

REVOKES

NO.

630-5

MANUAL OF ORDERS

EFFECTIVE DATE

June 15, 1979

SUBJECT

READY RESERVE FLEET (RRF) ADMINISTRATIVE PROCEDURES

Section 1. Purpose:

This Order describes the responsibilities and procedures for controlling funds required in carrying out the Ready Reserve Fleet (RRF) Program and related contracting activities.

Section 2. Responsibilities and Procedures:

2.01 The Director, Office of Ship Operations, is the Maritime Administration's Program Manager for the RRF Program.

2.02 The Office of Ship Operations shall:

- 1 Annually, not later than December and on the basis of information received from the U.S. Navy, prepare a budget projection of requirements for the next three fiscal years for ships to be placed or maintained in the RRF and forward this projection, through the Assistant Administrator Shipbuilding and Ship Operations, to the Assistant Administrator for Policy and Administration for signature and forwarding to the Navy for inclusion in the Navy's budget estimate. The "Annual RRF Budget Projection" shall include estimates of funds needed for vessel activations and deactivations, the annual no-notice tests, and other foreseeable expenditures, such as anticipated activation for military exercises, etc.
- 2 Annually, in December, establish for the Navy an estimated daily reimbursable operating rate and an estimate of activation and deactivation costs by ship type for RRF vessels which may operate in military exercises. The daily operating rate will be estimated on the basis of vessel operating expenses (including fuel). Prior to final approval and notification to the Navy, the estimates (both the daily operating rate and the activation/deactivation costs) will be routed for information and comment to the Office of Financial Management. The approved estimates will be documented and used in preparing the RRF budget projections and program plans. These estimates will be reviewed and adjusted prior to the operation of RRF ships in a military exercise.

- 3 Annually, with input from the Region Directors in their respective areas, prepare an RRF Program Plan to prescribe the work to be accomplished and an estimate of the funds required for the RRF Program. The plan shall include each ship planned for entry into one or more phases of the RRF Program during the fiscal year.

These estimates shall include the name of the ship and amounts needed in each fund (Operations and Training, Vessel Operations Revolving Fund, and Consolidated Working Fund) for each quarter for each phase. Estimated costs shall be assigned to the applicable fund as prescribed in memorandum of December 20, 1976, from the Assistant Administrator for Policy and Administration. When approved by the RRF Program Manager, the plan and revisions thereof shall be distributed to the Offices of Budget and Program Evaluation, Financial Management, and Administrative Services and Procurement, and the Region Directors, as appropriate.

- 4 Quarterly, or more often, if required:

- (1) Review and modify the "Annual RRF Budget Projection" and "RRF Program Plan" and disseminate these modifications for action in accordance with 1 and 3 above, as appropriate. In developing these modifications, it will be necessary to maintain program flexibility in the areas of ship selection, designation and budgeting, giving due regard to the varying opportunities to accept "trade-in" ships as they become available, and making adjustments as necessary to maintain progress toward the stated goal of rapid response shipping capability. This goal is subject to revision by mutual agreement with the Navy and available funds.
- (2) Request the Office of Budget and Program Evaluation to issue allotments of available funds to allottees, and adjustments thereof, as required to accomplish the work specified in the approved plan or revisions thereof. The amounts of allotment for each Region Director should be in a lump-sum for each appropriation or fund, and should include an appropriate allowance for anticipated supplemental items, or "extras," normally about 15 percent above the bid/proposal price, so that the number of allotments may be kept to a minimum consistent with fiscal control policies prescribed in Maritime Administrative Order (MAO) 410-1, and so that the Region Directors may have the necessary flexibility to implement day-to-day decisions on extras within allotted funds.

- 5 On the basis of the approved plans and revisions thereof developed under 3 and 4 above:
  - (1) Request the preparation of work specifications by the Regions, as required;
  - (2) Issue RRF Program Plan memorandums to the Region Directors setting forth for each ship the work to be accomplished and the funds to be allocated for such work, including an appropriate allowance for supplemental items or extras.
- 6 Develop standard proforma "Service Agreements" (general agency type) for the husbanding and operation of the RRF vessels and route them by means of Forms MA-71 or 71A, "Concurrence Record," through the Offices of the General Counsel, Financial Management, Budget and Program Evaluation, and Administrative Services and Procurement. Proposed agreements shall be forwarded also to the applicable Region Directors for review and comment, prior to finalization.
- 7 Prepare and arrange for the execution of the proforma documents developed pursuant to 6 above for application to specific operators (agents), vessels, etc. Each such document shall be routed through the Office of the General Counsel prior to execution. In addition, if there are changes made from the provisions of the proforma documents, such changes shall also be processed as provided in 6 above. A copy of each executed document shall be provided to each Office in 6 above and to the applicable Region Director.
- 8 Conduct informal RRF Program reviews and on-site progress meetings at least once each quarter.

2.03 The Office of Budget and Program Evaluation shall:

- 1 Control RRF funds by obtaining apportionments of Operations and Training and Vessel Operations Revolving Fund funds through the Secretary of Commerce, recording funds transferred to the Maritime Administration by the Navy (Consolidated Working Fund), and allotting both the apportioned and transferred funds as requested by the RRF Program Manager, pursuant to Section 2.02 above.
- 2 Review status of funds and program fiscal performance in relation to the approved RRF Program Plan and revisions thereof.
- 3 Review program costs and prepare reimbursable billing information.

- 4 Integrate RRF program funding into the overall MarAd budget.
- 5 Provide the RRF Program Manager with a quarterly report of RRF funds received, allotted, and available for allotment to the program.

2.04 The Office of Financial Management and Region Finance Offices.

- 1 The Region Finance Offices shall provide timely accounting and monthly financial reporting of Region RRF fund allotments, commitments, obligations, expenditures, and outlays for all object classes, except personal services and benefits of Maritime Administration staff, to insure proper control of obligation of the funds within their respective authorities. The monthly reports shall be submitted to the Office of Financial Management in accordance with instructions issued by that Office. In reporting, identify all obligations with the particular RRF Program tasks for which the funds are to be used, or were used.
- 2 The Office of Financial Management shall:
  - (1) Obtain necessary approval of reimbursable billing information from the RRF Program Manager;
  - (2) As appropriate, issue reimbursable billings and/or accomplish the necessary fund transfers to effect the reimbursement.
  - (3) Provide timely accounting and monthly financial reporting of Headquarters RRF fund allotments, commitments, obligations, expenditures, and outlays for all object classes, including personal services and benefits of Maritime Administration staff in the Regions and in Headquarters, to insure proper control of obligation of the funds. The monthly reports shall be submitted to the RRF Program Manager, the Budget Officer, and the Region Directors not later than 20 days after the month has ended. In reporting, identify all obligations with the particular RRF Program Plan tasks for which the funds are to be used, or were used. As a minimum, the reports sent to the RRF Program Manager shall include a consolidation of all allotments by fund as well as a detailed breakdown within each fund. Reports sent to the Regions shall pertain to their respective allotments. Specific

report content, format, instructions, etc., shall be developed by the Office of Financial Management in coordination with the Program Manager, Office of Budget and Program Evaluation, and the Region Finance Offices.

2.05 The Office of Administrative Services and Procurement shall:

- 1 Provide guidance for procurement of supplies, equipment and services required for the RRF program, including acquisition (and directly related matters) from non-Federal sources by such means as purchasing, renting, leasing, contracting, or bartering; and requisitioning from Government sources.
- 2 Provide procurement services for RRF requirements which exceed Region Directors' procurement authority and for centrally procured items or services, as necessary to meet minimum cost and timeliness objectives.
- 3 Develop by December 31, 1979, new and specialized procurement procedures for supplies, equipment, and spare parts for the RRF vessels to reflect the 5-day readiness commitment. These procedures shall be reviewed annually to assure that they conform to applicable statutes and regulations then in effect.

2.06 Recipients of RRF Program Allotments of Funds (Allottees) shall:

- 1 At the Region and Program Manager level, designate an "RRF Allotment Control Officer" who shall control the obligation of RRF funds from the respective allotments received under Section 2.03 above. This individual shall be an employee who is not responsible for execution or administration of contracts. An alternate shall be designated to serve in the absence of the RRF Allotment Control Officer.
- 2 In all cases, restrict expenditures or obligations to the amounts authorized and in accordance with the provisions of the Anti-Deficiency Act (31 U.S.C. 665).
- 3 Assure that actions and funding levels provided for in the RRF Program Plan are adhered to and obtain prior approval of the RRF Program Manager for any necessary deviations.

- 4 Assure that funds allotted are managed with due regard to overall funding limitations for the RRF Program. Thus, supplemental items or extras should be kept to an essential minimum; and every effort should be made to accomplish work prescribed in the RRF Program Plan and any necessary extras within the funds allotted. If this is not feasible, additional funding requirements shall be submitted to the RRF Program Manager with appropriate justification.

2.07 RRF Allotment Control Officers shall validate each document which commits, obligates or transfers funds affecting their respective allotments. Such validation shall be made on the committing/obligating/transferring document to certify that sufficient funds remain in the allotment for this action at the time the action is effected; e.g., the contract is executed or such other action. This individual shall be kept fully informed of all RRF expenditures, allotments, obligations, and other financial transactions which impact on the respective allotments.

2.08 Contracting Officers and Other Officials Obligating RRF Funds shall:

- 1 Not execute any contract or other fund obligating document unless and until the applicable RRF Allotment Control Officer, or designated alternate, has validated the document as required in Section 2.07 above.
- 2 Execute contracts or effect required procurement actions under delegated authority.
- 3 Immediately provide a copy of each executed contract or other fund obligating document to the appropriate accounting organization for entry into the accounting system. A copy shall also be provided to the RRF Program Manager.
- 4 Provide estimates of costs to the RRF Program Manager for consideration in preparing the RRF Program Plan and revisions thereof and to assure that the plan will provide adequate funds when they will be needed.

2.09 The Region Directors, quarterly or more frequently if significant changes occur (such as deviations in cost or time exceeding 15 percent), shall:

- 1 Report on the status of the work requirements set forth for each ship in the RRF Program Plan memorandums issued by the Program Manager under subsection 2.02 5(2) above. All deviations are to be noted. Anticipated

failures to meet work requirements should be made known to the Program Manager as soon as possible so that subsequent plans can be modified in a timely fashion.

2. Notify the Program Manager promptly of deficiencies in funds or other resources required to accomplish the work in accordance with the specifications prepared in subsection 2.02 5 (1) above.



SAMUEL B. NEMIROW  
Acting Assistant Secretary  
for Maritime Affairs