cost of executing the requirement. Cost management involves the process of capturing costs and comparing them to an established benchmark. Both accounting and cost management provide results to the cost estimating function; this improves the estimates being provided.

To illustrate, assume an organization has a requirement to operate an Individual Body Armor (IBA) Warehouse for the R&R program. The IBA warehouse is contractor operated. The current contract ends in 4 months and the requirement will continue for the next year. The Performance of Work Statement (PWS) has been reviewed and indicates that the workload will be cut in half. In order to get resources approved, a cost estimate (Independent Government Cost Estimate – IGCE) must be prepared and submitted. To determine the estimated costs, queries from the accounting system provide the actual cost of operating the IBA Warehouse and the cost management reports indicate that the contractor has stayed in tolerance with the current workload. Using the actual contract costs and the workload summaries from the cost management reports, a cost per turn-in/issue can be determined. This cost per metric can then be used to determine the estimated cost based on the new workload (turn-in/issue) found in the PWS.



**Figure 5-4. Developing the Cost Metric**

5-42. As 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.

Example: A query of the accounting system provides us the cost to run a Forward Operating Base (FOB) for a 12 month period. From non-financial information, i.e. census information, we can calculate an average number of Soldiers & contractors that were supported at this base. By simple division we can develop the metric of what it cost to support a Soldier or contractor at this FOB. The cost metric in this case is expressed in a cost per individual. Now we can use this metric for cost estimation. If we are given the future estimated population of the FOB, we can multiply it by the cost metric to estimate the future cost.

5-43. An example from Operation Iraqi Freedom (OIF) illustrates the benefit of cost analysis in supporting the commander making resource informed decisions. During OIF, the Army Central (ARCENT) C-8 developed a cost model to estimate the cost of the war and assist ARCENT planners in determining the “should” costs of a planned force drawdown in the Iraqi theater of operations and a force increase in Afghanistan. ARCENT cost analysts created a prototype cost model named the Requirements, Readiness, Capacity and Cost Tool (R2C2). As commanders consider changes in requirements, capacity or readiness, the model would predict the resulting changes in cost of the operations and operational readiness. The

R2C2 model enabled ARCENT financial managers to forecast “should” costs based on variables such as units, forward operation bases (FOBs), troop levels and operations.

5-44. FM planners use cost models, such as Force Costing Model and the Contingency Operations Model to assist commanders in understanding the full costs of their decisions and the impact on available resources these decisions impose. Cost models enhance cost analysis and can provide the following benefits:

- Inform commanders on what requirements, readiness, and industrial capacity should cost.
- Predict costs based upon existing conditions within a particular theater.
- Justify supplemental funding requests.
- Optimize industrial capacity.
- Facilitate informed decisionmaking by commanders.

## **COST CONTROL**

5-45. Cost control is the development and implementation of policies and procedures that take “best value” and/or “best practice” actions to assist when necessary the realignment of the organization 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, in and of themselves, are secondary in importance and must improve the organization’s ability to accomplish the mission. These procedures and policy are based upon 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**

### **TYPES OF COSTS**

5-46. 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.

### **CENTERS/SEGMENTS/ENTITIES**

#### **Cost Center**

5-47. 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 utilized to reflect 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**

5-48. 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 (CDR)/managers of responsibility segments report to the reporting entity’s top leadership/management directly (e.g., BCT CDR to a DIV CDR).
- The responsibility segment’s resources and results of the operation can be clearly distinguished from those of other segments (e.g., BCT operational funding, MTOE and assigned missions).

## Reporting Entities

5-49. Reporting Entities issue general-purpose financial statements to communicate financial and related information about the entity. For any 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.

5-50. 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 decisionmaker 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

5-51. 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 and the costs of supporting services. Full cost information helps users determine relevant costs of specific activities, goods and services. The full cost of an output produced is the sum of the costs of resources consumed that directly or indirectly contributes to the output, and the costs of identifiable supporting services provided by others within the reporting entity, and by other reporting entities. Full cost should incorporate the full cost of goods and services that it receives from other entities even though the receiver who benefits may not have paid for or funded the goods and services.

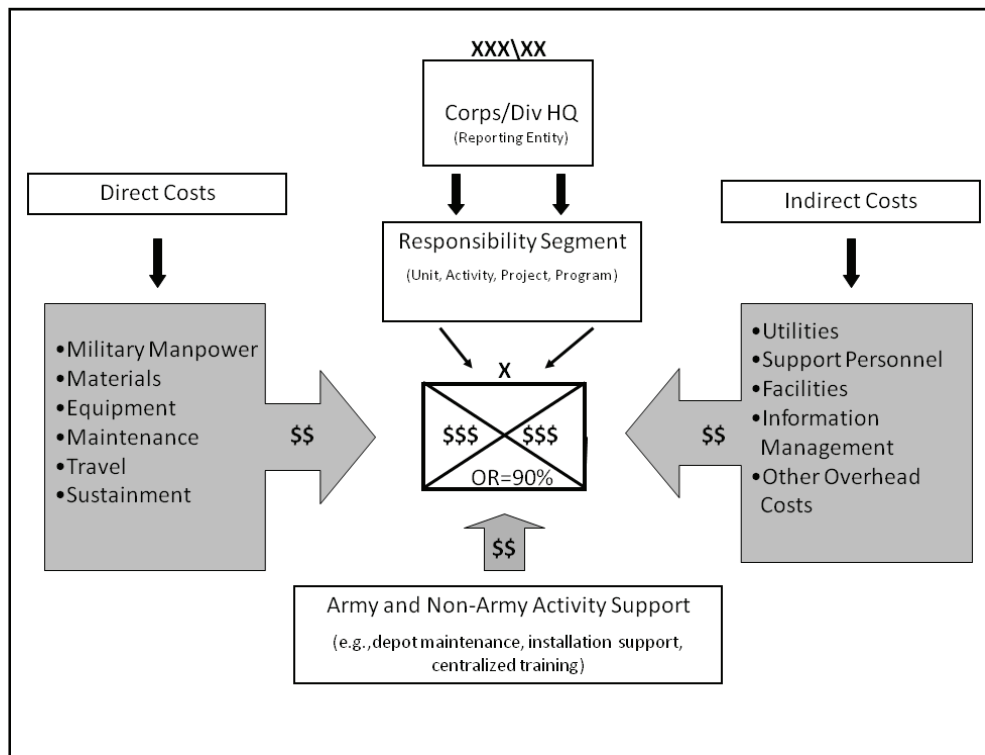
5-52. Costing is the expensing of budgetary resources in its basic form. Cost accounting is the central concept of managerial accounting and analysis. In most cases, it represents units of work or goods consumed in a process and producing outcome data. A full cost approach will be applied in collecting 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 or course of action.

5-53. Full cost ensures that leaders consider all relevant cost information when making 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 since the Army cannot articulate the operational impact of budget reductions nor measure the increased capability that will result from a funding increase. Additionally many Army commands 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 very difficult to accurately manage capacity and identify the causes of cost savings or overruns, and therefore, managers cannot be assured their decisions are appropriate.

5-54. The full cost method should be used to calculate the true costs of products and services. Full cost shall include all relevant cost associated with the benefit (e.g., labor, materials, equipment) received in producing the respective product, service or project. These costs include but are not limited to the following:

- Direct and indirect, funded and unfunded, fixed and variable cost.
- All labor - military, civilian, contract, volunteer, borrowed, shared labor, foreign national.
- Costs provided by Army and Non-Army activities as a free good to the end user (e.g. installation support to tenants, centralized training).

5-55. Full cost analysis shall be used for course of action evaluations. Examples of these evaluations include cost-benefit analysis, capital/lease analysis, analysis of alternatives, make vs. buy decisions, benchmarking or comparative analysis, efficiency & effectiveness, resource utilization, and other similar analyses.



**Figure 5-5. Example of Full Cost Concept for a BCT's Operational Readiness**

5-56. Figure 5-5 illustrates the full cost of maintaining the OR of a BCT at 90%. 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 BCT's 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 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 decisionmaking and fiscal stewardship. This scenario is just one example of the application of cost management.

## COST MANAGEMENT DURING CONTINGENCY OPERATIONS

5-57. During contingency operations, cost management acquires a heightened importance given that OCO 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 DODFMR 7000.14-R, Volume 12, Chapter 23, Contingency Operations (under revision).

5-58. 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), OSD(P), to determine the most responsive method of financing contingency operations. In addition, USD(C) is responsible for pursuing prompt reimbursement to the DOD from UN and other multinational organizations, other nations, and U.S. agencies for DOD provided support. The CJCS is responsible for communicating the Secretary'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).

5-59. DFAS is responsible for centralized cost consolidation; billing and reimbursement distribution functions in support of OCO; and issuing to the service 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 DFAS for all contingency cost consolidations and billings.

5-60. The Department of the Army (DA) is responsible for preparing Army 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, Vouchers for Transfer) for each UN 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**

5-61. Financial managers within DA develop and use three different types of estimates during OCO. 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 pre-deployment estimate, budget estimate, and the working estimate. The pre-deployment estimate is used to assess various operational assumptions and to inform the go/no-go decisionmaking 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**

5-62. The pre-deployment cost estimate supports operational assumptions and decisionmaking processes. The cost estimate defines and supports requests for reprogramming or additional appropriations. The working estimate measures actual costs and can determine the changes in cost that would result from changes to the operational plan. 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 uses 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**

5-63. The budget estimate is based on specific combatant command operational plans, troop levels, location, and operating circumstances. HQDA via its FM and logistics staffs, 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

5-64. HQDA formulates the working estimate based on data provided by the respective component commands. This estimate builds on the budget estimates centered on actual execution of the operational plan. 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 Force Costing Model (FCM) to support their cost estimate development and can tailor these models to specific theater conditions in order to better align requirements to costs. *DODFMR Volume 12, Chapter 23 contains more information on this estimate and the other two estimates as well.*

## CONTINGENCY COST REPORTING

5-65. Cost reporting is an integral part of the Army's stewardship. Financial managers throughout all levels of FM operations - 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. HQDA will publish guidance that will cover Army specific items for cost reporting, under DODFMR Vol. 12 chapter 23, and validating monthly reporting. The guidance will include information regarding the cost data source, validation requirements, and variance analysis procedures.

5-66. 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 the Major Command Monthly Contingency Cost Estimate Report. These monthly reports to HQDA from the ASCC 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 shall use the data submitted to prepare the Quarterly Contingency Cost Estimate Report.

5-67. In developing OCO estimates and for OCO cost reporting, financial managers consider and report only those incremental costs of the operations. 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.

5-68. Baseline costs are the continuing annual costs of the unit's operations funded by base appropriations. 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.

5-69. 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**

5-70. 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.



## Chapter 6

# Planning and Operations

Effective FM in support of full spectrum operations relies primarily on comprehensive planning and preparation of FM operations. 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 (FM 3-0) as illustrated in Figure 6-1.

FM 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, well versed in both RM and Finance operations, at every level from the Sustainment Brigade (Sust Bde) FM SPO personnel to the Theater Army G-8 and FMC. FMCO commanders and their subordinate detachment commanders conduct tactical level FM planning and operations in close coordination with both the Sust Bde FM SPO and the FMC. 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; direct actions to apply FM resources and support at decisive points in the operations.

This chapter discusses the essential elements of FM planning and operations beginning with a discussion on FM planning and applies to FM planners within a headquarters staff (Theater Army, Corps, Div. G-8), or FM SPO within the expeditionary sustainment commands (ESC) or Sust Bde, or a planner within the FMC or at the FMCO. FM planners must weigh and integrate FM considerations into their planning efforts to ensure the seamless provision of FM support to Army operations.

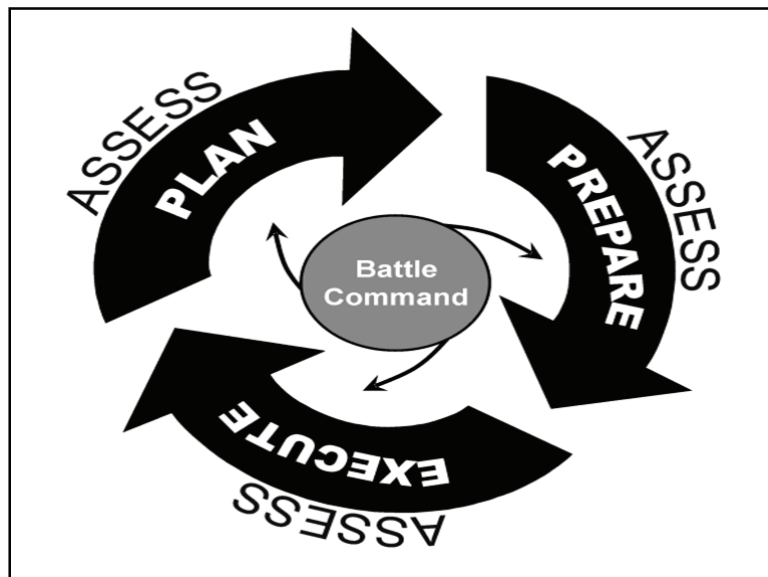


Figure 6-1. Operations Process

## SECTION I – PLANNING

6-1. Army commanders and their staffs use two doctrinal planning processes to integrate activities during planning: the Military Decisionmaking 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, FMCOs and FMDETS 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 decisionmaking process for identifying hazards and controlling risks across the full spectrum of Army missions, functions, operations, and activities, CRM serves as an integrating process for the sustainment warfighting function in Army operations. *See FM 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 (FM 3-0). Planning involves understanding and framing the problem and envisioning the set of conditions that represent the desired end state. FM planners from the TA G-8, to the Sust Bde FM SPO, down to the FMDET commander 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 specified FM tasks to subordinate FM staffs (i.e., G-8s and FM SPOs and units (i.e., FMCs, FMCOs, and FMDETS).
- 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 DECISIONMAKING PROCESS (MDMP)

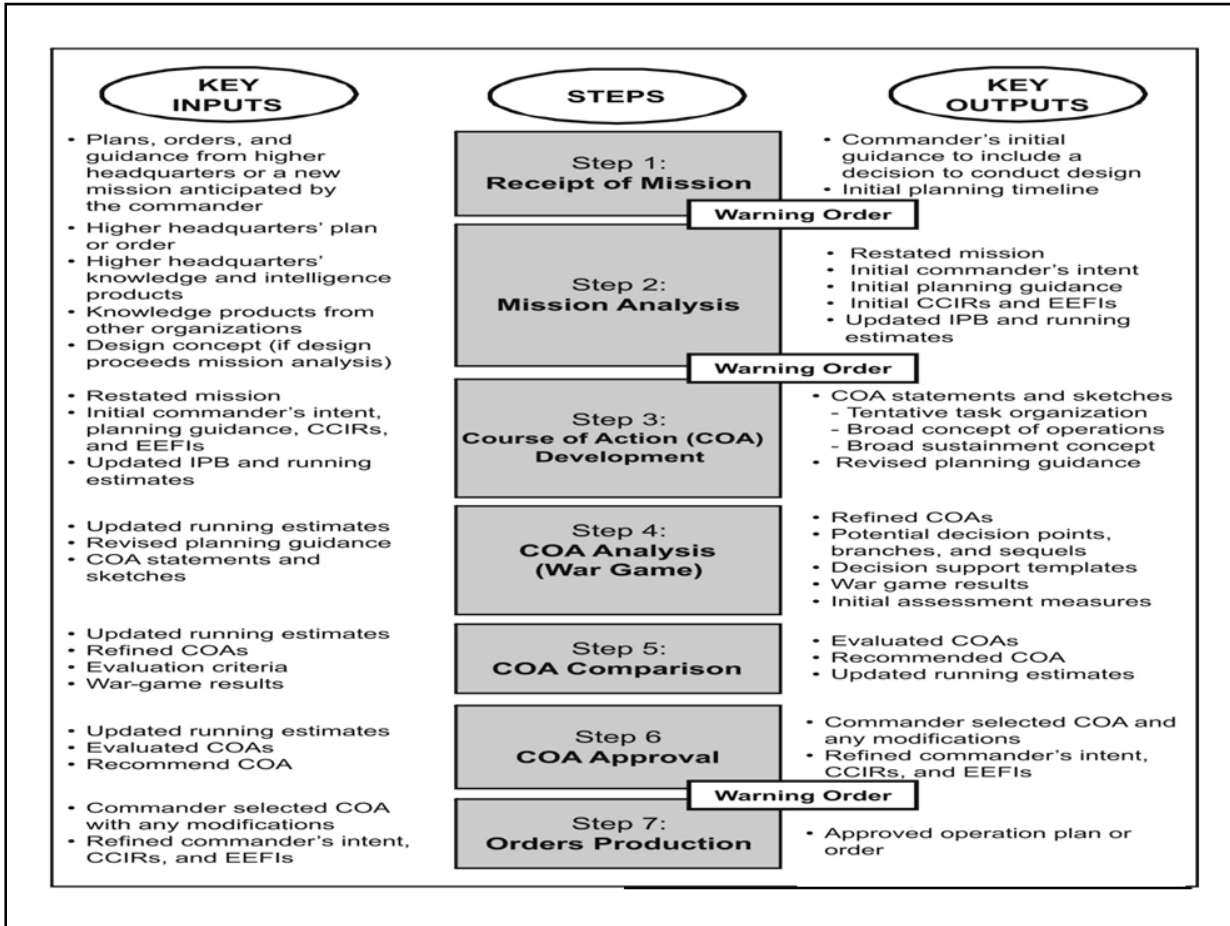


Figure 6-2. Military Decisionmaking Process

6-5. FM planners must be thoroughly familiar with the MDMP depicted in Figure 6-2. Throughout the MDMP, the FM planners should consider how the information being developed impacts FM support to the operation. FM planners must tailor FM support to the particular operational element of FSO emphasized during a 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 as opposed to offensive operations where FM support focuses primarily on procurement support to operational forces. Each operational element of full spectrum operations needs to be considered throughout the MDMP process. See FM 3-0, Operations, for additional information on full spectrum operations. FM 5-0 contains additional information on MDMP not included in the contents of this manual.

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. The appropriate FM staff (Theater Army

through TSC and Div G-8s, FMC, and FM SPOs in the ESC and Sust Bde) perform the following critical tasks during the planning process:

- Develop and maintain the FM running estimate.
- Understand the unit mission and the mission of supported and supporting units to include location of each element.
- Identify specified and implied tasks to include identification of mission essential tasks for subordinate FM units and FM staff elements. These tasks apply across the full spectrum of FM, both resource management and finance operations.
- Identify constraints and limitations that impact FM operations.
- Identify key facts and assumptions that impact FM support to the operation.
- Formulate the concept of FM support in line with the overall concept of operation and the commander's intent.
- Determine FM resources required to support the operation by COA (to include special funding authorities to support the COA – refer to Appendix B for a list of existing authorities).
- Prepare, authenticate, and distribute the FM plan in the form of approved annexes, estimates, and OPLANS.
- Formulate and recommend Commander's Critical Information Requirement (CCIR). Possible FM CCIR include the following:
  - Major loss of funds equal to or in excess of \$750.
  - 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 (FM 3-0). FM staff within operational and tactical units, (ASCC C-8 to Div G-8, FMC planners, and FM SPOs within the ESC and Sust Bde), 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 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 Appendix G, FM 5-0.

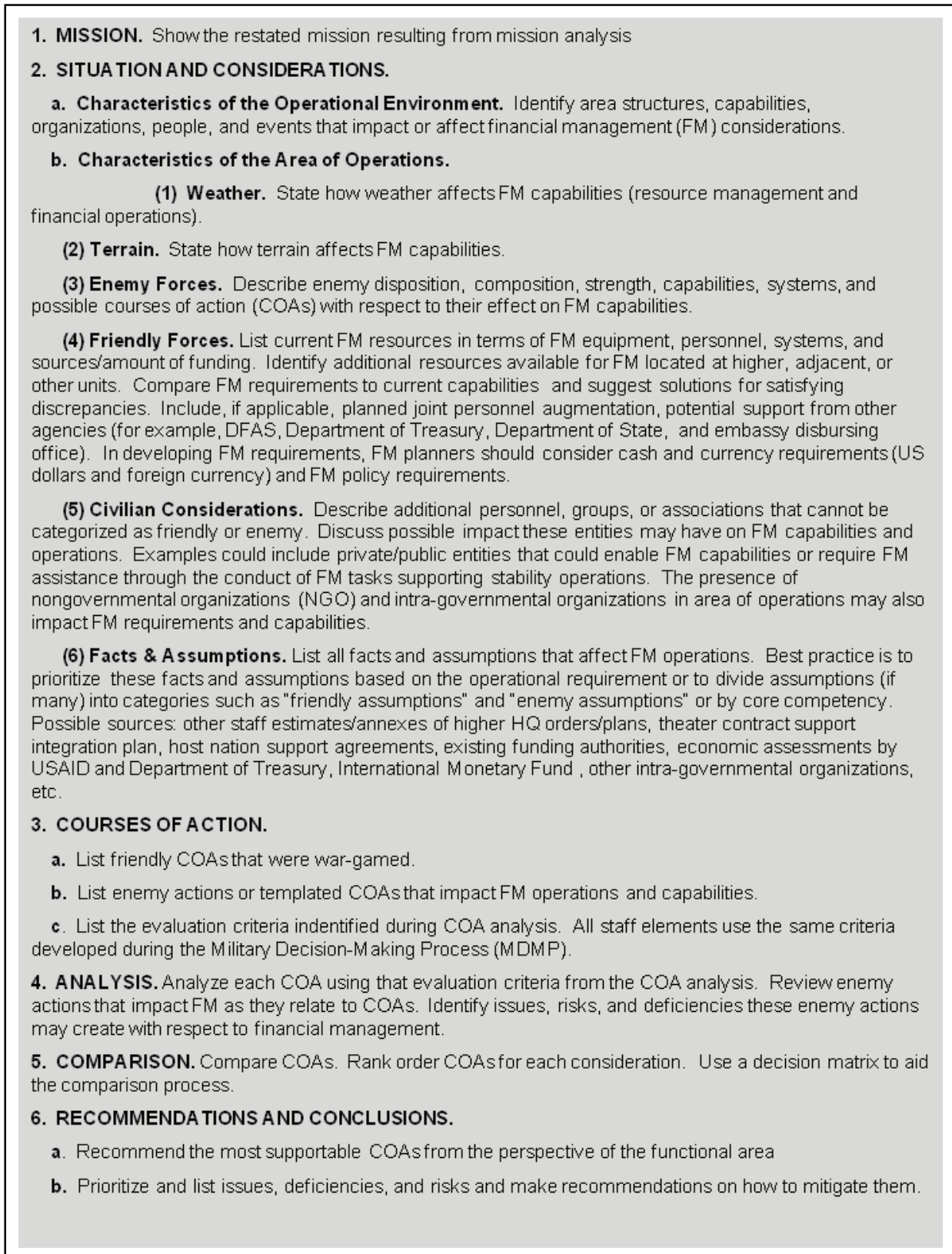


Figure 6-3. Example of FM Running Estimate Template

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.
  - CIA World Fact Book: <https://www.cia.gov/library/publications/the-world-factbook>
  - World Bank Data and Research Site: <http://www.worldbank.org> or <http://econ.worldbank.org>
- Intelligence preparation of the battlefield (IPB) related data: The IPB 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 FM SPOs) rely on their military intelligence counterparts on the headquarters staff for this information. FM small unit leaders rely on the Sust Bde FM SPO for IPB 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 the following:

- FM unit and systems capabilities, limitations, and employment. This includes the ability to access communication and automation systems for FM and C2.
- 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:

- FMC – One per TSC.
- FMCO.
  - 1 per Sust Bde.
  - 1 per 3 to 7 FMDETs.
- FMDET – 1 per BCT or brigade-sized element.

6-11. The exact number of FMDETs 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. When, based on METT-TC analysis, operational requirements require direct FM support to a BCT, FMCOs may embed an FMDET or FMST(s) within the BCT.

6-12. During the orders production step of MDMP, FM planners are responsible for developing the FM tab for the OPLAN/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 Appendix D 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 contract support integration plan (CSIP) (Annex W) of the base OPLAN/OPORD. The FM tab should contain information that provides guidance on the full spectrum of FM support to the mission, both resource management and finance operations. Appendix E 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 his effort to determine and devise the best possible plan most likely to accomplish the mission.

## SECTION II – PREPARATION

### TROOP LEADING PROCEDURES (TLP)

6-14. Leaders of FM companies and detachments 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 FM 6-0. Commanders with a coordinating staff (Theater Army to battalion level commands) use the MDMP for their primary planning process while small units, such as FM companies and detachments, lack a formal staff and rely on TLP to plan and prepare for operations.

6-15. Troop leading procedures are a dynamic process used by FM company and detachment commanders to analyze a mission received from their respective higher headquarters (Sust Bde), Special Troops Battalion (STB), or FMCO, 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 FM 5-0 for more information on TLP.*

6-16. FM planners within the FM SPO cells at the ESC and Sust Bde 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 FMCOs and FMDETts to plan, prepare and execute FM operations that support the commander’s mission. FM efforts at the FMCO and detachment level must be nested with Theater Army FM operations and initiatives. FM SPOs at the ESC and sustainment brigades coordinate closely with the theater FMC to ensure this critical nesting of FM plans and orders at the operational and tactical level occurs.

6-17. FM leaders within the FMCOs and FMDETts rely on information contained in higher headquarters orders, plans, and staff running estimates to develop their METT-TC analysis. The FM SPO, in coordination with the FMC, should assist when possible in providing additional information to the subordinate FM units to include country studies, host nation support agreements, and Theater Army CSIP (Annex W).

## SECTION III – EXECUTION

### COMMAND AND CONTROL

6-18. Command and control is the exercise of authority and direction by a properly designated commander over assigned and attached forces in the accomplishment of a mission (FM 6-0, Mission Command: Command and Control of Army forces). Command and control is the one warfighting function that provides purpose to the remaining five functions. Commanders are responsible for C2; however, C2

requires the concerted efforts of staff officers and specialists, to include FM staff personnel. Through C2, commanders initiate the actions of influence and synchronize the elements of combat power to impose their will on the situation and defeat the opponent (FM 6-0). Commanders integrate the warfighting functions and drive the operations process. Command and control of FM organization and functions, like command and control 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.

6-19. As previously depicted in Figure 1-10, 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 FMDET. In between these levels of command, various FM unit and staff personnel within multiple organizations (e.g., TSC, FMC, ESC, Sust Bde and FMCOs) 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 FMC is a subordinate operational element of the TSC and provides technical coordination of all theater tactical FM units executed by tactical FMCOs and FMDETS. This coordination includes providing technical FM policy and guidance on FM procedures, systems and FM reporting requirements.

6-20. The Sust Bde command and controls the FMCOs and FMDETS relying on the Sust Bde's 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 Sust Bde CDR may place the FMCO under the C2 of the STB. The Sust Bde's FM SPO communicates directly with the FMC and ESC FM SPO 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 FMC to ensure that those FM units under his command and control do in fact comply with all applicable laws and regulations governing FM operations.

## MISSION COMMAND

6-21. The Army's primary method of command is mission command. Mission command is the conduct of military operations through decentralized execution based on mission orders for effective mission accomplishment (FM 6-0). 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 five elements: commander's intent, individual initiative, mission orders, resource allocation and information systems. Refer to FM 6-0 for an in-depth discussion on the elements of mission command.

## FINANCIAL MANAGEMENT SUPPORT OPERATIONS (FM SPO)

6-22. The FM SPO is critical to the successful execution of tactical FM operations within theater. This staff section is the principal FM asset for coordinating FM support for all units within the headquarters' assigned AO. Members of the FM SPO must possess the necessary experience and knowledge in FM operations in order to successfully synchronize FM support with tactical operations. The FM SPO must communicate FM requirements to commanders in a manner that is relevant to the operation. The FM SPO is the focal point for the effective planning, preparation and execution of theater FM operations within their respective units' AO. As the key interface between supported units and theater FM forces, the FM SPO coordinates extensively between both supported and supporting FM units and staffs to ensure the integration of theater FM operations and consistency in theater wide FM support.

6-23. The FM SPO Section performs the following tasks:

- **Integrate all FM operations within the AO.** The 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 AO. The FM SPO evaluates the adequacy of support throughout the Sust Bde AO by analyzing workload data,



supporting population size, and scheduling of support at forward operating bases (FOBs); 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 FMC and the supported G-8 staff, FM SPOs coordinate for the execution of FM initiatives within their unit's AO such as E-Commerce program, banking, and conversion to EFT payments. Coordinating for these initiatives requires working directly with the FMC and when appropriate, national providers such as the U.S. Treasury, Federal Reserve Bank, DFAS and USAFMCOM. The FMCO will request support from national providers through the FM SPO, who in turn will coordinate the request through senior FM channels and ultimately the FMC for the necessary support. 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.

- **Plan employment of FM units.** Beginning with early involvement in the planning effort, the FM SPO participates in its headquarters' MDMP activities to develop the FM concept of support for current and future military operations. The FM SPO prepares supporting FM running estimates, the FM concept of support, recommended subordinate FM units tasks, and any required FM appendix to the OPLAN or OPORD. It also prepares WARNO for subordinate FM units in order to facilitate parallel planning. The FM SPO coordinates plans development with the FMC, G-8, the CSB plans officer, senior FM SPO and FMCOs to adapt FM support to changes on the battlefield. The FM SPO ensures that the FM concept of support is synchronized with the Theater Army CSIP (Annex W) in order to facilitate procurement support.
- **Synchronize FM network.** The FM SPO coordinates FM efforts for the sustainment brigade across all supporting FMCOs, contracting offices, and CA units. The FM SPO 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 FM SPO to ensure that the subordinate FMCOs and FMDET's support local resource management efforts 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 FM SPO ensures the FMCO is providing commercial vendor services and contracting support through the accurate and timely payment of contracts.
- **Monitor all FM systems.** In coordination with the FMC, G-8 and FMCO, the FM SPO 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 FMC, is essential in acquiring support for FM systems such as Deployable Disbursing System (DDS), Commercial Accounts Processing Systems (CAPS), 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. FMCOs and their subordinate detachments request FM systems support through the Sust Bde FM SPO.
- **Coordinate FM requirements.** The FM SPO works closely with supported units to determine FM requirements and prioritize delivery of FM support. The FM SPO 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. Participation in weekly meetings and/or briefings, leveraging existing communication networks and technologies (Command Post of the Future, SIPR/NIPR web portals, and commercial off-the-shelf collaboration software) allows the FM SPO to maintain and distribute an accurate common operational picture (COP) of FM operations to the theater FM community. ICW the FMC, G-8 and FMCOs, the FM SPO 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 ESC/FM SPO coordinates with supporting contracting units (CCBN/SCCT or CCT or joint regional contracting center – if established) to determine FM workload associated with procurement support. The FM SPO also

supports quarterly cash verification requirements for subordinate FM units IAW DODFMR Volume 5, chapter 3.

- **Coordinate operations and FM support.** The FM SPO establishes mutually supporting flow of information among the FMC, G-8 and the FMCO enabling responsive FM support on the battlefield. The FM SPO at the Sust Bde level receives operational guidance from the ESC FM SPO and technical guidance from the FMC. The FM SPO deploys as part of the sustainment brigade or TSC early entry element to ensure initial FM capabilities are established to support initial entry and set conditions for subsequent follow-on operations. In consultation with the FMC, the FM SPO provides technical FM guidance to supported units and activities. The FM SPO coordinates, tracks, and monitors FMCO missions to include visibility of FM personnel, equipment and accountable items used in FM missions. The FM SPO provides related FM mission information to the unit commander, the higher headquarters FM staff, and/or FMC as requested and IAW established standing operating procedures.
- **Coordinate and provide support to subordinate FMCOs and FMDETs.** The Sust Bde FM SPO coordinates technical training for subordinate FM units, to include operational reviews of companies and detachments, through the FMC. During pre-deployment, the FM SPO ensures the FMCO receives and incorporates the Sust Bde training guidance into the development of the FMCO deployment training strategy for company and detachment personnel. FMCOs and the FM SPO will employ the Digital Training Management System and the Combined Arms Training Strategy (CATS) to develop the requisite technical and tactical training. DFAS, USAFMCOM, the Financial Management School, and the FMC are all potential resources for technical training for the FMCO and the FMDET. During extended deployments, technical training continues without impacting day-to-day operations. The FM SPO ensures that the FMCO and subordinate detachments receive the requisite logistic services and communication support to sustain FM personnel, systems, and equipment. FMCOs rarely are capable of self-sustainment or movement and rely on external support, especially when airlift is required to support FM operations. The FM SPO coordinates with supporting organizations to provide transportation support to FM operations. The FM SPO ensures that subordinate FM units receive critical signal and network support from the supporting signal community (i.e., the sustainment brigade S-6 and/or organic signal company). Finally, the FMCO will require intelligence products from the sustainment brigade staff to develop and maintain an accurate COP and to support FM plans development. The FM SPO pushes down necessary intelligence products to support the FMCO and subordinate detachments' planning efforts.

## CONSIDERATIONS IN SUPPORT OF THE PROCUREMENT PROCESS

6-24. The success of all operations depends on the support provided to the sustainment system and to OCS efforts. A large percentage of the FM mission centers on supporting the procurement process and providing oversight. Oversight is critical in preventing improper or illegal payments. 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 CSIP mutually support one another to best support Army and Joint Forces Commanders.

### OPERATIONAL CONTRACT SUPPORT

6-25. Contracting is a key source of support for deployed armed forces across full spectrum operations. Because of the importance and the associated challenges of FM support to OCS actions, financial managers 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.

6-26. **Theater Support Contracts:** Typically associated with the term operational contract support, these contracts are awarded by contracting officers in the operational area serving under the direct contracting authority of the Service component, special operations forces command, or designated joint head of contracting activity (HCA) 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.

**6-27. External Support Contracts:** External support contracts are contracts awarded by contracting organizations whose contracting authority does not derive directly from the theater HCA 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 FMI 4-93.41, FM 4-92, and AR 700-137.*

**6-28. 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 C2 systems.

6-29. The CSB and its subordinate unit's primary missions include the following:

- 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.

6-30. The CSIP is the mechanism for planning contracting support to military operations. It ensures contracting solutions are considered for all contingency operations. The following CSIP 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.

6-31. Prior to deployment, CSIPs 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 CSIP. These units assist the contracting element by developing procedures and plans to cover contingencies. Contracting organizations, in turn, provide copies of approved CSIPs to their supporting FM units and FM elements within headquarters staffs.

## FISCAL TRIAD SYNCHRONIZATION

6-32. The Fiscal Triad, as depicted in Chapter 1, Figure 1-6, represents the synchronized efforts of three distinct activities – contracting, FM and legal counsel – 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. Each apex of the Fiscal Triad represents a specific activity of the Fiscal Triad.

6-33. At the top of the Fiscal Triad is FM. 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 for supported units. FM support within the Fiscal Triad continues with obligation validation, ensuring the presence of a corresponding valid contract, 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.

6-34. 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. Units generate requirements IAW 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 the government receives contracted goods or services prior to certifying the receiving report. Commanders appoint CORs for their unit. Commanders and their staff, in the procurement process, are the requirement owners and are responsible for the following tasks:

- Defining the requirement.
- Writing the performance of work statement (PWS) 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 (includes appointment of a COR).
- Maintaining oversight of the requirement, to include the requisite funding, as long as the requirement exists.

6-35. 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 lawyer, 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 (PDSS) to a new theater of operations to establish initial procurement support capabilities.
- All activities should maintain visibility of supported unit relief in place (RIP) 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 FOO, pay agents and COR personnel.

6-36. As part of the fiscal triad, FM plays a key role in helping contracting officers establish CSIPs. FMs role in coordinating the CSIPs include—

- 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.

## SECTION IV - ASSESSMENT

### ASSESSMENT OF FM OPERATIONS

6-37. Assessment is the continuous monitoring and evaluation of the current situation, particularly the enemy, and progress of an operation (FM 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.
- Evaluating FM operations against measures of effectiveness and measures of performance.

6-38. 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 COP, 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 FM 5-0.

6-39. 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.

6-40. 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.

6-41. 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 pay support and commercial vendor services competencies. 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.

6-42. Evaluating progress of FM operations requires the comparison of those conditions pertinent to the operation against MOE and MOP 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. An 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?”

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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 funds report (MAFR), contract payment timeliness and accuracy reports, and case management system (CMS) statistics.

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6-43. 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.

6-44. 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 FM 5-0 for specific instruction on the assessment process and development of an assessment plan.

## Chapter 7

# Management Internal Controls

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 ensure that what should happen in our daily operations does happen. Internal controls promote 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.

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.

## SECTION I – MANAGEMENT RESPONSIBILITIES

### ARMY MANAGEMENT RESPONSIBILITY FOR INTERNAL CONTROL

7-1. The Army is required to develop and maintain effective internal control 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.

7-2. 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 CONTROL CONCEPTS

### STEWARDSHIP

7-3. 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 CONTROL

7-4. Internal control is 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.

7-5. Internal control is 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 control program. The responsibility for good internal control 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

7-6. 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

7-7. 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

7-8. 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

7-9. 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 auditing) 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 mechanized 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

7-10. 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.

7-11. 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 finance operations.

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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.

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## AUTHORITY

7-12. 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.

7-13. 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.

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"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

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## RESPONSIBILITIES

7-14. 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 (MIC Program) to meet the requirements of the FMFIA which includes the financial reporting requirements.

7-15. 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.

7-16. 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 to administer the internal control process within the reporting organization and to serve as a focal point for all internal control matters.

7-17. 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 GS-15. The AUM provides leadership and support; executes an internal control plan; conducts evaluations; maintains required documentation; and certifies the results of evaluations.

7-18. 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.

## SECTION II – INTERNAL CONTROL PROCESS

7-19. A common misconception exists that internal controls require less attention during OCO. Intense congressional scrutiny of contracting and procurement operations in OIF and OEF, 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.

7-20. *Establishing Managers' Internal Control Program (MIC Program).* Units deploying to a theater of operation must establish internal controls. The senior FM leader in the AO establishes the MIC Program. 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.

7-21. *Establishing Finance Operations Internal Review Program and Quality Assurance (QA) Program.* 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 FMC to ensure that those FM units under his command and control do in fact comply with all applicable laws and regulations governing FM operations. The senior FM unit (FMC/FMCO) 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 FO operations. *See AR 11-37 for specific guidance regarding establishing the QA program.*

7-22. Figure 7-1 illustrates how Management Control is the overarching theme that encompasses Army programs such as the MIC Program, finance operations internal review, and Army quality assurance programs and how all three are charged with deterring fraud, waste and abuse.



Figure 7-1. Management Control

7-23. 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.

7-24. 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 MCA should attempt to augment the checklist with additional justification from the functional proponent responsible for the assessment.

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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 IG should take place with the sole purpose of identifying internal control areas of concern and emerging trends that warrant additional review.

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7-25. 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 MIC Program. The Army relies on FM Soldiers to lead the effort and promote effective controls.

7-26. *Consolidating the Finance Operations Internal Review Program with the MIC Program Functional Review.* As the single point of entry for all FM in theater, the TA G-8 consolidates all internal control weaknesses to include the finance operations internal control findings and weaknesses. With the merger of RM and FO, all findings will be included in the Theater Army MIC Program annual statement of assurance. The MIC Program functional findings/weaknesses work through the normal G-8 staffs (Corps/Div/BCT). The FMC is responsible for ensuring all FM (FMCO/FMDET's) findings/weaknesses are reported to the TA G-8. The FMCO reports its FMDET findings to the Sust Bde and the FMC. The FMC will maintain coordinating efforts with DFAS. The FMC will ensure any external audit agency (GAO/DODIG/AAA) audit/review of any FM unit is included in the ASCC MIC Program. See figure 7-2.

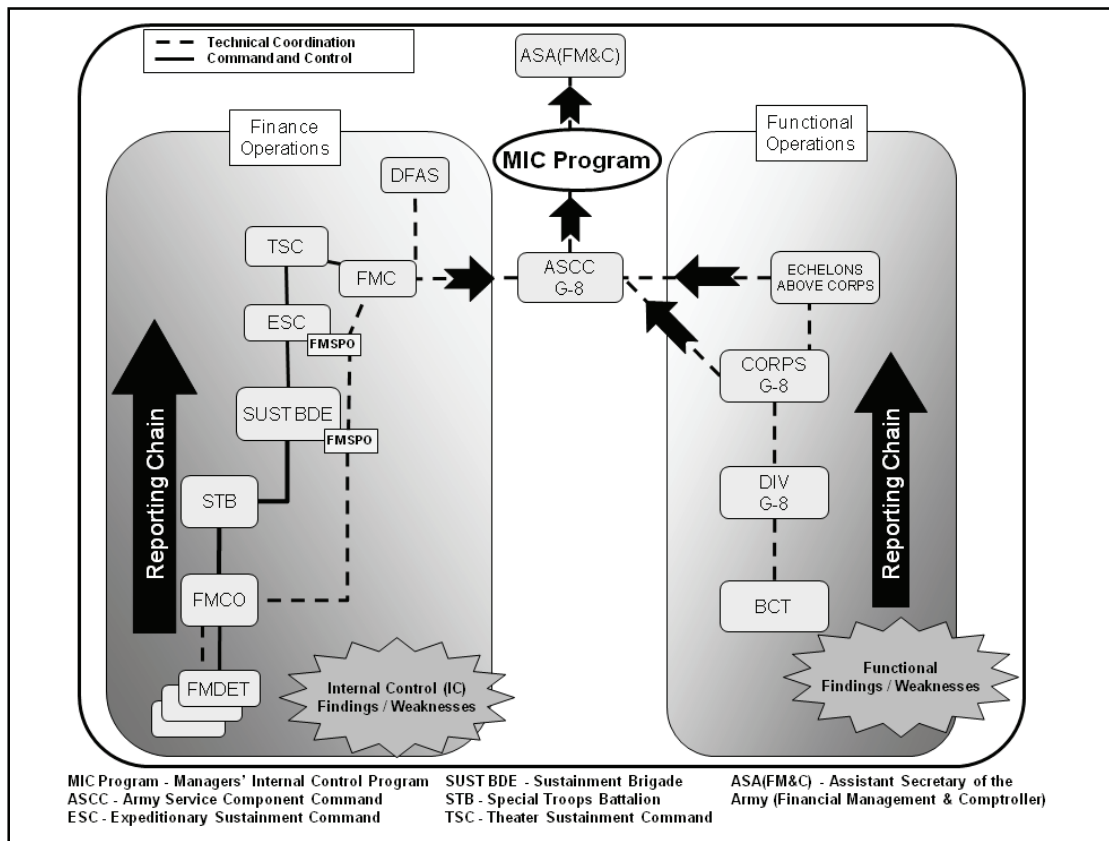


Figure 7-2. G-8 MIC Program

## SECTION III – ASSESSMENTS AND CORRECTIVE ACTIONS

7-27. 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 periodic, continuous assessments, document any weakness, and most importantly, take the necessary steps to ensure the weakness is corrected.

7-28. 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

7-29. 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

7-30. 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**

7-31. 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**

7-32. Internal control evaluations are a detailed, systematic, and comprehensive review of management controls to determine whether or not controls are in place, being used as intended, and effective in achieving its purpose.

7-33. 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 ASA (FM&C) through the 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**

7-34. 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 IG inspection or a command inspection program).

7-35. 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**

## **REPORTING**

7-36. 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. The following are 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

7-37. 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

7-38. The ASA(FM&C) is required to prepare an annual statement of assurance on internal control over financial reporting (ICOFR). 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

7-39. 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.

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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 (FM 3-0).

FM operations depend heavily on Financial Management Information Systems (FMIS). 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 – FINANCIAL MANAGEMENT INFORMATION SYSTEMS (FMIS)

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 FMCO automation section provides support to assigned or attached subordinate FMDET's 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., SIPR/NIPR 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 the FMIS that will support full spectrum 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 (CMS was previously discussed in chapter 4).

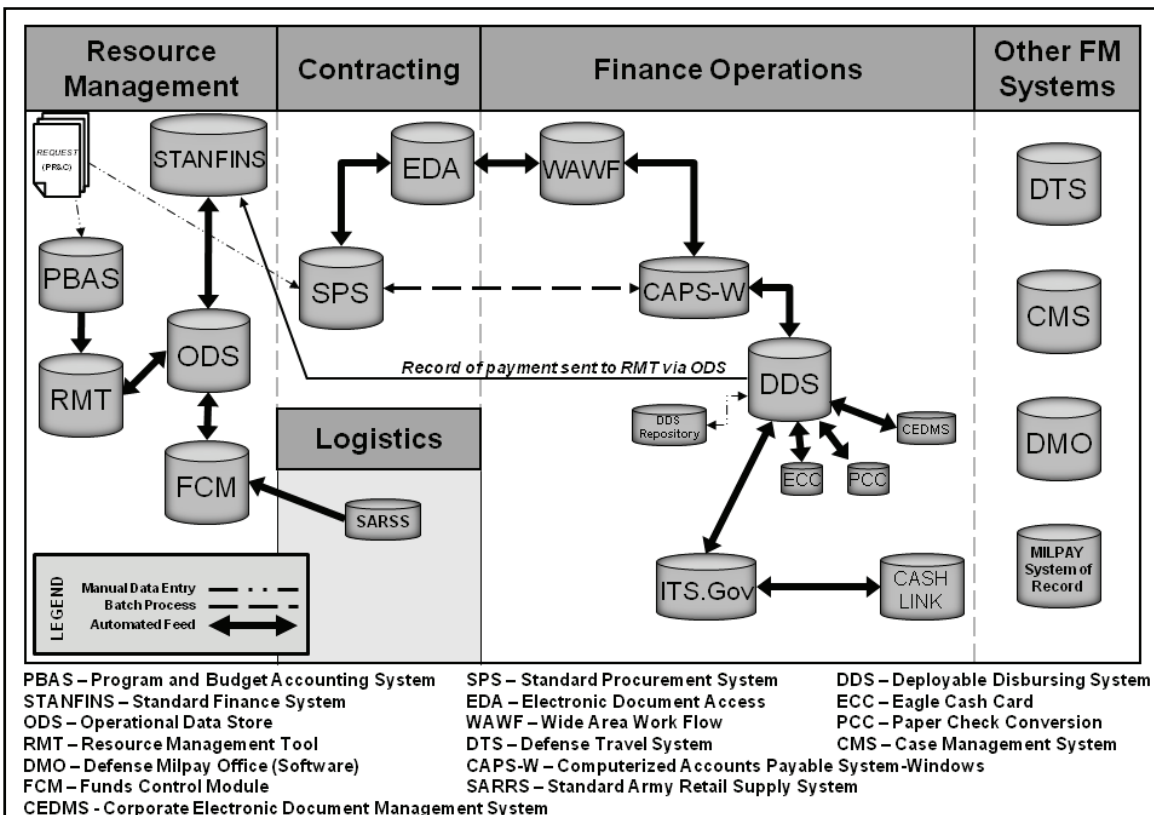


Figure 8-1. Financial Management Information Systems (FMIS)

## RESOURCE MANAGEMENT

### PROGRAM AND BUDGET ACCOUNTING SYSTEM (PBAS)

8-4. PBAS is the vehicle for controlling receipt and distribution of funds within the Army. This includes all formal fund distributions at HQDA, operating agencies (OAs) and installation levels, and informal distribution made by OAs under the Fund Allowance System (FAS). PBAS issues both fund authorization documents (FADs) and FAS documents. Distribution of targets or allowances to installation activity directors, satellites, and other activities, which are made outside of PBAS, must be documented and delegated in writing.

### STANDARD FINANCE SYSTEM (STANFINS)

8-5. STANFINS provides an Army standard installation-level system for FM consumer funds. STANFINS standardizes and automates financial transactions and major operating requirements of installation finance and accounting division, creates, updates and maintains base-level financial data banks for retrieval of statistical reports; and produces data required to update higher echelon data bank.

### OPERATION DATA STORE (ODS)

8-6. Translates data formats so that various Army FMIS (i.e. STANFINS, SOMARDS) can communicate and share information. It provides a means to query information that is located in a data store that combines many systems and databases from one source. The ODS is a database designed to integrate data from multiple sources to make analysis and reporting easier. Because the data originates from multiple sources, the integration often involves cleaning, resolving redundancy and checking against business rules for integrity. ODS is designed to contain all Army FM data (such as accounting and finance transactions) from

a multitude of Army systems. The data is captured "real time" or "near real time" and used to provide updated information to feeder systems in the Army financial and accounting network.

### **RESOURCE MANAGEMENT TOOL (RMT)**

8-7. RMT enables managers at all levels to use common data for their decisionmaking needs. It provides an Army-wide solution for synchronizing these elements at the command and subordinate organizational level and provides visibility of commitments and obligations. RMT functionality includes four modules in support of deployed FM operations: Funds Control, Budget Execution, System Administration, and Reporting Modules. The Funds Control Module distributes and tracks the Annual Funded Program (AFP) and allocation to Army Program Element/Allotment Serial Number (APE/ASN) level of detail. It provides cash management, coordinated funding change requests and integration with PBAS and STANFINS. The Budget Execution Module tracks commitments and obligations to programs in a centralized manner. The Funds Control Module precludes commitments and obligations from exceeding allotment and integrates with STANFINS and ODS. The System Administration Module manages user accounts and performs database administration. The Reporting Module provides pivot ad hoc and pre-defined query capability from single or multiple data sources. A portal feature allows user customization of important queries.

### **FUNDS CONTROL MODULE (FCM)**

8-8. FCM is a web based, 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 the ODS. This information is then prepared for processing in STANFINS or the General Fund Enterprise Business System (GFEBS).

## **LOGISTICS**

### **THE STANDARD ARMY RETAIL SUPPLY SYSTEM (SARSS)**

8-9. SARSS is a combat service peacetime and wartime logistics system. The funds control module improves supply management by converting SARSS transactions into real-time financial data that is also formatted for use in other systems. It simplifies the supply-financial management reconciliation process by obligating on the initial supply order request while at the same time establishing a robust check for funds availability. It allows for the continuous communication between SARSS and STANFINS as transmissions called web calls are transmitted in real time to the operational data store. This eliminates a 3-4 day lag-time in stock fund obligations that hit STANFINS. From an FM point of view, funds control eliminates the need for sterile Department of Defense Activity Address Code. This allows for financial transactions to be routed to the proper financial database regardless of the SARSS-1 or Corp/Theater Automated Data Processing (ADP) Support Center; the customer order (financial transaction) will pass through FCM to the right financial database. This provides Theater Commanders the flexibility to lash up organizations, both financially and logistically, based on specific requirements of the selected scenario of operations. It is possible for organizations supported by a CONUS installation to deploy anywhere in the world while its financial data is routed back to the CONUS installation.

### **GLOBAL COMBAT SUPPORT SYSTEM-ARMY (GCSS-ARMY)**

8-10. GCSS-Army is an information technology investment, implementing commercial off the shelf and non-developmental items of software and server hardware. The system provides the Army with a modern and adaptable tactical logistics sustainment enterprise resource planning solution that replaces the existing logistics STAMIS. GCSS-Army utilizes web-based capability to provide users access to information, and to exchange operational data related to tactical maintenance, materiel management, property accountability, tactical financials and other related tactical sustainment functional areas, including ammunition.

## **CONTRACTING**

### **STANDARD PROCUREMENT SYSTEM (SPS)**

8-11. SPS is a standardized, automated procurement system used by DOD acquisition community. The 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)**

8-12. EDA is one of the Business Transformation Agency (BTA) Sourcing Environment programs. EDA supports the goals of the BTA 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 initiatives to increase the application of Electronic Business/Electronic Commerce (EB/EC) across the DOD. 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.

## **FINANCE OPERATIONS**

### **WIDE AREA WORK FLOW (WAWF)**

8-13. WAWF is a secure web based system for electronic invoicing, receipt and acceptance. WAWF creates a virtual folder to combine the three documents required to pay a vendor—the contract, the invoice and the receiving report. The WAWF application enables electronic form submission of invoices, government inspection, and acceptance 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. Benefits include online access and full spectrum view of documents status, minimized re-keying and improving data accuracy, eliminating unmatched disbursements and ensuring easily accessible documentation required for payment.

### **PAPER CHECK CONVERSION OVER THE COUNTER (PCC OTC)**

8-14. The PCC OTC program converts paper checks into electronic debits to check writer's account through the Automated Clearing House system, or into a substitute check image that is truncated and cleared under the authority of the Check 21 Act. PCC OTC fully automates and improves the collection, reconciliation, research, and reporting processes associated with Federal agency over the counter check collections. Deployment of PCC OTC should be coordinated through the theater FMC and USAFMCOM. In the near future PCC OTC functionalities will be integrated into the new OTCnet web-based application. OTCnet check capture activities will primarily be performed online; however, there will also be offline check capture capabilities for agencies operating in locations where bandwidth and communications are intermittent or unavailable.

### **EAGLECASH STORED VALUE CARD (EC SVC)**

8-15. 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 that 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 (DFAC), Moral Welfare and Recreation (MWR) facilities, local concessionaries, or use it to purchase local currency from FM units. The service can also be used to convert cash deposits from AAFES, Postal, DFAC, and MWR, to electronic (Deposit Card), and to fund missions of specially designated Paying Agents (EagleCash Agent Store Value Card (ECAS)). Deployment of EC SVC should be coordinated with the Theater FMC and USAFMCOM.

### **INTERNATIONAL TREASURY SERVICES.GOV (ITS.GOV)**

8-16. 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 (SWIFT), Check, Western Union and Pay Upon Proper Identification (PUPID). 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 and customer support. Deployment of ITS.gov should be coordinated with the Theater FMC and USAFMCOM.

### **CASH-LINK**

8-17. CASH-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. CASH-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.

8-18. Financial Management Service is seeking to optimize its information technology infrastructure and re-align it with core business functions. The implications for CASH-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 CASH-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.

### **CORPORATE ELECTRONIC DOCUMENT MANAGEMENT SYSTEM (CEDMS)**

8-19. CEDMS is a web-based electronic file room. It provides a secure, high performance, scalable and reliable centralized repository that accommodates administrative requirements including document management, record keeping, record retrieval, record staging, retention, contingency operations, and document security, for scanning, indexing, and managing DFAS documents. Documents uploaded into CEDMS go through an optical character recognition process where every word on each page is indexed and becomes searchable. Currently CEDMS accepts document with the following extensions: TIFF, PDF, Microsoft Word, Excel and PowerPoint.

### **DEFENSE TRAVEL SYSTEM (DTS)**

8-20. 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 cost to the Army. Once deployed, a successful proliferation depends in large part on the roles and responsibilities of the Authorizing Official, the Finance Defense Travel administrator, the Lead Defense Travel Administrator, and the traveler.

### **GENERAL FUND ENTERPRISE BUSINESS SYSTEM (GFEBS)**

8-21. GFEBS is a Web-based enterprise resource planning (ERP) solution that enables the U. S. Army to compile and share accurate, timely, and relevant financial management data across the Army. GFEBS has the ability to—

- Supply standardized real time financial data and business information.
- Empower leadership to make strategic business decisions that have a direct and positive impact on America's fighting force.
- Integrate financial systems and functions.
- Provide increased visibility over financial information.
- Support portfolio management of financial systems.

8-22. The GFEBS process and functional scope include the General Ledger, Accounts Payable, Accounts Receivable, Funds Management, Cost Management, Financial Reporting, and Property, Plant and Equipment Inventory.

## **SECTION II – FINANCIAL MANAGEMENT TACTICAL PLATFORM**

8-23. The AN/TYQ-132(V)1 and AN/TYG-132(V)2 Financial Management Tactical Platform (FMTP) is a deployable, modular, local area network configured hardware platform, supporting deployed FM SPO, FMCO, FMDDET, G-8/S-8 (RM) 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 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 in the future will include GCSS-A and deployable/tactical GFEBS capabilities. FMTP improves internal control, reducing loss of fund and accountability risk, and complies with congressional/DOD mandated FM reporting requirements.

### **COMMUNICATION REQUIREMENTS**

8-24. 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.

8-25. 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 Sust Bde FM SPO.



**Figure 8-2. Financial Management Tactical Platform (FMTP)**

## **DISBURSING**

### **THE DEPLOYABLE DISBURSING SYSTEM (DDS)**

8-26. 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 creates STANFINS formatted output for transmission to DFAS. DDS creates pay vouchers and formatted output for upload to the military pay system for payment. The electronic funds transfer (EFT) 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 "Depositories 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 (10 U.S.C. 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).

## **RESOURCE MANAGEMENT**

8-27. The Database Commitment Accounting System (dbCAS) provides RM support. This system provides for the input and tracking of all commitment and obligation information; dbCAS can receive downloaded STANFINS information to assist in matching commitments with obligations and disbursements. It also produces reports that allow the commander to determine current fund status.

## VENDOR SUPPORT

8-28. The Computerized Accounts Payable System (CAPS) provides most commercial vendor payments. Input can be received electronically through the internet via WAWF or manually based upon submitted contracts and invoices. CAPS 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.

## TRAVEL

8-29. 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.

## PAY SUPPORT

8-30. The 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 (LEs)), via DMO batch download.

## SECTION III – COMMUNICATIONS

8-31. 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.

8-32. 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, 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.

## COMMUNICATION MODES

### SATELLITE

8-33. Satellite communications are a common means of communication from the AO to the sustainment base component. Combat service support very small aperture terminal (CSS VSAT), the logistics satellite



capability supporting CAISI, is the preferred method of connecting to a satellite network. Each FMCO is authorized one CSS VSAT on its Table of Organization and Equipment.

8-34. Depending on the communication infrastructure supporting FM units, resources available for data transmission, navigation and communication varies.

- The Enhanced Position Location Reporting System (EPLRS) provides the Army with the ability to enhance command, control, and communications capabilities by supporting battlefield requirements for data distribution, position location, navigation, reporting and friendly identification.
- Force XXI Battle Command Brigade and Below (FBCB2) consists of an FBCB2 Appliqué Computer or FBCB2 Tough-book using GPS for position location, L-Band Satellite or EPLRS radio as its means of communications and a Mission Data Loader to transfer large files. Currently FBCB2-BFT is only approved for unclassified, while FBCB2-EPLRS is approved for exchanging secret information.

## WIRE

8-35. 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.

8-36. 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. WIN-T and JTRS 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 IP based, provides Voice Over Internet Protocol capabilities and better services than under MSE. There will be four increments to WIN-T 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 SATCOM 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 (CPN) in the BN HQ that provides a network connection from the BN 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 (ESB).

## RADIO

8-37. 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 FMST to maintain constant communications with higher command levels as well as supported units. These communication requirements include data transmission as well as voice capability.

8-38. 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.

8-39. 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**

8-40. 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 EPLRS when available.

## **BASE AND REMOTE SUPPORT OPERATIONS**

8-41. 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**

8-42. Headquarters at all levels have access to JNN to pass command and control information across 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, where capabilities permit.

## **COMMUNICATIONS SECURITY**

8-43. 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 infection. 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)**

8-44. 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**

8-45. 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**

8-46. 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**

8-47. 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 DET. Unit automation sections disseminate specific procedures for use of this network.

### **ADMINISTRATIVE NETWORK**

8-48. The administrative network is used for personnel matters and for supply information and requirements. S-1s, S-4s, and S-6s at all levels of command use this network.

## **THEATER SERVICES**

### **NON-SECURE INTERNET PROTOCOL ROUTER NETWORK**

8-49. 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 worldwide 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**

8-50. The SIPRNET supports critical C2 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 United States (U.S.) 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 IV – ORGANIZATIONAL INFORMATION TECHNOLOGY (IT) CAPABILITIES**

8-51. The FMC can provide substantial organic IT support to FM units in its area of operation. Below is a list of IT capabilities the FMCs Information Management Branch can bring to the battlefield:

- Full Help Desk Support.
- DIACAP (Defense Information Assurance Certification and Accreditation Process) 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/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 FMC Rear or other IT supporting organizations.
- Provide/coordinate communication requirements (i.e., commercial telephone line, DSN and LAN) for EagleCash Kiosks.

8-52. The FMCO possess limited organic IT capabilities to support itself and FM detachments under its command and control. Below is a list of IT capabilities the FMCO can bring to the battlefield:

- Basic Help Desk support.
- Troubleshoot individual computer problems.
- Install basic hardware.
- Submit and manage help desk tickets.
- Image PCs.
- 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 V – E-COMMERCE

8-53. 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 FMC in conjunction with the Department of Treasury and USAFMCOM can proliferate the theater with E-Commerce technology. FM units are 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. Stored Value Card technology and its usage must be considered in all operational planning. The U.S. Department of the Treasury has developed Stored Value Card (SVC) applications designed to improve financial controls and cash management, streamline administrative processes, and improve quality of life of Soldiers. Theater policies must be developed and tailored to expand the use of SVCs within a theater of operations. 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.

8-54. The following FMIS comprise the E-Commerce initiative:

- WAWF.
- EagleCash.
- EDA.
- CEDMS.
- PCC OTC.
- ITS.GOV.

## Appendix A

# LEGAL

This Appendix provides background on several important laws that provide the basis for FM operations. It is not meant to be all-inclusive or a source of legal guidance. Financial managers who have questions regarding the legality of payments should contact their local SJA or legal advisor. 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.

### FISCAL LAW

A-1. 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.

A-2. 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.

A-3. 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 3 of the Anti-Deficiency Act).

### KEY TERMS

A-4. Financial managers at all levels should be familiar with the following key terms and concepts as they are commonplace in the lexicon of resource management and fiscal law. For a more extensive listing of key terms with respect to resource management refer to *DOD Financial Management Regulation (DODFMR) Vol. 2, Chapter 1*.

A-5. **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 (O&M); Procurement; Research, Development, Test, and Evaluation (RDT&E) Appropriations; and the Military Construction Appropriation Act (for Military Construction and Family Housing Appropriations).

A-6. **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.

A-7. **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.

A-8. **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. CR authorizes continuation of normal operations at a rate not to exceed the latest Congressional action or the previous year's rate. CR 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 DFAS-IN Reg. 37-1 provides additional information on the CR. DFAS-IN Reg. 37-1 excerpt:

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.

A-9. **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.

A-10. **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.

A-11. **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.

A-12. **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.

A-13. **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

### ANTI-DEFICIENCY ACT

A-14. The Anti-Deficiency Act is codified under sections 1341, 1342, 1344, and 1511-1517, Title 31, United States Code (31 USC 1341, 1342, 1344, and 1511-1517) 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.

### LAW OF ARMED CONFLICT

A-15. 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, CH 26.*

### FEED AND FORAGE ACT

A-16. 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.

A-17. 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 through command and/or resource management channels.

### CHIEF FINANCIAL OFFICERS ACT OF 1990

A-18. The Chief Financial Officers Act of 1990 established a centralized FM structure within the OMB and in major departments and agencies. Agency CFO responsibilities include the following:

- 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**

A-19. 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**

A-20. 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.

### **31 USC**

A-21. Title 31 of the U.S. Code contains the basic statutory requirements for the use, control, and accounting of public funds.

### **31 USC 1301 (A) (THE PURPOSE STATUTE)**

A-22. Title, 31, Section 1301 of the U.S. Code (31 USC 1301) (The Purpose Statute) imposes the requirement that agencies use appropriated funds only for its intended purpose.

### **RESOURCE MANAGEMENT IN MULTINATIONAL OPERATIONS**

A-23. 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. Appendix B provides additional information regarding fiscal appropriations, authorities, and agreements. Appendix C discusses financial management support to military operations in a multinational environment.*

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## Appendix B

# FISCAL APPROPRIATIONS, AUTHORITIES, AND AGREEMENTS

This Appendix describes DOD and non-DOD authorities and procedures and, when possible, gives examples of how these authorities and sources of funds have been utilized to support a variety of joint operations. Some of the more important agreements—useful to a complete understanding of FM in joint and multinational operations—are also discussed. This Appendix provides only an overview; in most cases, financial managers, along with their appropriate legal advisors, should consult the proper law, regulation, or directive prior to any expenditure of resources.

### DEPARTMENT OF THE ARMY AUTHORITIES

**OPERATION AND MAINTENANCE (O&M), MILITARY CONSTRUCTION (MILCON), MILITARY PERSONNEL (MILPERS), AND ARMY PROCUREMENT (DISCUSSED IN CH 2, SECTION I)**

### TRADITIONAL THEATER COMMANDER ACTIVITY FUNDING

B-1. **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 O&M and military personnel appropriations.

B-2. **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.

B-3. **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

B-4. **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.

B-5. **Procedures.** The combatant commander requests the CJCS to provide funds for a specific purpose, IAW CJCSI 7401.01E, 1 July 2009.

B-6. **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**

B-7. **Purpose.** Emergency and extraordinary expense (E&E) authority (10 USC 127) provides the Secretary of Defense and Service secretaries authority to expend O&M funds without regard to contracting and purpose limitations. This authority is provided annually in the O&M appropriations. Each Secretary has different amounts, depending on previously established needs. E&E 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.

B-8. **Procedures.** Very small amounts of this authority exist. The combatant commander can request the Service component to provide this E&E. If E&E 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, E&E provides the capability to obligate Service funds for an activity normally not authorized for O&M funding. If foreign currency is required to perform the activity, a Service FM office must be notified to obtain the appropriate currency.

B-9. **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)**

B-10. **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.

B-11. **Procedures.** Service regulations and/or directives should be referenced regarding proper obligation and expenditure of these funds.

B-12. **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 2551**

B-13. **Purpose.** 10 USC 2551 authorizes appropriated funds to be used to transport U.S. Government-procured humanitarian relief supplies and for other authorized humanitarian purposes.

B-14. **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)(ASD[SO/LIC&IC]).

B-15. **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**

B-16. **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.

B-17. **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.

B-18. **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**

B-19. **Purpose.** 10 USC 401 allows the Service components to carry out humanitarian and civic assistance activities abroad. Projects must promote U.S. and 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; rudimentary construction of public facilities; and detection and clearance of landmines, including education, training, and technical assistance. HCA projects cannot benefit any individual or organization engaged in military or paramilitary activity.

B-20. **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' O&M accounts. The ASD (SO/LIC) provides oversight within the DOD.

B-21. **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**

B-22. **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.

B-23. **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.

B-24. **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**

B-25. **Purpose.** 10 USC 2557 makes nonlethal excess DOD supplies available for humanitarian relief purposes.

B-26. **Procedures.** The DOD transfers nonlethal excess supplies to the DOS for distribution.

B-27. **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

### DRAWDOWN AUTHORITIES

B-28. 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.

B-29. 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.

B-30. 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.

B-31. 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)**

B-32. **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 (AECA) or any other law. Peacekeeping is a recognized purpose for use of this drawdown authority.

B-33. **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.

B-34. **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)**

B-35. **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.

**B-36. 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.

**B-37. 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**

**B-38. 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.

**B-39. 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.

**B-40. 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**

**B-41. 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. This was the authority used to lease armored personnel carriers (APCs), tanks, and helicopters to the UN for use in Somalia and to lease APCs to the UN for use by the Ghanaian battalion in UN Assistance Mission in Rwanda (UNAMIR). Sales of related equipment, repair parts, and airlift services were done under the FAA Section 607 Agreement (See paragraph 3g). 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.

**B-42. Procedures.** The UN or another country can enter into an FMS contract with the DOD through a letter of assist (LOA). 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.

**B-43. Examples.** This authority was used to lease 40 APCs to the UN for use by the Ghanaian battalion as part of UNAMIR.

### **EXCESS DEFENSE ARTICLES, 22 USC 2321J**

B-44. **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**

B-45. **Purpose.** The purpose of the Economic Support Fund (ESF) (22 USC 2346) is to furnish assistance to countries based on special economic, political, or security interests of the United States. Most ESF 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.

B-46. **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.

B-47. **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**

B-48. **Purpose.** The Peacekeeping 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).

B-49. **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).

B-50. **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**

B-51. **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.

B-52. **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.

**B-53. 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**

**B-54. 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.

**B-55. 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.

**B-56.** 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.

**B-57. 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.

**B-58. 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**

**B-59. Purpose.** Section 7 of the United Nations Participation Act (UNPA) (22 USC 287D-1) authorizes support to UN PKO. This authority permits the DOD to contribute personnel, nonlethal equipment, supplies, and services to UN operations.

**B-60. Procedures.** The UN issues a LOA to the U.S. Mission to the UN in New York (USUN). USUN 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.

**B-61. 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.

**B-62. Examples.** Examples include DOD support to UN operations in Cambodia, Angola, and Western Sahara.

### **FAA SECTIONS 628 AND 630, 22 USC 2388 AND 2390**

B-63. **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.

B-64. **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.

B-65. **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.**

B-66. **Purpose.** The Economy Act (31 USC 1535) provides general authority for federal interagency transactions. It authorizes interagency transactions when no other statute permits the providing agency to render the requested service.

B-67. **Procedures.** The act requires full reimbursement to the providing agency, including indirect costs. It authorizes the provision of defense articles and services indirectly to third world countries, the UN, and international relief organizations on a reimbursable basis. Under this approach, the DOS or other Federal agencies submit a funded interagency request for support to the DOD.

B-68. **Examples.** Until recently, this has been the primary authority to provide disaster assistance to third world countries.

### **THE PROJECT ORDER ACT, 41 USC 23**

B-69. **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 USC 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.

B-70. **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.

B-71. **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.**

B-72. **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.

B-73. **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

### UNITED NATIONS LETTER OF ASSIST

B-74. 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.

B-75. 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

B-76. **Purpose.** The purpose of the acquisition and cross-servicing agreement (ACSA) authority provided under 10 USC 2342 is to acquire or transfer logistic support outside the Arms Export Control Act (AECA) 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.

B-77. **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.

B-78. **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

B-79. 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. MOA 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)**

B-80. 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.

B-81. 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**

### **COMMANDER'S EMERGENCY RESPONSE PROGRAM (CERP)**

B-82. **Purpose.** The purpose of the U.S. funded Commander's Emergency Response Program (CERP) is to enable military commanders in Iraq and Afghanistan to respond to urgent humanitarian relief and reconstruction requirements within their areas of responsibility by carrying out programs that will immediately assist the Iraqi and Afghan people. The program is designed to allow commanders down to the brigade level the ability to make immediate, positive impact in their areas of responsibility/operations. This authority is authorized through the enactment of annual authorization/appropriations acts and is not codified in law.

B-83. **Procedures.** DOD FMR 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.

B-84. **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**

B-85. **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 non-lethal 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.

B-86. **Procedures.** DOD FMR 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.

B-87. **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

B-88. **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 USC 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 and \$1.5M for construction addressing life, health, and safety issues.

B-89. **Procedures.** Construction projects are vetted and submitted through command channels to the Coalition Forces Land Component Command (CFLCC) C-7 (Engineers). The C-7 is the proponent for these projects. The projects are submitted by the CFLCC C-7 through the Assistant Chief of Staff Installation Management (ACSIM) 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 Integrated Priority List.

B-90. **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

B-91. **Purpose.** These authorities and appropriations are made available to train, equip and maintain the security forces of the governments of Iraq (Iraqi Security Forces Fund) and Afghanistan (Afghan Security Forces Fund). These authorities serve as a funding stream that provides support to all elements of the Iraqi and Afghan security forces to include: the Army, police forces, special task forces, and border security.

B-92. Section 1206 (Train and Equip) of the FY 2006 NDAA authorized the Secretary of Defense to conduct or support programs that build the capacity of a foreign country's military and maritime security forces. The FY 2009 Duncan Hunter NDAA authorized funding authority which expires at the end of FY 2011.

B-93. Section 1207 (Security and Stabilization Assistance) of the FY 2006 NDAA authorized the Secretary of Defense to transfer articles and funds to the Department of State for the purpose of providing reconstruction, security or stabilization assistance to a foreign country. The FY 2009 Duncan Hunter NDAA authorized funding in FY 2009 (Section 1210). This authority has been extended through FY 2010.

B-94. Section 1208 (Support to Foreign Forces) of the FY 2005 NDAA authorized DOD to reimburse foreign forces, groups, or individuals supporting or facilitating ongoing counter-terrorism military operations by U.S. special operations forces. The FY 2009 NDAA authorized funding this authority through FY 2013.

B-95. **Procedures.** Iraqi Security Forces Fund (ISFF) is administered by Multinational Security Transition Command-Iraq. The Combined Security Transition Command – Afghanistan (CSTC-A) administers the Afghan Security Forces Fund (ASFF). Congress appropriates funding for ISFF and ASFF annually and the attendant authority is not codified in law.

B-96. **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

B-97. **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 O&M per fiscal year to provide logistic support, supplies, and services (LSSS), including air-lift and sea-lift support, to partner nation forces worldwide in support of multinational operations.

B-98. **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. This authority may not be used in Iraq and Afghanistan since Iraq/Afghanistan Lift and Sustain is the more specific authorization.

B-99. **Examples.** In 2009, DOD used this authority to provide strategic lift to Romanian forces participating in U.S. Task Force Falcon operating in Kosovo.

## Appendix C

# FINANCIAL MANAGEMENT SUPPORT TO MILITARY OPERATIONS IN A MULTINATIONAL ENVIRONMENT

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.

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. For example, the “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 OIF and OEF. 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.

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

## UN OPERATIONS

C-1. A variety of missions may be conducted in conjunction with the UN. Section 7 of the United Nations Participation Act (UNPA) 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 UNPA 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.

C-2. 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.

C-3. 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

C-4. 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 (POL) 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).

C-5. 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, POL, 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.

C-6. The UN issues the approved LOA to the United States Mission to the United Nations (USUN), 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.

C-7. 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 O&M 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.

## **NATO OPERATIONS**

C-8. 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**

C-9. 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, NATO's 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**

C-10. 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 O&M 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**

C-11. 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

C-12. Once the host nation support (HNS) agreement is established, the S-4/G-4/C-4/J-4 provides a detailed statement of requirements to the HN and begins the negotiations for logistic support. The use of O&M 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

### CIRCUMSTANCES FOR SUPPORT

C-13. 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 the following 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 Appendix B for a detailed discussion on several of the legal authorities for reimbursement, including the ACSA, Sections 607 and 632 of the FAA, and The Economy Act.*
- 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

C-14. 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

C-15. Assistance in kind (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.

## NONGOVERNMENTAL ORGANIZATION REIMBURSEMENT PROCEDURES

C-16. 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-DOD GOVERNMENTAL AGENCIES REIMBURSEMENT PROCEDURES**

C-17. 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 bill, through the supported agency. The SF 1080 must have a copy of the agreement with attached substantiating documents.

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## Appendix D

# GUIDE TO OPERATION PLAN/ORDER DEVELOPMENT

This appendix provides 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 FM 5-0 for further guidance in the preparation of plans and orders.

## PROCEDURES

D-1. The FM Appendix, to the Service Support Annex of the OPLAN/OPORD, Figure D-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 (JARB, CARB). Finally, any reporting requirements and formats should be identified and explained in the FM Appendix.

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*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.

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(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:** FM 1-06, FM 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).*

**Figure D-1. FM Appendix to the Service Support Annex of the OPLAN/OPORD**

(1) (U) Terrain. List all critical terrain aspects that impact FM operations. Refer to Tab A (Terrain) to Appendix I (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 I (Intelligence Estimate) to Annex B (Intelligence) as required.

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) Interagency, Intergovernmental and Nongovernmental Organizations. 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 Full Spectrum Operations and Redeployment and Demobilization Operations. Refer to Annex C (Operations) as required.

(1) (U) Finance Operations. Identify key finance operations (FO) 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 FO such as transportation, communication and contracting.

(a) (U) Pay Support. Describe pay support functions available to the Service Members and the limitations established by DOD, DA and theater policies. Identify logistic issues such as transportation that will impact the support provided. List any specific instructions or guidance for the submission of pay support inquiries.

**Figure D-1. FM Appendix to the Service Support Annex of the OPLAN/OPORD (continued)**

(b) (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.

(c) (U) Accounting Support and Cost Management. Describe accounting support related to FO. Procedures to reconcile, analyze, and account for transactions affecting disbursing, pay support, and commercial vendor services (CVS).

(d) (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.

(e) (U) Internal Control. Describe all information included in the Managers' Internal Control Program (MIC Program). 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 MIC Program. Also describe metrics use to evaluate performance.

(2) (U) Resource Management. Identify key Resource Management (RM) 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 RM such as transportation, communication and contracting.

(a) (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.

(b) (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.

(c) (U) Internal Control. Describe all information included in the Manager's Internal Control Program (MIC Program). 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 MIC Program. Also describe metrics use to evaluate performance.

**Figure D-1. FM Appendix to the Service Support Annex of the OPLAN/OPORD (continued)**

b. (U) Tasks to Subordinate Units. List FM tasks assigned to specific FM components not contained in the base order.

c. (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 O&M 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.

**5. (U) Command and Control**.

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 (SIPR/NIPR), 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]

Figure D-1. FM Appendix to the Service Support Annex of the OPLAN/OPORD (continued)



## Appendix E

# FM PLANNING AND OPERATIONS ACTIVITIES

This appendix provides 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. Some activities categorized as RM operations may also represent an FO required activity and vice versa. FM personnel such as FM staff members (Theater Army through Division G-8, FMC and FM SPO) and FM unit leadership (FMCO through FMDET) should review these activities and determine which activities are applicable to their mission and organizational level.

## PRE-DEPLOYMENT OPERATIONS

### RESOURCE MANAGEMENT OPERATIONS

E-1. As part of resource management (RM) operations conducted during mobilization and pre-deployment, the financial manager should—

- Deploy as a member of the PDSS Team.
- Provide RM advice and assistance to command and staff.
- Determine RM 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, APCs, FCA, fund cite, Unit Level Logistics System (ULLS) data entry with G-4/material management center (MMC). 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 FMC and/or FM SPO for information regarding finance operations as needed to develop the FM appendix. The appendix should include both RM and FO tasks and guidance for subordinate commanders and FM units.
- Review requirements for RM support and establishment of funding responsibility, to include contracting and procurement; ensure the mechanism for cost capturing is established.
- 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 (MWR), the American Red Cross, NGOs, and public affairs (PA).
- 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.
- Coordinate USAFMCOM E-Commerce requirements (e.g., SVC, PCCOTC, ITS.GOV).

### FINANCE OPERATIONS

- E-2. As part of finance operations in mobilization and pre-deployment, the financial manager should—
- Prepare the FO portion of 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; solatium payments; 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, PCC OTC, 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.
  - Support NEO.
  - Prepare to provide currency funding support to other U.S. and multinational organizations in the AO.
  - Determine the requirement for LDAs.
  - Prepare for solatium payments and payments for other claims.
  - Coordinate with the SJA to ensure legal considerations are reviewed.
  - When possible, deploying FMCO 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 FULL SPECTRUM OPERATIONS

### RESOURCE MANAGEMENT OPERATIONS

E-3. As part of RM operations in deployment and full spectrum operations, the financial manager should—

- Co-locate and conduct RM operations with logistic, contract, and disbursing/pay agent assets.
- Coordinate RM 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.

### FINANCE OPERATIONS

E-4. As part of finance operations in deployment and full spectrum operations, the financial manager should—

- 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 legal considerations are reviewed.

## STABILITY OPERATIONS

### RESOURCE MANAGEMENT OPERATIONS

E-5. As part of RM 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.

## **FINANCE OPERATIONS**

- E-6. As part of finance operations in stability operations, the financial manager should—
- Provide banking and 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**

### **RESOURCE MANAGEMENT OPERATIONS**

- E-7. During redeployment the financial manager should—
- Coordinate and develop RM 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.
  - Submit after action review.

## **FINANCE OPERATIONS**

- E-8. As part of finance operations in redeployment and demobilization operations, the financial manager should—
- 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 accounting processing codes (APCs) back to home station APCs.
  - Request additional obligation authority to replace or repair damaged or destroyed equipment.

# Glossary

## SECTION I – ACRONYMS AND ABBREVIATIONS

<b>AAA</b>	Army Audit Agency
<b>AAFES</b>	Army and Air Force Exchange Service
<b>ABO</b>	Army Budget Office
<b>ACH</b>	Automated Clearing House
<b>ACM</b>	Army Contingency Operations Cost Model
<b>ACOM</b>	Army Command
<b>ACSA</b>	acquisition and cross-servicing agreement
<b>ADA</b>	Anti-Deficiency Act
<b>ADCON</b>	administrative control
<b>ADSN</b>	Accounting and Disbursing Station Number
<b>AECA</b>	Arms Export Control Act
<b>AFARS</b>	Army Federal Acquisition Regulation
<b>AIK</b>	assistance in kind
<b>AO</b>	area of operation
<b>AOR</b>	area of responsibility
<b>APC</b>	accounting processing code; armored personnel carrier
<b>AR2B</b>	The Army Requirements and Resourcing Board
<b>ARCENT</b>	Army Central Command
<b>ASA(FM&amp;C)</b>	Assistant Secretary of the Army for Financial Management & Comptroller
<b>ASD(SO/LIC&amp;IC)</b>	Assistant Secretary of Defense (Special Operations and Low Intensity Conflict and Interrelated Capabilities)
<b>ASFF</b>	Afghanistan Security Force Fund
<b>ASOS</b>	Army support to other Services
<b>ATTP</b>	Army tactics, techniques and procedures
<b>AUM</b>	assessable unit manager
<b>AUT</b>	Analysis of Unmatched Transactions
<b>BCT</b>	brigade combat team
<b>BES</b>	budget estimate submission
<b>C2</b>	command and control
<b>CAISI</b>	Combat Service Support Automated Information Systems Interface
<b>CAPS</b>	Computerized Accounts Payable System
<b>CARB</b>	Combined Acquisition Review Board
<b>CCBN</b>	contingency contracting battalion
<b>CCDR</b>	combatant commanders
<b>CCIR</b>	commander's critical information requirement
<b>CCP</b>	contingency command post
<b>CCT</b>	contingency contracting teams

<b>CDR</b>	Commander
<b>CEDMS</b>	corporate electronic document management system
<b>CERP</b>	commander's emergency response program
<b>CFLCC</b>	Coalition Forces Land Component Command
<b>CFO</b>	Chief Financial Office
<b>CHA</b>	cash holding authority
<b>CI</b>	civilian internee
<b>CM</b>	cost management
<b>CMS</b>	case management system
<b>COA</b>	course of action
<b>CONOPS</b>	contingency operations
<b>COR</b>	contracting officer's representative
<b>CR</b>	continuing resolution
<b>CRM</b>	composite risk management
<b>CSB</b>	contracting support brigade
<b>CSIP</b>	contract support integration plan
<b>CSS VSAT</b>	combat service support very small aperture terminal
<b>CSSB</b>	Combat Sustainment Support Battalion
<b>CU</b>	credit union
<b>CUL</b>	common user logistics
<b>CVS</b>	commercial vendor services
<b>DAFL</b>	Directive authority for logistics
<b>dbCAS</b>	Dbase Commitment Accounting System
<b>DDS</b>	Deployable Disbursing System
<b>DFARS</b>	Defense Federal Acquisition Regulation Supplement
<b>DFAS</b>	Defense Finance and Accounting Service
<b>DJMS</b>	Defense Joint Military Pay System
<b>DJMS-AC</b>	Defense Joint Military Pay System – Active Component
<b>DMO</b>	Defense MilPay Office
<b>DO</b>	disbursing officer
<b>DOD</b>	department of defense
<b>DODD</b>	Department of Defense Directive
<b>DODFMR</b>	Department of Defense Financial Management Regulation
<b>DODIG</b>	Department of Defense Inspector General
<b>DOS</b>	Department of State
<b>DRU</b>	direct reporting unit
<b>DSCA</b>	Defense Security Cooperation Agency
<b>DSSN</b>	disbursing station symbol number
<b>DTS</b>	Defense Travel System
<b>EA</b>	executive agent
<b>ECC</b>	expeditionary contracting command

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<b>EDA</b>	electronic document access
<b>EFT</b>	electronic funds transfer
<b>EPLRS</b>	Enhanced Position Location Reporting System
<b>EPW</b>	enemy prisoner of war
<b>ERP</b>	Enterprise Resource Planning
<b>ESC</b>	Expeditionary Sustainment Command
<b>ESF</b>	Economic Support Fund
<b>EVE</b>	equal value exchange
<b>FAA</b>	Foreign Assistance Act
<b>FAR</b>	Federal Acquisition Regulation
<b>FAS</b>	Fund Allowance System
<b>FBCB2</b>	Force XXI Battle Command Brigade and Below
<b>FCA</b>	functional cost account
<b>FCM</b>	force costing model/funds control module
<b>FEMA</b>	Federal Emergency Management Agency
<b>FM</b>	financial management
<b>FM SPO</b>	financial management support operations
<b>FMC</b>	financial management center
<b>FMCO</b>	financial management company
<b>FMDET</b>	financial management detachment
<b>FMFIA</b>	Federal Managers Financial Integrity Act
<b>FMIS</b>	financial management information system
<b>FMS</b>	foreign military sales
<b>FMST</b>	financial management support team
<b>FMTTP</b>	financial management tactical platform
<b>FNS</b>	foreign nation support
<b>FO</b>	finance operations
<b>FOO</b>	field ordering officer
<b>FRAGO</b>	fragmentary order
<b>FRB</b>	Federal Reserve Bank
<b>FSO</b>	full spectrum operations
<b>FY</b>	fiscal year
<b>G-8</b>	Assistant Chief of Staff, Financial Management
<b>G-9</b>	Assistant Chief of Staff, Civil Affairs
<b>GAO</b>	General Accounting Office
<b>GCSS-Army</b>	Global Combat Support System-Army
<b>GFEBs</b>	General Fund Enterprise Business System
<b>GIG</b>	Global Information Grid
<b>HNS</b>	host nation support
<b>HQ</b>	headquarters
<b>IATS</b>	Integrated Automated Travel System

<b>IAW</b>	in accordance with
<b>IBA</b>	individual body armor
<b>IC</b>	internal control
<b>ICA</b>	internal control administrator
<b>ICEP</b>	internal control evaluation plan
<b>IMET</b>	international military education and training
<b>IPB</b>	intelligence preparation of the battlefield
<b>IPL</b>	integrated priority list
<b>ISFF</b>	Iraqi security forces fund
<b>JARB</b>	Joint Acquisition Review Board
<b>JCS</b>	Joint Chiefs of Staff
<b>JFLCC</b>	joint forces land component command
<b>JOA</b>	joint operations area
<b>JP</b>	joint publication
<b>JTF</b>	joint task force
<b>LD</b>	limited depositary
<b>LDA</b>	limited depositary account
<b>LES</b>	leave and earnings statement
<b>LOA</b>	letter of assist
<b>LOGCAP</b>	logistics civil augmentation program
<b>LWN</b>	LandWarNet
<b>MAFR</b>	merged accountability and funding report
<b>MBF</b>	military banking facility
<b>MCA</b>	military construction appropriations
<b>MCP</b>	main command post
<b>MDEP</b>	management decision package
<b>MDMP</b>	military decisionmaking process
<b>METT-TC</b>	mission, enemy, terrain and weather, troops and support available, time available and civil considerations
<b>MIC Program</b>	Managers' Internal Control Program
<b>MILCON</b>	military construction
<b>MILPERS</b>	military personnel
<b>MIPR</b>	military interdepartmental purchase request
<b>MMPA</b>	master military pay account
<b>MOA</b>	memorandum of agreement
<b>MOD</b>	miscellaneous obligation document
<b>MOE</b>	measures of effectiveness
<b>MOP</b>	measures of performance
<b>MPA</b>	Military Personnel Army
<b>MTOE</b>	modified table of organization and equipment
<b>NAF</b>	nonappropriated fund
<b>NATO</b>	North Atlantic Treaty Organization



<b>NEO</b>	noncombatant evacuation operations
<b>NGPA</b>	national guard personnel Army
<b>NIPR</b>	nonsecure internet protocol router
<b>NMS</b>	National Military Strategy
<b>NRI</b>	network radio interface
<b>NSFOP</b>	non-stock fund orders and payables
<b>NULO</b>	negative unliquidated obligations
<b>O&amp;M</b>	operation and maintenance
<b>OA</b>	operating agencies
<b>OCO</b>	overseas contingency operations
<b>OCS</b>	operational contract support
<b>ODS</b>	operational data store
<b>OE</b>	operational environment
<b>OEF</b>	Operation Enduring Freedom
<b>OIF</b>	Operation Iraqi Freedom
<b>OMA</b>	operation and maintenance Army
<b>OMANG</b>	operation and maintenance Army National Guard
<b>OMAR</b>	operation and maintenance Army Reserve
<b>OMB</b>	Office of Management and Budget
<b>OPA</b>	other procurement Army
<b>OPLAN</b>	operational plans
<b>OPORD</b>	operation order
<b>OR</b>	operational readiness
<b>OSD</b>	Office of the Secretary of Defense
<b>OUSD(C)</b>	Office of the Undersecretary of Defense (Comptroller)
<b>PA</b>	pay agent
<b>PBAS</b>	Program Budget Accounting System
<b>PBD</b>	program budget decision
<b>PCC-OTC</b>	Paper Check Conversion-Over the Counter
<b>PDM</b>	program decision memorandum
<b>PDSS</b>	Pre-Deployment Site Survey
<b>PKO</b>	peacekeeping operations
<b>POM</b>	program objective memorandum
<b>PPBE</b>	planning, programming, budgeting, and execution
<b>PRA</b>	pay record accessibility
<b>PRT</b>	provincial reconstruction teams
<b>PWS</b>	performance of work statement
<b>R2C2</b>	Requirements, Readiness, Capacity and Cost
<b>RCC</b>	regional contracting centers
<b>RDF</b>	radio direction finding
<b>RDT&amp;E</b>	Research, Development, Test and Evaluation

<b>RIK</b>	replacement-in-kind
<b>RM</b>	resource management
<b>RMT</b>	resource management tool
<b>RPA</b>	reserve personnel Army
<b>RSOI</b>	reception, staging, onward movement and integration
<b>SAMIS</b>	Standard Army Management Information Systems
<b>SARSS</b>	Standard Army Retail Supply Sytem
<b>SASC</b>	Senate Armed Service Committee
<b>SCCT</b>	senior contingency contracting team
<b>SDP</b>	Savings Deposit Program
<b>SINCGARS</b>	single-channel ground and airborne radio system
<b>SIPR</b>	secure internet protocol router
<b>SJA</b>	staff judge advocate
<b>SM</b>	service member
<b>SPG</b>	Strategic Planning Guidance
<b>SPO</b>	support operations
<b>SPS</b>	Standard Procurement System
<b>SRP</b>	soldier readiness processing
<b>STANFINS</b>	Standard Finance System
<b>STB</b>	Special Troops Battalion
<b>STRATLIFT</b>	strategic lift
<b>SUST BDE</b>	Sustainment Brigade
<b>SVC</b>	Stored Value Card
<b>SWIFT</b>	Society for Worldwide Interbank Financial Telecommunication
<b>TA</b>	Theater Army
<b>TAP</b>	The Army Plan
<b>TCA</b>	Theater Commander Activity
<b>TFBSO</b>	Task Force for Business Stability Operations
<b>TFE</b>	tactical field exchange
<b>TLP</b>	troop leading procedures
<b>TO</b>	Theater Opening
<b>TPU</b>	troop program unit
<b>Treasury</b>	Department of Treasury
<b>TRS</b>	Transaction Reporting System
<b>TSC</b>	theater sustainment command
<b>TTIF</b>	transition team implementation fund
<b>UCFR</b>	Unit Commander's Finance Report
<b>UN</b>	United Nations
<b>UNPA</b>	United Nations Participation Act
<b>USAFMCOM</b>	United States Army Financial Management Command
<b>USAID</b>	U.S. Agency for International Development

<b>USAMC</b>	United States Army Material Command
<b>USC</b>	United States Code
<b>USUN</b>	United States Mission to the United Nations in New York
<b>VSAT</b>	very small aptitude terminal
<b>WAWF</b>	wide area work flow

## SECTION II – TERMS

### **account processing code**

Is the locally established data element that allows the financial manager the ability to capture costs and track commitments, obligations, and disbursements in accounting systems. It is a tool used to answer the question of who spent how much for what. APCs may be assigned to specific units, staff sections, events, or functions. APCs link MDEPs and AMSCOs with the purpose of the funding. Also called APC.

### **accounting support**

Accounting support entails the accurate and complete recording of financial transactions within the Army FM Information Systems (FMIS) and the review and reconciliation of these financial transactions to ensure the proper expenditure of entrusted funds in support of full spectrum operations.

### **administrative control**

(joint) Direction or exercise of authority over subordinate or other organizations in respect to administration and support, including organization of Service forces, control of resources and equipment, personnel management, unit logistics, individual and unit training, readiness, mobilization, demobilization, discipline, and other matters not included in the operational missions of the subordinate or other organizations. Also called ADCON. (JP 1)

### **anticipation**

The ability of FM leaders to forecast requirements based upon professional judgment honed by experience, knowledge, education, intelligence, and intuition.

### **area of operation**

(joint) An operational area defined by the joint force commander for land and naval forces. Areas of operation do not typically encompass the entire operational area of the joint force commander, but should be large enough for component commanders 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**

(Army) Banking support encompasses a wide spectrum of FM activities ranging from 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 and LDA establishment, coordination with U.S. embassies, USAFMCOM, DFAS, and Treasury in order to integrate all agencies in support of banking initiatives.

### **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**

The budget estimate is based on specific combatant command operational plans, troop levels, location, and operating circumstances. HQDA via its financial management and logistics staffs, uses data provided by the responsible CCDR and the theater ASCC to derive a projected incremental cost estimate for submission to OUSD(C).

**cash**

Coins and bills on hand readily available.

**cash dispensing machine**

A machine that dispenses cash only, contrary to an automated teller machine (ATM) that can perform other functions as funds transfers among a customer's various accounts and acceptance of deposits. Equipment generally is activated by a plastic card in combination with a personal identification number (PIN).

**combatant commander**

(joint) A commander of one of the unified or specified combatant commands established by the President. (JP 3-0)

**command and control**

(joint) The exercise of authority and direction by a properly designated commander over assigned and attached forces in the accomplishment of the mission. Command and control functions are performed through an arrangement of personnel, equipment, communications, facilities, and procedures employed by a commander in planning, directing, coordinating, and controlling forces and operations in the accomplishment of the mission. Also called C2. (JP 1)

**consistency**

The principle involves the provision of consistent FM support and guidance to forces throughout the AO.

**contracting officer**

(joint) A U.S. military officer or civilian employee who has a valid appointment as a contracting officer under the provisions of the Federal Acquisition Regulation. The individual has the authority to enter into and administer contracts and determinations and findings about such contracts. (JP 4-10)

**cost center**

Serve as a base for a management optimization model – a model utilized to reflect 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.

**cost culture**

It is the cultural shift from “obligate 99.9% of budget” to “accomplish the mission considering cost.” The Army vision for cost culture is a culture where all leaders and managers factor cost into their decisionmaking and understand both the near - and long-term cost implications of their decisions.

**cost management**

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 will provide Army leaders and managers real-time costs that are tied to operational and functional activities.

**currency**

Paper money in the form of U.S. dollars and foreign banknotes.

**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. Direct costs usually include: Salaries and wages. Direct labor employee fringe benefits. Consultant services for a product or service. Travel of direct labor employees. Materials, supplies and equipment purchased directly for consumption by a unit or use on a specific product, program, contract, product, or service output. Communication costs such as long distance telephone calls identifiable within a specific award or activity. Various costs associated with office space, equipment, facilities and utilities that are used exclusively to produce the output.

**disbursing support**

Comprised of currency management and procurement support. Currency management includes supplying U.S. currency, foreign currencies, U.S. Treasury checks and, in some operations receiving and controlling precious metals (gold and silver).

**economic analysis**

A detailed report identifying all the financial aspects of a specific geographical area and the effect that U.S. forces presence and spending will have on that area is provided to a commander in order to make decisions on applying the economic instrument of power.

**economy**

The application of the minimal amount of resources necessary to accomplish the mission within acceptable levels of risks.

**electronic funds transfer**

EFT is a method of electronically transferring and depositing funds utilizing bank account routing information –reducing the need for cash or checks in theater. The use of EFT in lieu of manual processes substantially reduces the amount of cash or check in the theater AOR by electronically transferring payments due to Soldiers and vendors to a predetermined bank account. This enables the recipient to receive the payment in a timely manner while at the same time reducing the processing cost of the manual payment process (postage, paper check stock and storage costs). Also called EFT.

**executive agent**

(joint) The 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. Also called EA. (JP 1-06)

**finance operations**

(Army) The execution of the joint FM mission to provide financial advice and guidance, support the procurement process, provide pay support, and banking and disbursing support. See also financial management.

**financial management**

(Army) Is the sustainment of U.S. Army, joint, interagency, interdepartmental, and multi-national operations through the execution of two mutually supporting core functions, Resource Management (RM) and Finance Operations (FO). These two functions are comprised of the following core competencies: fund the force, banking and disbursing support, pay support, accounting support and cost management, FM planning and operations, and management internal controls.

**fiscal triad**

The Fiscal Triad illustrates the legally-binding process that governs the critical path between contracting and FM for acquisition management, internal controls, and fiscal law prescribed for the procurement process. FM, contracting and legal counsel (SJA fiscal lawyer) comprise a system that fulfills the full spectrum of 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.

**foreign nation support**

Civil and/or military assistance rendered to a nation when operating outside its national boundaries during war, or operations other than war based on agreements mutually concluded between nations or on behalf of international organizations. Support may come from the nation in which forces are operating. Foreign nation support also may be from third party nations and include support or assistance, such as logistics, rendered outside the operational area. Also called FNS. See also host-nation support. (JP 1-06)

### **full cost**

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 and the costs of supporting services. Full cost information helps users determine relevant costs of specific activities, goods and services.

### **fund the force**

The critical capability within the FM competency resource management 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 US 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. Assistance provided under these provisions is limited to (1) medical, dental, and veterinary care provided in rural areas of a country; (2) construction of rudimentary surface transportation systems; (3) well drilling and construction of basic sanitation facilities, and (4) rudimentary construction and repair of public facilities. Assistance must fulfill unit training requirements that incidentally create humanitarian benefit to the local populace. Also called HCA. (JP 3-29)

### **improvisation**

The ability to adapt operations and plans for Financial Management to changing situations and missions.

### **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).

### **indirect cost**

Indirect cost is a cost that cannot be directly attributed to the production of the organization's product or service output. Indirect costs are typically fixed costs, and overhead costs. Indirect costs are not usually affected by changes in output levels. They represent the expenses of doing business that are not readily identified with a particular grant, contract, project function or activity, but are necessary for the general operation of the organization and the activities it performs. Examples of indirect costs include utilities, and support personnel (e.g., comptrollers, supervisors). These costs are usually assigned or allocated based on their relationship to output.

### **instrument of economic power**

(Army) The establishment of fiscal policies at the strategic and operational levels that impact currency, banking, electronic commerce, local purchasing, employment opportunities, infrastructure projects, the utilization of natural resources, grants, and loans (i.e. all things financial) in a theater of operations in order to achieve a desired effect for the commander.

### **interorganizational partners**

Term used when referring collectively to other government agencies (OGAs), intergovernmental organization (IGOs), nongovernmental organizations (NGOs), and multinational forces

**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. Joint operations areas are particularly useful when operations are limited in scope and geographic area or when operations are to be conducted on the boundaries between theaters. Also called JOA. (JP 1-02)

**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 1-02)

**letter of assist**

(joint) A contractual document issued by the United Nations (UN) to a government authorizing it to provide goods or services to a peacekeeping operation; the UN agrees either to purchase the goods or services or authorizes the government to supply them subject to reimbursement by the UN. A letter of assist typically details specifically what is to be provided by the contributing government and establishes a funding limit that cannot be exceeded. Also called LOA. (JP 1-06)

**limited depositary**

A U.S. or foreign commercial bank designated by the Treasury Department to receive deposits from disbursing officers for credit to their official limited depositary checking accounts.

**limited depositary account**

A checking account in a foreign currency maintained in a limited depositary by a disbursing officer in his or her name. Limited depositary accounts also may be referred to as operating accounts.

**managers' internal control program**

(Army) MIC Program is designed to provide reasonable assurance that established accountability and control procedures comply with applicable laws and regulations. As it pertains to financial management, the MIC Program provides reasonable assurance that obligations and costs comply with applicable laws, that funds are protected, and that proper accounting is kept of all expenditures (stewardship). The MIC Program must be established as soon as possible, but not at the expense of operational or tactical considerations.

**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) Civil and/or military assistance rendered to a nation by foreign forces within that nation by foreign forces within that nation's territory during peacetime, crises or emergencies, or war, based on agreements mutually concluded between nations. Nation assistance programs include, but are not limited to, security assistance, foreign internal defense, other US Code title 10 (DOD) programs, and activities performed on a reimbursable basis by Federal agencies or international organizations. (JP 3-0)

**noncombatant evacuation operations**

(joint) Operations directed by the Department of State, the Department of Defense, or other appropriate authority whereby noncombatants are evacuated from foreign countries when their lives are endangered by war, civil unrest, or natural disaster to safe havens or to the United States. Also called NEOs. (JP 3-0)

### **nongovernmental organizations**

(joint) Transnational organizations of private citizens that maintain a consultative status with the Economic and Social Council of the United Nations. Nongovernmental organizations may be professional associations, foundations, multinational businesses, or simply groups with a common interest in humanitarian assistance activities (development and relief). Also called NGOs. (JP 3-08)

### **obligation management**

Is a basic function of financial management operations and provides fiscal controls to protect against Ant 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.

### **operational contract support**

The mission of operational contract support is to responsively, effectively, and legally contract for the supplies, services, and construction necessary to support the mission of the supported organizations (Army Federal Acquisition Regulation (AFARS) No.2). FM operations are critical to successful contracting operations.

### **operational control**

(joint) Command authority that may be exercised by commanders at any echelon at or below the level of combatant command. Operational control is inherent in combatant command (command authority) and may be delegated within the command. When forces are transferred between combatant commands, the command relationship the gaining commander will exercise (and the losing commander will relinquish) over these forces must be specified by the Secretary of Defense. Operational control is 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. Operational control includes authoritative direction over all aspects of military operations and joint training necessary to accomplish missions assigned to the command. Operational control should be exercised through the commanders of subordinate organizations. Normally this authority is exercised through subordinate joint force commanders and Service and/or functional component commanders. Operational control normally provides full authority to organize commands and forces and to employ those forces as the commander in operational control considers necessary to accomplish assigned missions; it does not, in and of itself, include authoritative direction for logistics or matters of administration, discipline, internal organization, or unit training. Also called OPCON. (JP 1)

### **pre-deployment cost estimate**

Supports operational assumptions and decisionmaking processes. The cost estimate defines and supports requests for reprogramming or additional appropriations. The working estimate measures actual costs, and which can determine the changes in cost that would result from changes to the operational plan. 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.

### **resource management operations**

The execution of the resource management mission includes 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

### **responsibility segment**

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.



**responsiveness**

The ability to meet changing requirements on a short notice.

**stability operations**

(joint) Encompass 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)

**simplicity**

The minimization of complexity in the sustainment of operations.

**stewardship**

Stewardship, from a financial management perspective is the careful and responsible management of those resources entrusted to the government in order to execute responsible governance.

**technical coordination**

Technical coordination encompasses the provision of recommendations and advice to theater commanders and staff regarding the employment, integration, direction, and control of FM 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)

**warfighting function**

(joint) 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. (FM 3-0)

**working estimate**

HQDA formulates the working estimate based on data provided by the respective component commands. This estimate builds on the budget estimates centered on actual execution of the operational plan. These estimates are revised/updated formally on a quarterly basis (through the Quarterly Contingency Cost Estimate Report) and reported to OUSD(C).

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# Index

## A

Accounting Support, vii, 1-1, 1-6, 1-8, 1-23, 1-29, 2-10, 2-15, 5-1, 5-2, 5-7, 5-8, 5-9, D-3  
Anti-deficiency Act (ADA), 2-4, 2-9, 2-16, 5-5, 6-4  
Army Audit Agency (AAA), 1-19, 1-21, 2-13, 7-7  
Army Budget Office (ABO), 1-32, 2-6, 2-12, 2-16  
ASCC, vii, 1-11, 1-12, 1-20, 1-24, 1-25, 1-26, 1-29, 2-4, 2-6, 2-11, 3-11, 5-2, 5-7, 5-19, 5-20, 6-4, 6-8, 6-11, 7-7, E-1, E-3  
Assistant Secretary of the Army (Financial Management & Comptroller) (ASA (FM&C)), 1-18, 1-19, 1-21, 1-27, 2-14, 2-16, 2-17, 5-7, 7-8

## B

Banking  
Army's Banking Program, 1-1  
Banking and Disbursing Support, 1-5, 1-12, 3-1, 3-2, 5-5  
Banking and Host Nation Support, 3-1  
Banking Officer, 1-28, 3-3  
Banking Section, 1-28, 1-35, 3-2, 3-3  
Banking Support, 1-5, 3-1, D-3  
Military Banking Facility (MBF), 3-1

## C

Cost Culture, vii, 5-10, 5-11

## D

DFAS, 1-1, 1-5, 1-6, 1-14, 1-18, 1-19, 1-20, 1-21, 1-27, 1-28, 1-36, 2-6, 2-10, 3-1, 3-4, 3-10, 4-4, 4-5, 5-1, 5-2, 5-4,

5-5, 5-6, 5-7, 5-8, 5-9, 5-19, 6-9, 6-10, 7-3, 7-7, 8-4, 8-5, 8-7, 8-8, A-2, A-5, B-7, C-3, C-4, D-1, D-3, E-2, E-3

## Disbursing

Deployable Disbursing System (DDS), 8-7  
Disbursing Manager, 1-38  
Disbursing Officer (DO), 1-38, 3-2, 3-3, 3-4, 3-5, 3-7, 3-10, 3-11, 3-12  
Disbursing Operations, 3-2, 3-3  
Disbursing Roles, 3-11  
Disbursing Section, 1-36, 1-37, 1-38  
Disbursing Support, vii, 1-1, 1-5, 1-6, 1-8, 1-12, 3-1, 3-2, 3-5, 3-10, D-2

## E

E-Commerce, 1-5, 1-12, 1-28, 1-35, 1-36, 1-38, 3-1, 3-2, 3-4, 3-12, 6-9, 8-12, 8-13, D-3, E-2, E-4

## F

Financial Management Center (FMC), vii, 1-4, 1-20, 1-25, 1-27, 1-28, 1-29, 1-34, 1-35, 1-36, 2-16, 3-1, 3-2, 3-11, 5-8, 6-1, 6-4, 6-6, 6-7, 6-8, 6-9, 7-5, 7-6, 8-4, 8-5, 8-11, 8-12  
Fiscal Triad, 1-10, 1-11, 1-12, 3-3, 3-6, 3-9, 6-11, 6-12, 6-14  
FM SPO, 1-29, 1-34, 1-36, 1-37, 3-4, 6-1, 6-2, 6-6, 6-7, 6-8, 6-9, 6-10, 8-6, 8-8, E-1, E-3  
FMCO, 1-11, 1-28, 1-29, 1-34, 1-35, 1-36, 1-37, 1-38, 3-3, 3-4, 3-12, 4-1, 4-2, 5-2, 5-9, 6-1, 6-6, 6-7, 6-8, 6-9, 6-10, 7-5, 7-6, 8-1, 8-6, 8-9, 8-12, E-3  
FMDET, 1-37, 1-38, 1-39, 3-12, 4-1, 4-2, 4-4, 6-2, 6-6, 6-8, 6-10, 7-6

## G

G-8, vii, 1-11, 1-17, 1-18, 1-20, 1-21, 1-23, 1-26, 1-27, 1-28, 1-29, 1-30, 1-31, 1-32, 1-34, 1-35, 1-36, 2-11, 2-12, 2-16, 2-18, 3-1, 3-11, 5-2, 5-4, 5-7, 5-8, 5-11, 6-1, 6-2, 6-4, 6-8, 6-9, 6-10, 6-12, 7-6, 7-7, 8-6, E-1  
GFEBs, vii, 1-28, 1-39, 2-4, 5-3, 5-9, 5-13, 8-3, 8-6

## H

Host Nation Support, 1-11, 1-28, 1-35, 6-7, C-1, C-4

## I

Instrument of Economic Power, vii, 1-14, 3-1

## M

MIC Program, 1-8, 1-39, 7-4, 7-5, 7-6, 7-7, B-6, D-3

## O

Operation Plan (OPLAN), 1-14, 1-21, 6-1, 6-6, 6-7, 6-9, D-1, 5

## P

Pay Agent (PA), 1-39, 3-7, 3-8, 3-9, 3-10, 5-5, E-1  
Procurement Process, 1-4, 1-5, 1-6, 1-10, 1-35, 3-6, 6-9, 6-10, 6-12, D-3

## S

Staff Judge Advocate (SJA), 1-10, 2-8, 2-11, 2-18, 3-6, 6-10, 6-12, 7-6, A-1, E-2, E-3, E-4

## T

Treasury, 1-1, 1-6, 1-12, 1-14, 1-17, 1-27, 1-28, 1-35, 2-1, 2-8, 3-1, 3-2, 3-3, 3-4, 3-5, 3-6, 3-10, 3-11, 5-6, 5-8, 6-9, 8-5, 8-7, 8-12, A-1

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