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DEPARTMENT OF DEFENSE

FINANCIAL MANAGEMENT REGULATION

VOLUME 11A: "REIMBURSABLE OPERATIONS POLICY"

UNDER SECRETARY OF DEFENSE (COMPTROLLER)

VOLUME 11A, CHAPTER 1: "GENERAL REIMBURSEMENT PROCEDURES AND SUPPORTING DOCUMENTATION"

SUMMARY OF MAJOR CHANGES

All changes are denoted by blue font.

Substantive revisions are denoted by an * symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by ***bold, italic, blue and underlined font*.**

The previous version dated March 2011 is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
Various	Update the term DoD Working Capital Fund "WCF" with the Defense Working Capital Fund "DWCF."	Update
010102.C.4. and 010102.C 5.	Update titles for DoD Directive (DoDD) 3025.18, "Defense Support of Civil Authorities" and DoDD 3025.13, "Employment of Department of Defense Resources in Support of the United States Secret Service."	Update
010102.C.7.	Reflect cancellation of DoDD 5525.5, "DoD Cooperation with Civilian Law Enforcement Officials," and incorporation into DoD Instruction (DoDI) 3025.21, "Defense Support of Civilian Law Enforcement Officials."	Update
010203.D.2.a.	Add Volume 4, Chapter 4 as a reference for accounting treatment for disposition of materiel by a Defense Reutilization and Marketing Office (No longer in Volume 11B.)	Update
010203.F.2.c.	Reflect cancellation of DoDD 1015.6, "Funding of Morale, Welfare, and Recreation Programs." Current reference is DoDI 1015.15, "Establishment, Management, and Control of Nonappropriated Fund Instrumentalities and Financial Management of Supporting Resources."	Update
010203	Clarify the definition for overhead.	Update
Various	Add specific Volume 11B chapter references, where appropriate.	Add
Various	Add/update hyperlinks throughout the chapter.	Update

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CHAPTER 1

GENERAL REIMBURSEMENT PROCEDURES AND SUPPORTING DOCUMENTATION

0101 OVERVIEW

010101. Purpose

This chapter supplements the standards for financial accounting for receivables, in Volume 4, Chapter 3, and for budgetary accounting for reimbursements, in Volume 3, Chapter 15. It provides guidance on the amounts that shall be recouped when DoD Components perform work or sell property within the Department of Defense, to other U.S. Government agencies and to private parties that do not involve the Defense Working Capital Fund (DWCF) or other DoD Revolving Funds. This chapter does not provide authority to sell to private parties. Specific legal authority must be identified to make such sales. Activities performing reimbursable operations must be able to identify the statutory authority for their work performed for others.

010102. General

A. The "Project Order Law", Title 41, United States Code, ***section 6307*** and the "Economy Act", Title 31, United States Code, ***section 1535*** contain legal authority and requirements for one U.S. Government entity to perform work for another. Chapter 2, "Project Orders" and Chapter 3, "Economy Act Orders" provides policy on the use of these orders within the Department. Reimbursable orders placed with the DWCF or other DoD Revolving Fund activities may fall under any number of authorities (e.g. Project Orders for depot maintenance). The basic transactional authority for the DWCF is derived from Section 405 of the National Security Act Amendments of 1949, and now codified at Title 10, United States Code, ***section 2208(a)***. This authority for buyer-seller transactions is not dependent on the Economy Act or Project Order Act statutes. See Volume 11B, Chapter 11 and Volume 3, Chapter 8 for additional information regarding DWCF authorities.

B. The price to be charged for goods and services furnished by the Department depends on whether that good or service is provided to, or for the benefit of, a DoD Component, a non-DoD Federal Agency, a private party, or a foreign military sales customer. Therefore, the ordering DoD Component activity that requisitions or orders a good or service shall inform the performing DoD entity if the requisitioned goods or services are for the subsequent sale to, or benefit of, a customer outside of the Department.

* C. This chapter provides guidance on the pricing of reimbursements that should be obtained as a result of providing authorized services or materiel. It is applicable unless a specific DoD issuance authorizes alternative reimbursement policies. The most significant of these alternative reimbursement policies are as follows:

1. Volume 11B establishes the DoD policy for the recovery of cost for products and services provided by the DWCF or other applicable DoD Revolving Fund activities.

2. Volume 13 establishes the DoD accounting policy for Nonappropriated Fund instrumentalities.

3. Volume 15 establishes the DoD policy for the Foreign Military Sales of defense articles and defense services to friendly foreign governments and international organizations.

4. ***DoD Directive 3025.18***, "Defense Support of Civil Authorities (DSCA)," provides the DoD policy for employment of military resources in the event of civil disturbances.

5. ***DoD Directive 3025.13***, "Employment of Department of Defense Resources in Support of the United States Secret Service (USSS), Department of Homeland Security (DHS)," provides the DoD policy for the use of DoD resources in support of the United States Secret Service.

6. ***DoD Instruction 4000.19***, "Interservice and Intragovernmental Support," provides the DoD policy for interservice and intragovernmental support agreements.

7. ***DoD Instruction 3025.21***, "Defense Support of Civilian Law Enforcement Officials," provides the DoD policy for reimbursable support provided to civilian law enforcement officials.

0102 POLICY AND PROCEDURES

010201. Disposition of Collections

A. Collections may only be returned to the appropriation that procured the services or materiel being sold when specifically authorized by law.

B. Collections for unfunded depreciation, unfunded civilian retirement, and interest shall be deposited into the General Fund of the U.S. Treasury as miscellaneous receipts unless otherwise provided for by this chapter or other DoD issuances. Disposition of collections for Foreign Military Sales shall be in accordance with Volume 15.

010202. Billing Standard

DoD Components performing work or services on a customer order shall bill the requesting DoD Component, other Federal Agency, or the public for earned reimbursements (performance of work or services, payments to contractors, or delivery from inventory) within 30 calendar days after the month in which performance occurred. The payment due date shall not be more than 30 calendar days from the date of the invoice. Bills rendered shall not be subject to audit by the customer prior to payment.

010203. General Rules for Determining Amounts to be Reimbursed

The following rules shall be followed by DoD Components when determining amounts to be collected as reimbursements unless other specific reimbursable rules have been established in this volume or by alternative reimbursement policies (see paragraph 010102.C.). An order placed or agreement made under the Economy Act obligates an appropriation of the ordering entity. The amount obligated is deobligated to the extent that the entity filling the order has not incurred obligations, before the end of the period of availability of the appropriation. The tables provided in addendum 1 and addendum 2 provide a summary of the rules for determining the amounts to be collected by appropriated fund and DWCF activities.

A. Direct Civilian Labor

1. The cost of direct civilian labor incurred in the performance of a service for, or the furnishing of materials to, another entity shall be reimbursed unless the performing entity has been provided funds appropriated directly to it for that purpose. Otherwise, the performing entity would be penalized to the extent that its funds are used to finance the cost of performing another entity's work, while the ordering entity's appropriations would be augmented to the extent that they now may be used for some other purpose.

2. Civilian labor performed for the benefit of other DoD Components, other Federal agencies, and the public shall be charged at actual hourly pay rates multiplied by the number of actual hours worked or assigned (detailed). Full-time assignments (details) shall be charged using annual rates. Otherwise, an hourly rate of 1/2087 of the annual rate shall be used and a leave and holiday factor of 18 percent of pay cost added.

3. Direct civilian labor includes consultants and direct hire foreign nationals employed by DoD activities.

4. Civilian personnel fringe benefit rates will be determined in accordance with Chapter 6, Appendix C, "Civilian Personnel Fringe Benefit."

5. Foreign national reimbursement rates are based on local pay agreements. Periodic reviews must be made to determine if the U.S. Government must make a contribution for severance pay or retirement pay.

B. Direct Military Labor

1. As a rule, the applicable military personnel appropriations shall fund the cost of direct (and indirect) military labor incurred in the performance of a service for, or the furnishing of materials to, another DoD entity. Therefore, since a direct appropriation is provided for that purpose, the cost of military labor shall not be charged to another DoD entity except for the cost of military personnel assigned to the DWCF activities. DWCF activities shall be reimbursed by their customers for the cost of military labor as prescribed in Volume 11B, Chapter 12.

2. Military labor shall be charged to non-DoD organizations on the basis of the actual hours worked or assigned (detailed). Assignments (details) shall be charged using the annual military composite standard pay rates determined by the Military Departments. The military composite standard pay rates will be computed in accordance with Chapter 6, Appendix I, "Military Composite Standard Pay."

3. Military fringe benefits (that is, other personnel support cost) shall be charged to non-DoD organizations on the basis of a percentage of military pay costs and billed as part of direct costs. The applicable percentage will be in accordance with Chapter 6, Appendix I, "Military Composite Standard Pay."

C. Temporary Duty Costs (TDY). Travel costs incurred by DoD civilian employees and military personnel incurred in performance of a reimbursable work order shall be charged as a direct cost when such travel can be identified specifically to the order. Costs of supplies and other directly relatable expenses also are chargeable.

D. DoD Personal Property and Inventory

1. DWCF Materiel. Inventory issues and operating materials and supplies consumed from DWCF stocks are reimbursable unless specific legal authority precludes reimbursement. Transfers to DoD Components, other Federal agencies, private parties and contractors performing work for a DoD Component or other Federal Agency, shall be priced at standard prices (see Volume 11B, Chapter 15).

2. Reutilization and Marketing Materiel (Surplus)

a. The disposition of materiel by a Defense Reutilization and Marketing Office shall be in accordance with ***DoD Publication 4160.21-M***, "Defense Materiel Disposition Manual." The accounting treatment is set forth in Volume 4, Chapters 4 and 7.

b. The general rules for the disposition of proceeds from the sale of scrap or excess personal property shall be in accordance with Chapter 5, "Disposition of Proceeds from Sales of DoD Excess and Surplus Personal Property."

3. Non-DWCF Materiel. The pricing of personal property for DWCF materiel depends on whether the item(s) being transferred or sold will be transferred to another DoD Component and would normally be replaced. This decision shall be based on a review of the approved acquisition objective. If the sale will reduce assets required to meet the approved acquisition objective, then replacement is required.

a. Issues Within or to Another DoD Component. Issues within or to another DoD Component shall be on a non-reimbursable basis, but will require an accounting entry to reflect the transfer from the losing to the gaining activity. The accounting entry shall reflect original acquisition cost and any accumulated depreciation.

b. Issues to another Federal Agency or Private Parties. Issues to other federal agencies or private parties shall be priced as follows:

(1) Materiel to be Replaced

(a) Materiel, including equipment, for which replacement (i.e., similar, but not exact) or replacement in kind (i.e., exact) is required, shall be transferred or sold at the estimated replacement cost, including the contract or production costs of the article less an adjustment for age and condition of the item being sold. This price is determined as follows:

AA. Determine the normal useful peacetime life of the item or equipment to be sold.

BB. Determine the percentage of useful life remaining on the item.

CC. Apply the percentage developed in subparagraph 2. to the estimated (or actual) cost of the replacement item. The resultant amount is the base cost to be used in the sale price calculation. Under no condition shall the sale price be less than the scrap value plus the cost of the last major overhaul or outfitting accomplished within 24 months before the sale.

(b) If it is imperative that the item be replaced through accelerated procurements and normal pricing policies will not adequately recoup replacement costs, an exception to DoD pricing policies shall be requested from the Under Secretary of Defense (Comptroller), Office of the Deputy Comptroller (Program/Budget). Normally, the exception would be to either add a replacement factor or delay final pricing until the contract for replacement items is financially complete.

(2) Materiel Not to be Replaced. Material, including equipment, shall be transferred or sold to other federal agencies and private parties at their original acquisition cost minus an adjustment for age and condition of the item being sold. Reimbursements from Foreign Military Sales transactions from the sale of assets will be in accordance with Volume 15, Chapter 7.

E. Contracts

1. Contract costs incurred for contracts awarded as part of a reimbursable agreement shall be billed to the benefiting organization.

2. Government-furnished materiel shall be billed in addition to contract costs in accordance with subparagraph 010203.D.

3. If the contract is provided to meet the requirements of a non-Federal Government organization, the contractor shall be required to pay rent (at fair market

value) to the Department for the use of plant or production equipment utilized in manufacturing the item being sold.

4. The collection of interest on a late payment is applicable to a contract with a non-Federal Government organization that is required to pay a recoupment charge in accordance with Volume 15. ***DoDD 2140.2*** eliminated the requirement for recoupment on all sales entered into after January 13, 1993, except for recoupment required by Act of Congress. The contract interest clause ***52.232-17***, mandated by the "Federal Acquisition Regulation," provides that all amounts that become payable under the contract shall bear simple interest from the due date until paid, unless paid within 30 days of becoming due.

5. Contract administration charges shall be charged to other federal agencies and private parties, in accordance with statutory or policy requirements. Contract administration costs are not to be charged within a DoD Component or to another DoD Component when funding for such costs are included in the mission funding of the performing DoD entity.

6. DoD personnel services in support of contracts shall be costed in accordance with paragraphs 010203.A and 010203.B.

F. Accessorial Expenses

1. Accessorial costs represent certain expenses incident to issues, sales, and transfers of materiel. Accessorial costs include costs incurred for packing, crating, and handling (PCH); transportation; and port loading and unloading. PCH expenses are costs incurred for sales or shipments of property. Accessorial expenses may be incurred by the DoD for direct delivery of items from contractor facilities or by DoD Components for items furnished from DoD stocks. Accessorial expenses incurred by contractors for direct delivery items are normally included in the contract price of the property. If accessorial costs of direct delivery items are billed separately by the contractor, they shall be reimbursed in accordance with this section. Accessorial expenses incurred by one DoD Component are not reimbursable from another DoD Component when funding for such costs are included in the mission funding of the performing DoD entity.

2. Unless otherwise provided by law or regulation, accessorial expenses shall be billed to the following:

a. Non-DoD Federal departments, agencies, or instrumentalities.

b. Non-Federal entities, including DoD contractors.

c. Nonappropriated funds when property is transported for DoD morale, welfare, and recreation activities unless reimbursement has been waived by ***DoD Instruction 1015.15***, Establishment, Management, and Control of Nonappropriated Fund Instrumentalities and Financial Management of Supporting Resources.

3. Accessorial charges shall be reimbursed by non-DoD activities at the actual cost incurred. Accessorial charges for Foreign Military Sales are prescribed in Volume 15, Chapter 7.

G. Asset Use Charge. A charge for the use of DoD assets (facilities and equipment, or both) is required to recoup depreciation and interest on investment. Amounts collected shall be returned to the U.S. Treasury as miscellaneous receipts, unless otherwise provided for by statute or other DoD guidance. (Asset use charges are not assessed for Foreign Military Sales, see Volume 15). A four percent charge, developed by the Office of the Secretary of Defense through cost-finding techniques, may be used or the following calculations shall be performed:

1. Depreciation. Depreciation expense represents the amortization of the cost of depreciable property, plants, and equipment as an operating expense over the period in which assets are expected to provide benefits. Depreciation shall be charged using the straight-line method of depreciation. The calculation of depreciation is illustrated in Table 1-1.

2. Interest on Investment in Assets. Both DWCF and non-DWCF activities shall include in reimbursement billings to private parties an amount to recognize the interest on investment in fixed assets when such assets are acquired or manufactured for the purpose of, or prepared for use in, providing materiel to private parties. The calculation of interest on investment is illustrated in Table 1-2.

H. Repair and Maintenance. When repair and/or maintenance of items occurs, costs from a cost accounting system or, in its absence, equivalent costs developed through cost-finding techniques shall be billed.

1. Labor Cost. The cost shall be computed in accordance with subparagraphs 010203.A. and 010203.B.

2. Materiel and Supplies. The cost shall be computed in accordance with subparagraph 010203.D.

3. Transportation and Related Costs. The cost shall be computed in accordance with subparagraph 010203.F.

4. Overhead Costs. These costs shall be computed in accordance with subparagraph 010203.J.

I. Leased or Loaned DoD Equipment. When determining the charge for leased or loaned equipment, the following elements shall be billed:

1. Depreciation is not applicable to federal agencies unless the billing activity is a WCF. Depreciation shall be based on cost-finding techniques for sales to private parties unless actual rates are known. Calculations shall be in accordance with subparagraph 010203.G.1.

2. Interest on investment in assets shall be computed in accordance with subparagraph 010203.G.2.

3. Value of equipment not returned to the owning DoD Component shall be a sale to the borrowing organization. This sale shall be priced in accordance with subparagraph 010203.D.

4. Accessorial expenses shall be recognized in accordance with subparagraph 010203.F.

5. Repair costs to restore equipment or property to its condition at the time leased or loaned shall be collected from the using organization. The amounts may be based on either actual job order cost accumulations or estimates of the cost to be incurred based upon past repair and maintenance experience for similar equipment. The amounts collected shall be returned to the appropriation that financed the repair and maintenance. Direct labor costs shall be computed in accordance with subparagraphs 010203.A and 010203.B; materiel and supply costs shall be computed in accordance with subparagraph 010203.D; and overhead shall be computed in accordance with subparagraph 010203.J.

J. Overhead

1. Overhead is typically referred to as general and administrative costs (G&A) or some combination of G&A and indirect costs which cannot readily, or directly, be identified to the performance of a specific customer order. Examples of such costs include supervision, office supplies, utility costs. If an organization has a significant amount of reimbursable effort, such costs are accumulated in a cost pool and allocated to customers. In the absence of a cost accounting system, applicable costs may be estimated.

2. Overhead charges normally are not applied to reimbursable customer orders received from appropriated fund activities within the Department. However, appropriated fund activities will charge overhead on sales to other federal agencies and private parties. DWCF activities shall be reimbursed by their customers for overhead charges as prescribed in Volume 11B, Chapters 11, 13 and 15.

010204. Documentation Standards

A. General. Orders must be supported by documented evidence of a formal offer and acceptance between the grantor and grantee of the order. (See ***DoDI 4000.19***, Interservice and Intragovernmental Support, for additional guidance.) In the absence of such documentation, there can be no assurance that there is a meeting of the minds on the material or services to be provided nor that payment is required. The principal documents used by the Department are:

1. The memorandum of understanding (MOU).

2. The memorandum of agreement (MOA).

3. The universal order format.

B. Preparation Standards. The following standards apply to the preparation of these documents:

1. MOU or MOA. These documents normally are used when a certain unquantifiable type of support is required over a period of time, usually a 1-year duration. The MOU or MOA establishes the estimated total yearly requirement. Calls then are placed against the MOU or MOA as required support is quantified.

a. The minimum essential information that shall be included in an MOU or MOA is listed below. A model of an MOA is illustrated as addendum 3 to this chapter.

(1) The authority for entering into the MOU or MOA, such as the "Economy Act" (***31 U.S.C. 1535***) or the "Project Order Law" (***41 U.S.C. 6307***). See Volume 3, Chapter 8, "Standards for Recording Commitments and Obligations".

(2) A description of the material or services required.

(3) The established dollar limits and any authority to exceed applicable limits without specific approval from the ordering activity.

(4) The financing source or fund citation.

(5) The delivery requirements.

(6) The payment provisions.

(7) The duration of the agreement.

(8) The form in which specific orders against the MOU or MOA will be placed, for example, telephone calls, memoranda, or supplementary formal orders.

b. The MOU or MOA should be coordinated with appropriate program, comptroller, and legal offices. This is a fundamental control technique to demonstrate and document the legality and propriety of the arrangement.

c. When a DoD activity is the ordering organization, any MOU or MOA shall contain language that clearly sets forth the fact that the document is subject to the availability of funds unless the agreement itself is to be an obligating document. If the agreement is to be an obligating document, there must be a certification of fund availability and the obligation must be recorded promptly.

2. Universal Order Format. The universal order format is a way to document the financial terms of the offer and acceptance when specific services or quantities are known. Similar formats or computer-produced equivalents that contain all of the required information may also be used. This is an all-purpose format that may be issued on a reimbursable or direct citation basis, or both. It is a specific and definite request for material, supplies, equipment, or services. This format does not replace ***DD Form 1144***, Support Agreement, or ***DD Form 448***, Military Interdepartmental Purchase Request. The universal order format may serve as an "Economy Act Order," a "Project Order," or an order based upon other statutory authority. Performance of the work and/or services requested must be accomplished in accordance with the statutes and regulations governing the type of order. A sample of the universal order format and instructions for preparation are illustrated in addendum 4 to this chapter.

a. The universal format contains essential data such as the following:

(1) The funds citation using the current applicable accounting classification.

(2) A document number, assigned by the requesting activity that uniquely identifies the document and provides an audit trail between the order, posting to the accounting system and posting to other automated information systems.

(3) The dollar value of the order and any flexibility allowed in executing the order.

(4) Detailed description of work or services to be performed or items to be delivered.

(5) The expected completion date for the order or request.

(6) Documentation of the names of the officials responsible for both the offer and acceptance to meet the requirements established for the administrative control of appropriations.

(7) Funds expiration date that indicates when the funds must be obligated by the performing activity. Funds not actually obligated by the expiration date shall be returned to the requesting activity. An amendment shall be prepared by the performing activity to return excess funds.

b. Any restrictive statements relating to the reimbursable or direct citation portion shall be included when deemed appropriate.

c. Amendments to the order may be prepared if funds are not sufficient to let a contract or perform the requested services. Amendments can only be accepted by the requesting activity.

d. The requesting activity shall record the total value of the order as a commitment in its financial records. If the order is accepted on a reimbursable basis, obligations shall be recorded upon receipt of written acceptance from the performing activity. If the order is on a direct fund citation basis, obligations shall be recorded upon receipt of the contract and attachments from the contracting activity (Additional guidance can be found in Volume 3, Chapter 8, "Standards for Recording Commitments and Obligations").

Table 1-1 STRAIGHT-LINE METHOD OF DEPRECIATION

EXAMPLE OF STRAIGHT-LINE METHOD OF DEPRECIATION

Acquisition cost of the asset	$1,000,000
Less: Residual value (scrap)	$ 100,000
Depreciable basis	$ 900,000
Estimated useful life in years	20

The annual depreciation expense of $45,000 is computed by dividing the $900,000 depreciable basis by the 20-year useful life.

Hourly charge is computed by dividing the annual depreciation expense of $45,000 by 2,080 (standard yearly hours) to arrive at $21.63 per hour.

Multiply the hours used to complete the customer order by the hourly charge. For example, 500 hours x $21.63 = $10,815 depreciation expense to be charged.

Table 1-1

Table 1-2 INTEREST ON INVESTMENT CALCULATION

EXAMPLE OF INTEREST ON INVESTMENT CALCULATION

Acquisition cost of the asset	$1,000,000
Less: Accumulated depreciation (5 years at $45,000 per year)	$ 225,000
Net Book Value	$ 775,000
Annual interest (10 percent per annum)	$ 77,500

Hourly charge is computed by dividing the annual interest of $77,500 by 2,080 (standard yearly hours) to arrive at $37.26 per hour.

Multiply the hours used to complete the customer order by the hourly charge. For example, 500 hours x $37.26 = $18,630 interest on investment to be charged.

Table 1-2

ADDENDUM 1: Appropriated Funds Cross Reference of Pricing Elementary by Types of Sales

ADDENDUM 1: Appropriated Funds Cross Reference of Pricing Elementary by Types of Sales					
	TEXT REFERENCES	**WITHIN DOD COMPONENT**	**TO ANOTHER DOD COMPONENT**	**TO ANOTHER FED. AGENCY**	**TO PRIVATE PARTIES**
1. Sale of Services					
a. Direct Civilian Labor					
(1) Payroll Costs	010203.A.1.-2.	N/A	Actual	Actual	Actual
(2) Leave and Holiday Costs	010203.A.2.	N/A	DoD Factor	DoD Factor	DoD Factor
(3) Funded Fringe Benefit Cost	010203.A.4.	N/A	DoD Factor	DoD Factor	DoD Factor
(4) Unfunded Fringe Benefit Cost	010203.A.4.	N/A	N/A	N/A	OPM Rate
b. Indirect Civilian Labor	**NOTE**: Indirect Civilian Labor is included in overhead rate.				
(1) Payroll Costs	010203.J.	N/A	Actual	Actual	Actual
(2) Leave and Holiday Costs	010203.J.	N/A	DoD Factor	DoD Factor	DoD Factor
(3) Funded Fringe Benefit Cost	010203.J.	N/A	DoD Factor	DoD Factor	DoD Factor
(4) Unfunded Fringe Benefit Cost	010203.J.	N/A	N/A	N/A	OPM Rate
c. Direct Military Labor					
(1) Payroll Cost	010203.B.1.-2.	N/A	N/A	Composite Rate	Composite Rate
(2) Leave and Holiday Costs	010203.B.2.	N/A	N/A	DoD Factor	DoD Factor
(3) Other Personnel Support Cost Factors	010203.B.3.	N/A	N/A	DoD Factor	DoD Factor
d. Indirect Military Labor	**NOTE**: Indirect Military Labor is included in overhead rate.				
(1) Payroll Cost	010203.J.	N/A	N/A	Composite Rate	Composite Rate
(2) Leave and Holiday Costs	010203.J.	N/A	N/A	DoD Factor	DoD Factor
(3) Funded Fringe Benefit Cost	010203.J.	N/A	N/A	DoD Factor	DoD Factor
e. Temporary Duty Costs for Direct Labor	010203.C.	Actual	Actual	Actual	Actual

ADDENDUM 1: Appropriated Funds Cross Reference of Pricing Elementary by Types of Sales

	TEXT REFERENCES	WITHIN DOD COMPONENT	TO ANOTHER DOD COMPONENT	TO ANOTHER FED. AGENCY	TO PRIVATE PARTIES
f. Use of DoD Assets in Computing the Performance of Services					
(1) Asset Use Charge	010203.G.	N/A	N/A	N/A	DoD Factor
(2) Depreciation	010203.G.1.	N/A	N/A	N/A	DoD Factor
(3) Interest on Investment in Assets	010203.G.2.	N/A	N/A	N/A	DoD Factor
2. Sale of DoD Personal Property					
a. Replacement Required	010203.D.3.b.(1)	TRANSFER ACCOUNTING		Replacement Cost	Replacement Cost
b. Replacement Not Required	010203.D.3.b.(2).	ENTRY REQUIRED		Acquisition Cost	Acquisition Cost
c. Indirect Supplies	010203.J.	Overhead Rate	Overhead Rate	Overhead Rate	Overhead Rate
d. PCH	010203.F.	N/A	N/A	Actual	Actual
e. Transportation	010203.F.	N/A	N/A	Actual	Actual
f. Nonrecurring Cost Recoupment Charge	Volume 15/ 32 CFR 165	N/A	N/A	N/A	DoD Charge
3. Sales of Material and Services Procured for Customers					
a. Contract Cost	010203.E.	Actual	Actual	Actual	Actual
b. Contract Administration Expense	010203.E.5.	N/A	N/A	Actual	Actual
c. PCH	010203.F.	Actual	Actual	Actual	Actual
d. Transportation	010203.F.	Actual	Actual	Actual	Actual
e. Nonrecurring Cost Recoupment Charge	Volume 15 32 CFR 165	N/A	N/A	N/A	DoD Charge

ADDENDUM 1: Appropriated Funds Cross Reference of Pricing Elementary by Types of Sales

	TEXT REFERENCES	WITHIN DOD COMPONENT	TO ANOTHER DOD COMPONENT	TO ANOTHER FED. AGENCY	TO PRIVATE PARTIES
4. Miscellaneous Sales					
a. Lease and/or Loan Equipment					
(1) Depreciation	010203.I.1.	N/A	N/A	N/A	DoD Factor
(2) Interest on Investment in Assets	010203.I.2.	N/A	N/A	N/A	DoD Factor
(3) Value of Equipment not Returned	010203.I.3.	N/A	N/A	Replacement Factor	Replacement Factor
(4) PCH	010203.I.4.	N/A	N/A	Actual	Actual
(5) Transportation	010203.I.4.	N/A	N/A	Actual	Actual
b. Repairs to Restore Equipment and/or Property to Original Condition	010203.I.5				
(1) Direct Labor	010203.A 010203.B	See Sale of Services	See Sale of Services	See Sale of Services	See Sale of Services
(2) Material and/or Supplies	010203.D	See Sale of DoD Personal Property	See Sale of DoD Personal Property	See Sale of DoD Personal Property	See Sale of DoD Personal Property
(3) Overhead	010203.J.	N/A	N/A	Overhead Rate	Overhead Rate

ADDENDUM 2: Defense Working Capital Funds and Other Revolving Funds Cross Reference of Pricing Elements by Types of Sales

ADDENDUM 2

DEFENSEWORKING CAPITAL FUNDS AND OTHER REVOLVING FUNDS
CROSS REFERENCE OF PRICING ELEMENTS BY TYPES OF SALES

	TEXT REFERENCES	WITHIN DOD COMPONENT	TO ANOTHER DOD COMPONENT	TO ANOTHER FED. AGENCY	TO PRIVATE PARTIES
1. Sale of Services					
a. Direct Civilian Labor					
(1) Payroll Costs	010203.A.1.-2.	Actual	Actual	Actual	Actual
(2) Leave and Holiday Costs	010203.A.2.	Actual	Actual	Actual	Actual
(3) Funded Fringe Benefit Cost	010203.A.4.	Actual	Actual	Actual	Actual
(4) Unfunded Fringe Benefit Cost	010203.A.4.	N/A	N/A	N/A	OPM Rate
b. Indirect Civilian Labor	**NOTE**: Indirect Civilian Labor is included in overhead rate.				
(1) Payroll Costs	010203.J.	Actual	Actual	Actual	Actual
(2) Leave and Holiday Costs	010203.J.	Actual	Actual	Actual	Actual
(3) Funded Fringe Benefit Cost	010203.J.	Actual	Actual	Actual	Actual
(4) Unfunded Fringe Benefit Cost	010203.J.	N/A	N/A	N/A	OPM Rate
c. Direct Military Labor					
(1) Payroll Cost	010203.B.1.-2.	Civilian Equitv for DoD WCFs; N/A for Others	Civilian Equitv for DoD WCFs; N/A for Others	Composite Rate	Composite Rate
(2) Leave and Holiday Costs	010203.B.2.	N/A	N/A	DoD Factor	DoD Factor
(3) Other Personnel Support Cost Factors	010203.B.3.	N/A	N/A	DoD Factor	DoD Factor
d. Indirect Military Labor	**NOTE**: Indirect Military Labor is included in overhead rate.				
(1) Payroll Cost	010203.J.	Civilian Equitv for DoD WCFs; N/A for	Civilian Equitv for DoD WCFs; N/A for	Composite Rate	Composite Rate

ADDENDUM 2

DEFENSEWORKING CAPITAL FUNDS AND OTHER REVOLVING FUNDS
CROSS REFERENCE OF PRICING ELEMENTS BY TYPES OF SALES

	TEXT REFERENCES	WITHIN DOD COMPONENT	TO ANOTHER DOD COMPONENT	TO ANOTHER FED. AGENCY	TO PRIVATE PARTIES
		Others	Others		
(2) Leave and Holiday Costs	010203.J.	N/A	N/A	DoD Factor	DoD Factor
(3) Other Personnel Support Cost Factors	010203.J.	N/A	N/A	DoD Factor	DoD Factor
e. Temporary Duty Costs for Direct Labor	010203.C.	Actual	Actual	Actual	Actual
f. Use of DoD Assets					
(1) Asset Use Charge	010203.G.	N/A	N/A	N/A	DoD Factor
(2) Depreciation	010203.G.1.	Actual	Actual	Actual	Actual
(3) Interest on Investment in Assets	010203.G.2.	N/A	N/A	N/A	DoD Factor
2. Sale of DoD Personal Property					
a. Inventory Items	010203.D.1.	Standard Price	Standard Price	Standard Price	Standard Price
b. Non-Inventory Items	010203.D.1.	Standard Price	Standard Price	Standard Price	Standard Price
c. Reutilization and Market Items (surplus)	010203.D.2.	TRANSFER ACCOUNTING ENTRY REQUIRED.			High Bid
d. Associated Costs					
(1) PCH	010203.F.	Actual	Actual	Actual	Actual
(2) Transportation	010203.F.	Actual	Actual	Actual	Actual
(3) Nonrecurring Cost Recoupment Charge	Volume 15 32 CFR 165	N/A	N/A	N/A	DoD Charge
3. Sales of Material and Services Procured for Customers					
a. Contract Cost	010203.E.	Actual	Actual	Actual	Actual
b. Contract Administration Expense	010203.E.5.	Actual	Actual	Actual	Actual

ADDENDUM 2

DEFENSEWORKING CAPITAL FUNDS AND OTHER REVOLVING FUNDS
CROSS REFERENCE OF PRICING ELEMENTS BY TYPES OF SALES

	TEXT REFERENCES	WITHIN DOD COMPONENT	TO ANOTHER DOD COMPONENT	TO ANOTHER FED. AGENCY	TO PRIVATE PARTIES
c. PCH	010203.F.	Actual	Actual	Actual	Actual
d. Transportation	010203.F.	Actual	Actual	Actual	Actual
e. Nonrecurring Cost Recoupment Charge	Volume 15 32 CFR 165	N/A	N/A	N/A	DoD Charge
4. Miscellaneous Sales					
a. Lease and/or Loan Equipment					
(1) Depreciation	010203.I.1.	Actual	Actual	Actual	Actual
(2) Interest on Investment in Assets	010203.I.2.	N/A	N/A	N/A	DoD Factor
(3) Value of Equipment not Returned	010203.I.3.	Acquisition Cost	Acquisition Cost	Replacement Cost	Replacement Cost
(4) PCH	010203.I.4.	Actual	Actual	Actual	Actual
(5) Transportation	010203.I.4.	Actual	Actual	Actual	Actual
b. Repairs to Restore Equipment and/or Property to Original Condition	010203.I.5				
(1) Direct Labor	010203.A 010203.B	See Sale of Services	See Sale of Services	See Sale of Services	See Sale of Services
(2) Material and/or Supplies	010203.D	See Sale of DoD Personal Property	See Sale of DoD Personal Property	See Sale of DoD Personal Property	See Sale of DoD Personal Property
(3) Overhead	010203.J.	Overhead Rate	Overhead Rate	Overhead Rate	Overhead Rate

ADDENDUM 3: MOA Model

MEMORANDUM OF AGREEMENT (MOA)
BETWEEN THE
U.S. (INSERT AGENCY NAME) AND THE U.S. DEPARTMENT OF DEFENSE
TO REIMBURSE THE DEPARTMENT OF DEFENSE
FOR _____

I. Purpose. This agreement establishes the financial arrangements between the (identify the other Federal Agency) and the Department of Defense to reimburse the Department of Defense for the (identify the program).

II. Description of Services to be Provided. The Department of Defense is to maintain the capability to respond on an as required basis to the (identify the other Federal Agency) requirements for (describe the required support) and to meet the needs of the (identify the Federal Agency activity being supported) that has limited (identify the support) capabilities.

III. Basis for Reimbursement

A. This agreement is entered into under the provisions of (identify the authority, such as the "Economy Act") and provides for reimbursable orders of approximately $_____. This MOA is subject to annual modification as necessary, to provide for reimbursement of costs as described below in providing the requested support. The amounts in respective reimbursable orders may not be exceeded by more than (display the ceiling by either a percentage or dollar value) without written approval by the (other Federal Agency).

B. Reimbursement furnished under the terms of this agreement shall be for the costs incurred by the Department of Defense in providing the services.

IV. Procedural Arrangements

A. Estimating. The Department of Defense will review its actual costs incurred in providing the requested support to ascertain if they are in line with the annual cost estimates. The Department of Defense will promptly advise the (other Federal Agency) of any required revisions to the value of this agreement.

B. Ordering. The (other Federal Agency) will provide a completed order for specific material or services to the Department of Defense for acceptance and the identification of the (other Federal Agency) accounting data for resulting billings (unless a check is provided in advance). The delivery requirements of the (other Federal Agency) will be stated in the order.

C. Billing. The DoD Component will bill the (other Federal Agency) on a monthly basis by submitting Standard Form (SF) 1080 (Voucher for Transfers Between Appropriations) and including a breakdown of actual cost elements being reimbursed. The voucher shall be sent or

delivered to the (other Federal Agency billing address) within 30 days after the month in which the transaction occurred.

D. Payment of Bills. The (other Federal Agency) paying office will forward check payment(s), along with a copy of billed invoice(s) to appropriate addressees listed on billing invoices within 30 days of the date of invoice, unless the SF 1080 is identified as no check required. Bills rendered shall not be subject to audit in advance of payment.

V. Effective Date. This agreement is effective _____ and will terminate on _____.

_____ _____
(Other Federal Agency) (DoD Component)

ADDENDUM 4: Sample Universal Order Format

UNIVERSAL ORDER FORMAT

UNIVERSAL ORDER FORMAT	2. DOCUMENT NUMBER:	3. DATE PREPARED:
1. THE ORDER IS ISSUED AS A (CHECK APPLICABLE BOX(ES)) ☐ ECONOMY ACT ORDER (31 U.S.C. 1535) ☐ PROJECT ORDER (41 U.S.C. 6307) ☐ OTHER REIMB ORDER (CITE STATUTE)_____ ☐ DIRECT CITATION		4. ORDER COMPLETION DATE: 5. AMENDMENT NUMBER:
6. FROM: REQUESTING ACTIVITY (AGENCY, ADDRESS)	7. POINT OF CONTACT: (NAME, OFFICE SYMBOL, PHONE)	
8. TO: PERFORMING ACTIVITY (AGENCY, ADDRESS)	9. MAIL BILLINGS TO:	

10. FUNDS FOR THIS ORDER ARE PROPERLY CHARGEABLE TO THE FOLLOWING ACCOUNTING DATA. AVAILABLE FUNDS ARE SUFFICIENT TO COVER THE ESTIMATED TOTAL COST OF THIS ORDER. FUNDS EXPIRE ON _____

a APPROPRIATION	b LIMIT/ SUBHEAD	c SUPPLEMENTAL ACCOUNTING CLASSIFICATION	d ACCTG STATION	e AMOUNT
			f. TOTAL THIS DOCUMENT:	
			g. CUMULATIVE TOTAL:	

11. THE ITEMS REQUESTED ☐ ARE ☐ ARE NOT INCLUDED IN THE INTERSERVICE SUPPORT PROGRAM AND REQUIRED INTERSERVICE SCREENING ☐ HAS ☐ HAS NOT BEEN ACCOMPLISHED.

11a. REMARKS: (ATTACH CONTINUATION SHEET IF MORE SPACE IS REQUIRED)

12. DESCRIPTION OF ORDER AND OTHER INSTRUCTIONS: (ATTACH CONTINUATION SHEET IF MORE SPACE IS REQUIRED)

a REF NO	b ITEM NO	c SCHEDULE OF SUPPLIES/SERVICES	d QUANTITY ORDERED/ ACCEPTED	e UNIT	f UNIT PRICE	g ESTIMATED AMOUNT
					h. TOTAL ESTIMATED AMOUNT: (Total Block 12 g.)	

13. PROVIDED THROUGH REIMBURSEMENT			14. PROCURED BY DIRECT CITATION		
a REF NO.	b ITEM NO.	c ESTIMATED AMOUNT	a REF NO.	b ITEM NO.	c ESTIMATED AMOUNT
15. FUNDS PROVIDED THROUGH REIMBURSEMENT: (Total Block 13c)					
16. PROCURED BY DIRECT CITATION: (Total Block 14c)					

17. I CERTIFY THAT THE FUNDS CITED ARE PROPERLY CHARGEABLE FOR THE ITEMS REQUESTED.

_____ _____
AUTHORIZING OFFICIAL (NAME, TITLE AND SIGNATURE) (DATE)

18. THIS REQUEST AND/OR ORDER IS ACCEPTED ON A ☐ REIMBURSABLE ☐ DIRECT CITE BASIS AND THE ITEMS WILL BE PROVIDED IN ACCORDANCE HEREWITH. THIS REQUEST AND/OR ORDER IS NOT ACCEPTED ☐ (SEE REMARKS).

_____ _____
ACCEPTING OFFICIAL (NAME, TITLE AND SIGNATURE) (DATE)

19. POINT OF CONTACT: (NAME, OFFICE SYMBOL, PHONE NO.)

ADDENDUM 4

PREPARATION INSTRUCTIONS FOR THE UNIVERSAL ORDER FORMAT

Instructions for the preparation of the "universal order format" are as follows: The requesting activity shall complete blocks 1 through 12 and 17. The performing activity shall complete blocks 13 through 16, 18 and 19.

Block No.	Title and/or Description
1	Type of Order - Indicate the type of order being processed. The order may be on a reimbursable or direct fund cite basis, or both. The order may serve as an "Economy Act Order" (31 U.S.C. 1535), a "Project Order" (41 U.S.C 23), or an order based upon other statutory authority. Performance of the work or services, or both, must be accomplished in accordance with the applicable statutes.
2	Document Number - Document numbers are generally assigned by the requesting activity. These numbers are for accountability and control purposes. It uniquely identifies the document and is the number under which the funds cited in blocks 10, 15, and 16, are to be recorded such as committed, obligated, expended.
3	Date Prepared - The date on which the form was prepared by the originator.
4	Order Completion Date - The date by which the work or services being requested must be completed by the performing activity, or physical delivery of material. An extension or change of the completion date, if required, shall be requested in writing and is subject to the approval of the requesting activity cited in block 6. An amendment to the original order shall be prepared by the requesting activity if extension or change is approved.
5	Amendment Number - The number assigned by the originating activity to uniquely identify each amendment to the original (basic) document.
6	From - The name and address of the activity requesting the work or services.
7	Point-of-Contact - The name of an individual at the requesting activity who can be contacted if any questions should arise regarding the order. A telephone number and office symbol also should be identified. This individual generally is not the same as the authorizing official in block 17.

8 To - The name and address of the activity being requested to perform the work or services.

9 Mail Billings To - The name and address of the organization or activity to which the billings are to be mailed when the universal order format is issued external to DoD Components. Billings normally shall be submitted by the performing activity on a monthly basis unless specifically stated in block 12.

10 Accounting Data

a. Enter the funds expiration date. This date indicates when the funds must be obligated by the performing activity. Funds not actually obligated by the expiration date shall be returned to the requesting activity.

b. The accounting classification data code structure shall be the one currently in effect. (If the accounting classification code structure is other than DoD, such as that of a civil agency, this block may be altered to accommodate the required form.)

c. The fund balances should be sufficient to cover the total estimated amount for the subject order. Block 10.f. represents the total amount of funds authorized for the particular document or amendment. Block 10.g. represents the cumulative total amount of funds authorized, including previous amendments, as of the date of that particular document and/or amendment. In the case of a "basic" document, the amounts appearing in blocks 10.f. and 10.g. will be identical.

11 Interservice Support Program - Indicate the applicable box pertaining to items requested.

11a Remarks - Use for additional information as required.

12 Description of Work to be Performed and Other Instructions - Enter a specific, definite and complete description of work encompassed by the order, each item of supplies, material, equipment, or services required. If additional space is required, a continuation sheet may be used. Add the estimated amounts in block 12.g. and enter the amount in block 12.h. The amount in block 12.h. should be the same as blocks 10.f. and/or 10.g.

13 Provided through Reimbursement: (Estimated Amount) - Indicate the items and corresponding amounts shown in block 12, which will be completed through reimbursement. This block should be completed by the performing activity.

14 Procured by Direct Citation: (Estimated Amount) - Indicate the items and

corresponding amounts shown in block 12, which will be completed through direct citation. This block should be completed by the performing activity.

15 Funds Provided through Reimbursement - Add the amounts in block 13.c. and enter in this block. The sum of blocks 15 and 16 shall equal the amount shown in block 12.h. Block 12.h. shall equal block 10.f. Amounts authorized in this block are not subject to the Antideficiency Act (Title 31, United States Code, section 1517) unless specifically indicated on the face of the document.

16 Procured by Direct Citation - Add the amounts in block 14.c. and enter in this block. The sum of blocks 15 and 16 shall equal the amount shown in block 12.h. Block 12.h. shall equal to block 10.f. The amount in this block constitutes a limitation under Title 31, United States Code, section 1517 when the purchasing office or contracting activity is a separate entity from the requesting activity.

17 Authorizing Official - Enter the name, title, and signature of the individual in the requesting activity authorized to issue the document. The date the authorizing official actually signed the document also must be included. This date is the basis for determining the accounting month under which the commitment or consignment is to be recorded.

18 Accepting Official - Written acceptance of this order is required and is accomplished by completing this block. Enter the name, title, and signature of the individual in the performing activity authorized to accept the document.

19 Point-of-Contact - The name of an individual at the performing activity who can be contacted if any questions should arise regarding the order. A telephone number and office symbol should also be provided. This individual generally is not the same as the accepting official in block 18.

VOLUME 11A, CHAPTER 2: "PROJECT ORDERS"

SUMMARY OF MAJOR CHANGES

All changes are denoted by blue font.

Substantive revisions are denoted by an * symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by ***bold, italic, blue and underlined font*.**

The previous version dated November 2002 is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
Page 2-2	Add a Table of Contents	Add
0201	Inserted a statement to reference chapter 1 for overall guidance and discussion of reimbursements.	Add
0202	Delete reference to "Additional guidance relevant to the U. S. Army is prescribed in the Army Annex to this chapter".	Update
0202	Add "the Joint Staff" and "all other organizational entities within the DoD" expanding activities that are included in the Standard Applicability Statement template and standards guidance for processing DoD issuances.	Update
Army Annex	Delete annex that is service specific and redundant of the guidance currently published within Defense Finance and Accounting Service Indianapolis Regulation 37-1, Chapter 12 "Orders, Earnings, and Billings" sections 1208 "Project Orders" and 1212 "Executing Customer Orders".	Remove
020514	Incorporate language clarifying that modification of fixed-price and cost-reimbursement project orders that do not change the scope of project order are obligation adjustments chargeable to the appropriation funding the original order.	Update
Multiple	Establish hyperlink references throughout the chapter.	Add

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CHAPTER 2

PROJECT ORDERS

0201 OVERVIEW

020101. Purpose

This chapter prescribes regulations governing the use of project orders in the Department of Defense pursuant to authority contained in Title 41, United States Code, ***section 6307***. Chapter 1 shall be referenced for overall guidance and discussion of general reimbursement procedures and supporting documentation.

020102. General

All orders or contracts for work or material or for the manufacture of material pertaining to approved projects placed with government-owned establishments shall be considered as obligations in the same manner as prescribed for similar orders or contracts placed with commercial manufacturers or private contractors. The appropriations shall remain available for the payment of the obligations so created as in the case of contracts or orders with commercial manufacturers or private contractors.

020103. Approved Projects

As used in the referenced authority, the term "approved projects" has no special meaning. It refers simply to projects approved by officials having legal authority to do so.

*0202 APPLICABILITY

The provisions of this chapter apply to the Office of the Secretary of Defense, the Military Departments, the Office of the Chairman of the Joint Chiefs of Staff and the Joint Staff, the Combatant Commands, the Office of the Inspector General of the Department of Defense (DoD), the Defense Agencies, the DoD Field Activities, and all other organizational entities within the DoD (hereinafter referred to collectively as "DoD Components").

0203 DEFINITIONS

020301. Project Order

A "project order" is a specific, definite, and certain order issued under the authority contained in ***41 U.S.C. 6307***. 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.

A. A project order is a valid and recordable obligation of the issuing entity when the order is issued and accepted, providing the obligation otherwise meets the criteria for recordation of an obligation contained in ***31 U.S.C. 1501***.

B. A project order shall include an adequate description of the work to be performed. Otherwise, the order is not sufficient to create a recordable obligation. (NOTE: There may be repeat orders for which the performing installation shall have detailed and definite specifications available. Thus, if the performing activity has on file those elements that make a project order specific, definite, and certain, and those elements are in sufficient detail to enable the performing installation to proceed in carrying out the work ordered, then it is not necessary to also include those elements within the project order itself. In such cases, reference may be made on the project order that specification documentation is retained on file by the performing activity.)

020302. Project Order Form

Although the use of a specific project order form is not prescribed, a form substantially in the format of that shown in Addendum 4, "Universal Order Format" in Chapter 1, shall be used whenever practicable. Any form may be deemed to be a "project order" and shall be subject to the provisions of this chapter, regardless of the form in which it is issued when it is:

A. Issued by, and accepted for performance in, a DoD-owned and operated establishment,

B. The subject of any of the purposes set forth in subparagraph 020509.B, and

C. Placed with a DoD-owned and operated establishment.

All forms that are to be treated as project orders clearly shall be identified as such by inclusion of a statement such as: "This order is placed in accordance with the provisions of ***41 U.S.C. 6307***, as implemented by DoD regulation."

020303. DoD-owned Establishment

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. 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.

020304. Contractual Relationship, Commercial Contracts, Defaulting Contractors, and Commercial Contracting

Terms such as "contractual relationship," "commercial contracts," "defaulting contractors," and "commercial contracting" are used to indicate the close relationship between project orders and commercial contracts in the particular circumstances involved. The use of these and similar terms neither shall be construed as requiring project orders to be subject to the provisions of the Federal Acquisition Regulation, ***FAR***, nor as imposing upon the parties to a project order agreement, responsibilities (legal or otherwise) not provided for in this chapter.

020305. Allotment

The term "allotment" includes approved operating budgets for the operation of the U.S. Armed Forces.

0204 ADVANCE PLANNING

020401. Work Estimates

Ordering to Performing DoD Establishments. Ordering DoD Components shall give performing DoD-owned establishments advance-planning data covering the work estimated to be placed with the performing DoD-owned establishment. A performing DoD-owned establishment, in the development of its operating budget, shall use this advance planning data. An operating budget is subject to revision as subsequent specific work requirements, including significant revisions thereof, are determined.

020402. Cost Estimates

At the appropriate time during project order negotiations, performing DoD-owned establishments shall give ordering DoD Components cost estimates for each item to be produced, or work to be performed, under the project order.

0205 CONDITIONS GOVERNING ISSUANCE AND ACCEPTANCE OF PROJECT ORDERS

020501. Contractual Relationship

A contractual relationship shall exist (i.e., be created by the project order) between the parties involved.

020502. Under the Same Activity Commander

Consistent with the concept that one entity cannot enter into a formal contract with itself, a project order shall not be used by one organizational unit to order work from another organizational unit under the same activity commander.

020503. Expiration

Expiration dates of project orders may not extend beyond the point in time in which the appropriation funding the order shall be canceled (generally 5 years after the appropriation expires for new obligation).

020504. DoD-Owned Establishment

Project orders may be issued only to DoD-owned establishments (see paragraph 020303) that have been given the authority to operate a reimbursable program in an amount equal to or exceeding the project order amount(s). Transactions between the Department of Defense and other government agencies are governed by the Economy Act ***31 U.S.C. 1535.*** To determine whether the project order statute, rather than the Economy Act, gives the statutory authority for an intra-DoD order, determine whether the order is being placed with a DoD-owned establishment as that term is defined in paragraph 020303, above. Also, determine whether the order is "entire" under paragraph 020509, or whether the order satisfies the requirements of the Economy Act set forth in Chapter 3.

020505. Payment

All payments by an ordering DoD Component to a performing DoD-owned establishment shall be based upon either an approved payment schedule in the order or upon billings from the performing DoD-owned establishment to the ordering Component.

020506. Specific, Definite, and Certain

Project orders are analogous to contracts placed with commercial concerns and, similar to such contracts, shall be specific, definite, and certain both as to the work encompassed by the order and the terms of the order itself. A project order shall be accepted by the performing DoD-owned establishment as a basis of obligation by the issuer.

020507. Certification of Availability for Purpose

Project orders are subject to the same fiscal limitations that are contained within the appropriation from which they are funded. On the other hand, the performing entity may not be aware of all such appropriation limitations. Therefore, an official of the issuing entity shall offer a certification on--or attached to--the project order stating that the funds cited on the project order properly are chargeable for the purposes cited in the project order.

020508. Bona Fide Need

The issuing activity's project order shall serve a bona fide need that exists in the fiscal year in which the project order is issued; otherwise, a valid obligation is not accomplished. It is not intended that the rule of bona fide need of the fiscal year rule be construed to preclude procurement lead-time. Thus, where materials, for example, cannot be obtained in the same fiscal year in which they are needed and contracted for, a provision for delivery in the

subsequent fiscal year does not violate the bona fide need rule so long as the time intervening between contracting and delivery is not excessive and the procurement is not for standard commercial items readily available from other sources. Bona fide need generally is a determination of the requesting activity and not that of the performing activity. A performing activity shall refuse to accept a project order if it is obvious that the project order does not serve a need existing in the fiscal year in which issued.

020509. "Entire" Versus "Severable"

To be eligible for project order financing, the need shall be present in the fiscal year in which the project order is issued, require a series of actions over a period of time which may cross a fiscal year, and call for work or services that are reasonably not severable between fiscal years. For instance, an order for an "entire" end-item or service would call for a single or unified outcome or product and would be one in which few, if any, benefits would accrue if the work were terminated without completion at the end of the fiscal year in which it was placed.

The distinction between "entire" and "severable" may not be evident readily and, therefore, requires some judgment. The objective desired by the requesting customer shall be used in the determination. For example, if the customer supplies an item (for example, an aircraft) for overhaul or renovation and wants the entire item returned in a serviceable state, then a repair of a single component (for example, avionics, landing gear, electronics) of the item when the item consists of many components needing repair, would not be a "severable" action. Conversely, if a customer desires an automated system that consists of multiple modules and some (or all) modules can be used independent of the entire system, then each module that can be used independent of the entire system is severable.

A. The following are examples of efforts that ordinarily are severable and, therefore, not eligible for project order financing.

1. Custodial or housekeeping services.

2. Security or fire protection services.

3. Refuse collection.

4. Routine maintenance in general, including: Grounds or surfaced-area maintenance, heating and air conditioning systems operation and maintenance, and other real and personal property maintenance.

5. Services such as: Education, training, subsistence, storage, printing, laundry, welfare, transportation (including port handling), travel, utilities or communications when any of these purposes is the primary purpose of the request.

6. Efforts where the stated or primary purpose of the order is to acquire a level of effort (for example, 100 hours, 20 weeks, or one year) rather than a specific, definite, and certain end-product.

B. The following are examples of efforts in which an entire need generally exists and, therefore, are eligible for project order financing:

1. Manufacture, production, or assembly of items including experimental prototypes or items manufactured and assembled for test. "Items" include ships, aircraft, guided missiles, other weapons, vehicles of all kinds, ammunition, clothing, machinery and equipment for use in such operations, and other military and operating supplies and equipment (including components and spare parts).

2. Renovation, rebuild, rehabilitation, reconditioning or overhaul of items, including such operations as are necessary to restore an item to a condition of serviceability equivalent to its original state.

3. Alteration or modification in design or assembly of an item to meet revised specifications or to correct defects.

4. Construction or conversion of items (including buildings and other structures), utility and communication systems, and other public works.

5. Development of software programs and automated systems when the purpose of the order is to acquire a specific, definite, and certain nonseverable end-product that is achievable reasonably with the resources (financial, human, and plant) available to the provider rather than a level of effort over an extended period.

6. Production of engineering and construction related products and services.

020510. Commencement of Work

The work to be performed under project orders shall be expected to begin within a reasonable time after its acceptance by the performing DoD-owned establishment.

A. Although work on a project order is not required to commence in the year of project order acceptance, as a minimum requirement, evidence shall exist at the time of project order acceptance showing the intention that work (or procurement if required prior to the beginning of work) shall (1) begin without delay (usually within 90 days) and (2) be completed within the normal production period for the specific work ordered.

B. If work (or procurement if required prior to the beginning of work) financed from an appropriation that expired for obligation on September 30 on a project order does not begin, or is not expected to begin, before January 1 of the following calendar year, then the project order shall be returned by the performing activity for cancellation. If it is documented that the delay is unavoidable and could not have been foreseen at the time of project order acceptance and that documentation is retained for audit review, then the project order can be retained and executed.

020511. Contingent Event Prohibition

No project order shall be issued if commencement of work is contingent upon the occurrence of a future event or authorizing action by the ordering DoD Component.

020512. Lawful Purpose

Project orders shall not be used to contravene provisions of the law or to accomplish, by means of this device, what regulations do not permit under commercial contracts.

020513. Authorized Purpose

Project orders shall not be issued for the primary (or secondary) purpose of continuing the availability of appropriations.

*020514. Project-Order Modification

The Project Order statute ***41 U.S.C. 6307*** differs from the Economy Act ***31 U.S.C. 1535*** because it permits agencies to account for obligations for orders encompassed in paragraph 020102 in the same manner as orders for similar work placed with commercial manufacturers and private contractors. Project orders, similar to commercial contracts, may contain special provisions and may be modified. Unlike procurement contracts with commercial concerns, where competition requirements limit permissible contract modifications, project orders may be changed or increased at any time to accommodate new or additional work so long as proper funding is available, and so long as the new work otherwise meets the general conditions governing issuance and acceptance of project orders. If the appropriation used to fund the initial order remains available for new obligation, then use it to fund all modifications that are a bona fide need of that appropriation, even if the modification changes the scope of the project order. If the appropriation used to fund the initial order has expired, then use it to fund only those amendments and modifications that are within the general scope of the initial project order. All modifications that increase or change the general scope of work of the original order shall be charged to a current appropriation. In case where the original appropriation has expired and no longer is available for new obligations, and the modification or amendment changes the general scope of the original order, the amendment or modification shall be funded from the current appropriation. The appropriation cited on the project order shall remain available for price increases and changes that are within the scope of the original order. These obligational rules apply equally to fixed-price and cost reimbursable project orders. Limitation of cost clauses in commercial cost-reimbursement contracts that are the obligational basis for the requirement to charge current appropriations for all ceiling increases, including those within the general scope of such contracts, are not applicable to cost-reimbursement project orders. Limitation of cost clauses govern the legal liability of the United States to third parties, whereas transactions within or between agencies are governed by principals of comity. Whether to structure such project orders on a fixed-price or reimbursable basis is a matter of agency discretion and convenience, but not obligational relevance. Whether the work changes the general scope of the original order, or otherwise satisfies an emergent bona fide need of the current fiscal period, governs whether current funds must be charged. Subject to the provisions of paragraph 020708,

amendments to project orders, which have the effect of partial or complete termination of such orders, shall provide for the inclusion of the costs of termination.

020515. Ability to Perform

Project orders shall be issued only to those DoD-owned establishments that are capable of performing substantially the work ordered. "Substantially," as used in this paragraph, means that the project order recipient shall incur costs of not less than 51 percent of the total costs attributable to rendering the work or services ordered. Total costs to render the work or services ordered include the costs of goods or services obtained from or provided by contractors.

020516. Subsidiary Ordering.

The provisions of this chapter are not intended in any way to authorize one DoD-owned establishment to act as a general contracting or purchasing agent for another entity.

A. Subsidiary ordering (within the government) and contracting (with commercial firms) pursuant to a project order is authorized, given such subsidiary ordering and contracting is incident to, and is for use in, carrying out the purpose of the project order.

B. Project orders shall contemplate the use of personnel and facilities (and may include the use of other resources) on the part of the project order recipient, but beyond those incident to contract procurement. In this connection, it is not improper for a project-order recipient to subcontract for component parts when the recipient later assembles those parts into the end-product ordered. The assembly operation includes the use of personnel whose technical skills are essential to completion of the job. In addition, the work expended in the assembly operation shall be of such an extent that it avoids a perception of the project order being used for contract procurement.

C. If a project order cannot be placed with another DoD-owned establishment because that establishment would fill the order by contracting with a commercial concern for performance of substantially the entire order, then it is possible the order could be placed pursuant to the Economy Act ***31 U.S.C. 1535(a)(3)***. This Act permits the agency or agency unit filling the order to provide or procure by contract the goods and services necessary to perform the order.

020517. Project Order Default

Where recipients of project orders default or fail to perform work or services specified in the orders, and replacement contractors are required as the result of such default, the following apply:

A. Defaulted work or services may be procured from another source to the extent of any unobligated balance in the appropriation thus obligated. Similarly, a project order also may be issued to a DoD establishment under an appropriation obligated by contracts with

outside contractors when such contract is terminated for default or failure on part of the contractor to perform work or services specified in the contract. Replacement project orders resulting from defaults may be issued and obligated subsequent to the period of availability of the appropriations for obligation if the replacement project order is made without undue delay after the termination of the original contract or project order.

B. Replacement project orders fulfill bona fide needs of the appropriation that had funded the contract or project order that was terminated for default. The replacement project order shall be awarded on the same basis and be similar substantially to the original project order in its scope and size. The replacement project order shall not extend beyond the point in time in which the ordering appropriation shall be canceled (generally 5 years after the appropriation expires for new obligation).

020518. Project Order Financing

Project orders shall be financed fully by the ordering DoD Component from obligational authority current at the time the project order is issued and accepted. The project orders issued for projects or programs financed by a research, development, test and evaluation appropriation may be prepared on an incrementally programmed basis. Research, development, test and evaluation appropriation projects or programs financed on an incrementally programmed basis are ones that are funded for the remainder of the funding appropriation's period of current availability or the current fiscal year vice a fully-funded-to-completion basis.

020519. Direct-Cite Prohibition

Project orders shall be issued to a DoD-owned establishment for performance only on a reimbursable basis. Orders may not be made a subdivision of funds, similar to an allotment; nor may appropriations of the ordering DoD Component be cited by the performing DoD-owned establishment when incurring and recording obligations incurred in performance of the order.

020520. Reimbursement of Costs Incurred in Performance of a Project Order

Reimbursement of costs incurred by a performing activity in fulfillment of a project order may be accomplished in the manner ordinarily used by that performing activity. The usual and accepted manner of accomplishing reimbursement is by citing the funds of the requesting activity as the funds charged on an SF 1081 ("Voucher and Schedule of Withdrawals and Credits").

0206 CONDITIONS GOVERNING PERFORMANCE OF PROJECT ORDERS

020601. Timeliness

After acceptance, project orders shall be performed as expeditiously as possible according to the terms as accepted. (See paragraph 020510 for additional information.)

020602. Notification of Delivery Schedule

Performing DoD-owned establishments shall be responsible for promptly advising ordering DoD Components concerning changes in delivery schedules.

020603. Summary of Costs

For cost-reimbursement project orders, performing DoD-owned establishments shall give ordering DoD Components a summary of costs incurred to date and estimates of costs to complete the order only when specifically requested by the ordering DoD Component. The ordering DoD Component shall not request the submission of this cost information any more frequently than once a month. No special report forms are authorized for this purpose.

020604. Expiration Dates

Expiration dates of project orders may be extended with the approval of the ordering DoD Component. Expiration dates of project orders may not extend beyond the point in time in which the ordering appropriation shall be canceled (generally 5 years after the appropriation expires for new obligation).

0207 REIMBURSEMENTS TO PERFORMING DOD-OWNED ESTABLISHMENTS

020701. Reimbursement

Performing DoD-owned establishments shall be reimbursed for work covered by project orders upon the basis of costs incurred or on the basis of fixed prices.

020702. Fixed-Price Project Orders

A fixed-price project order shall establish a firm price for purposes of reimbursement for the work or services ordered. This shall not preclude amendments to cover changes in scope of any item in the order. A fixed-price basis may be used if all of the following conditions are present.

A. Work specifications are stable, specific, and definite; and they are made part of the order (or incorporated by reference) for each item when the project order is accepted for performance on a fixed-price basis or amended for any changes in the scope of the work. This requirement is critical especially for project-order-accepting activities financed by a direct appropriation. An activity financed by a direct appropriation shall not accept a fixed-price project order unless the activity can predict with a high degree of certainty the actual cost to complete the project order. Otherwise, the activity may violate the prohibition against inappropriately augmenting an appropriation and/or using an appropriation for a purpose not authorized.

B. When there is more than one item of work or service in a project order, including amendments for changes in scope, each item is made the subject of a separate price as

shown by the order or in a list incorporated therein by reference. When the work to be performed is the subject of a work list (e.g., equipment overhaul) each entry on the work list shall be considered to be an item.

C. No substantial contingencies are included in the price, nor considered to be involved in performance, so that cost variations in performance reasonably can be expected to be minor.

D. There is a satisfactory system of cost estimating used as a basis for establishing fixed prices. When cost standards are used in cost estimating for the purpose of pricing, they shall be adjusted for this purpose to include expected cost variances.

E. The same cost elements are used in cost estimating and establishing fixed prices as would be required for use if reimbursements were based upon actual cost incurrence.

020703. Cost-Reimbursement Project Orders

The amount stated in a cost-reimbursement project order shall be a sound estimate of the costs to be incurred in performance of the work or services ordered. Such estimates shall be determined upon the basis of the specific work to be performed. The estimate of costs shall be the ceiling amount for purposes of reimbursement for the work or services ordered.

A. The performing DoD-owned establishment and the ordering DoD Component shall effect timely renegotiations for revisions of the ceiling amount of cost-reimbursement project orders. Such renegotiations shall take place whenever cost performance indicates the need for adjustment of the ceiling amount upward or downward, but before cost of performance has exceeded 75 percent, when compared with the current ceiling amount. Renegotiations need not be conducted when the probable cost of renegotiation is greater than the adjustment amount. In such cases, the performing establishment shall absorb the difference, upward or downward.

B. Cost-reimbursement project orders may be converted to a fixed-price basis provided all conditions governing the use of fixed-price project orders are present. (See paragraph 020702) In addition, the conversion shall be effected prior to incurring either 50 percent of the total cost of the work, or 50 percent of the period of performance, whichever comes first.

020704. Unfunded Costs

For purposes of this paragraph, “unfunded costs” are costs that are not funded in the account or appropriation that funds the performing activity. (Examples of unfunded costs are not universal. Some performing revolving fund accounts, primarily the working capital fund accounts, may fund costs that are unfunded by appropriated funds. Unfunded costs of an appropriated-funded performing activity normally include labor of military personnel and depreciation of capital assets.) When an ordering DoD Component places an order on behalf of persons or agencies outside the U.S. Government (including reimbursable transactions pursuant

to ***Foreign Military Sales***), the ordering DoD Component shall indicate this fact on the project order. In those instances, the amount of unfunded costs shall be included and identified in the items listed below.

A. Project orders issued to performing activities;

B. Billings made by the performing activity to the ordering activity;

C. Reimbursements by the ordering activity to the performing activity; and

D. Reimbursements obtained by the ordering activity from the nonfederal customer.

020705. Working Capital Fund.

In the case of performing DoD-owned establishments operating under a working capital fund, reimbursable costs shall be determined in accordance with Volume 11B.

020706. Non-Working Capital Fund.

When the performing DoD-owned establishment is not operating under a working capital fund, reimbursable agreements negotiated prior to placement of project orders costs shall be determined in accordance with policy established in Chapter 1.

020707. Reimbursable Costs

Reimbursable costs include the cost of machinery or equipment acquired specifically for the performance of a single project order. Such costs shall be specifically approved in the following circumstances:

A. In advance by the ordering DoD Component,

B. When the machinery or equipment legally could be acquired directly by the ordering fund or appropriation, or

C. Approval is incorporated into the term of the project order agreement or amendments thereto. When this is the case, the approved costs shall be segregated from other costs and shown as a separate item in the reimbursable billing. Such machinery and equipment are the property of the ordering DoD Component and shall be disposed of in accordance with instructions from the ordering DoD Component.

020708. Termination Costs

Costs incurred in the termination of project orders shall be reimbursable to the performing DoD-owned establishment when those orders are terminated by the ordering DoD Component, to the extent that such costs do not exceed the amount of the fixed price or the current ceiling amount specified in the case of cost-reimbursement project orders. When ordering DoD Components and performing DoD-owned establishments cannot agree on the costs of termination, the case shall be referred through Component financial management channels for settlement by the Under Secretary of Defense (Comptroller).

020709. Billing

To the extent feasible, performing DoD-owned establishments shall bill ordering DoD Components for work performed upon the basis of jobs completed or services rendered in accordance with the terms of the project order. Whenever a long period of time is required in the performance of a project order, periodic progress payments approximating costs incurred may be provided for in the order. Progress payments may be made to the performing DoD-owned establishment to cover the accrued cost (and other direct obligations incurred) of performance to the end of the fiscal year under an uncompleted project order. Reimbursement to a working capital fund activity for work performed prior to completion of the project order shall be accomplished normally on either a progress payment or a percentage-of-completion basis.

0208 ACCOUNTING FOR COST OF PERFORMANCE

020801. Administration

Project orders are reimbursable orders and shall be administered and accounted for as such. Project orders, therefore, neither shall be administered nor accounted for by performing DoD-owned establishments as separate subdivisions of appropriations or funds similar to an allotment. The appropriation-type accounting for project orders shall be performed by the ordering DoD Component in a manner similar to that performed for contracts.

020802. Working Capital Fund

The operations of performing DoD-owned establishments financed under a working capital fund shall be accounted for in accordance with Volume 11B.

020803. Obligation Authority

Project orders received and accepted are the source of obligational authority, in the amount of the project order, for the performance of the work requested.

020804. Costs Accounts

A cost account or other device shall be used to accumulate the costs of performance for all project orders. Those cost accounts shall serve as a basis for determining the amount

reimbursable for cost-reimbursement project orders and as a basis of determining a fixed price for similar future fixed-price project orders.

020805. Billings

Billings covering reimbursements shall identify costs by each item listed in the project order.

0209 EXEMPTIONS

Requests for exemptions, along with appropriate justification, shall be submitted to the Deputy Chief Financial Officer, Office of the Under Secretary of Defense (Comptroller).

VOLUME 11A, CHAPTER 3: "ECONOMY ACT ORDERS"

SUMMARY OF MAJOR CHANGES

All changes are denoted by blue font.

Substantive revisions are denoted by an * symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by ***bold, italic, blue and underlined font*.**

The previous version dated February 2008 is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
030101	Clarify that Project Orders (41 U.S.C. §6307) do not fall under the Economy Act statute (31 U.S.C. §1535).	Add
030101	Insert a statement to reference chapter 1 for overall guidance and discussion of reimbursements.	Add
030103	Add new paragraph on "Definitions" to define and clarify commonly used terms in the chapter. Examples include "requesting agency" with "ordering agency"; and "servicing agency" with "performing agency" to clarify consistency with descriptions in the FAR Subpart 17.5.	Add
030103	Synchronize definitions of interservice and intra-agency between and within DoD components; and intergovernmental and interagency non-DoD Federal government agencies. FMR and FAR Subpart 17.5.	Update
030104	Emphasize that the four conditions on use of 31 U.S.C. §1535 were established as the basic conditions that must met.	Update
030105	Clarify that Economy Act may not be used for services between the requestor and provider that are already required by law and received in its appropriation.	Add
0302	Changed terms consistent with the terms established in the new paragraph 030103.	Update
030404A	Insert language to clarify how to fund severable and non-severable contracts when using multiple-year appropriations, in particular, those using research, development, test, and evaluation funds.	Add
030404C	Emphasize that the requirement to deobligate Economy Act transactions when servicing agency has not incurred obligations before the end of the period of availability of the ordering appropriation is a statutory (31 U.S.C. §1535(d))	Add

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
030501	Correct MIPR Acceptance form number.	Correction
030501	Add the DD Form 1144 as an acceptable mechanism for obligating funds under Economy Act orders.	Update
030502A	Clarify that advance payments, when authorized, are based on estimates that must be adjusted to account for actual costs.	Update
030502B	Add language that requires the requesting official to document the non-DoD servicing agency agrees to account for DoD funds.	Add
030601	Emphasize that reimbursement under the Economy Act is to be made on the basis of actual cost as determined by the servicing agency.	Update
030705	Require servicing DoD Components to maintain a record of the purchasing Components funding accounting classification.	Add
030706	Renumbered from 030705.	Update
Multiple	Hyperlinked references updated throughout the chapter.	Update
References	List various references for this chapter.	Add

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CHAPTER 3

ECONOMY ACT ORDERS

0301 GENERAL

*030101. Purpose

This chapter prescribes policies and procedures applicable to transactions where goods or services are procured from other federal agencies under the Economy Act, Title 31, United States Code, ***sections 1535*** and ***1536***. Transactions include interagency and intra-agency support, where an activity needing supplies or services (requesting or ordering agency) obtains them from another activity (servicing or performing agency). Within the Department of Defense (DoD), Economy Act orders typically are executed by issuance of a ***DD Form 448***, "Military Interdepartmental Purchase Request (MIPR)." Project orders are outside the scope of the Economy Act, defined under Title 41, United States Code, ***section 6307***, and discussed in Chapter 2. Chapter 1 shall be referenced for overall guidance and discussion of general reimbursement procedures and supporting documentation.

*030102. Overview

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

*030103. Definitions

The following definitions apply to this chapter:

A. Requesting Agency. The requesting agency is the customer activity that places an order for goods or services to another federal agency or DoD component. The term is synonymous with and referenced throughout various Federal government agreements as the "ordering agency".

B. Servicing Agency. The servicing agency is the provider activity that fills an order for goods or services from another federal agency or DoD Component. The term is synonymous with and referenced throughout various Federal government agreements as the "performing agency".

C. Interagency Support. Transactions for goods or services between DoD and non-DoD Federal government agencies, also known as intergovernmental support.

D. Intra-agency Support. Transactions for goods or services within and between DoD and other DoD Components, also known as interservice support.

E. Fiscal Year Appropriation. An appropriation that is available for obligation only during a specific fiscal year. This is the most common type of appropriation. It is also know as a "one-year" or "annual" appropriation.

F. Multiple Year Appropriation. An appropriation that is available for obligation for a definite period of time in excess of one fiscal year.

G. Severable Services. Services that are continuing and recurring in nature where the agency realizes a benefit at the time that services are provided even if the contract has not been performed to completion. Services are considered severable if they can be separated into components that independently provide value to meet an agency's needs.

H. Non-Severable Service. Services that represent a single undertaking that cannot be feasibly subdivided. If the services produce a single or unified outcome, product, or report, the services are considered non-severable. Requires the contractor to complete and deliver a specified end product.

*030104. Legal Authority

A. ***31 U.S.C. 1535*** establishes four (4) basic conditions on use of Economy Act authorities. In accordance with the statute, the head of an agency or major organizational unit within an agency may place an order with a major organizational unit within the same agency or another agency for goods or services if:

1. Funds are available;

2. The head of the requesting agency or unit decides the order is in the best interest of the United States (U.S.) Government;

3. The agency or unit to be asked to fill the order is able to provide or get by contract the ordered goods or services; and

4. The head of the requesting agency decides that ordered goods or services cannot be provided by contract as conveniently or economically by a commercial enterprise.

B. ***31 U.S.C. 1536*** provides for the crediting of payments from purchases between executive agencies so as to be available to replace stocks on hand, unless:

1. Another law authorizes the amount to be credited to some other appropriation or fund, or

2. The head of the performing agency decides that replacement is not necessary, in which case, the amount received is deposited in the Treasury as miscellaneous receipts.

C. Reimbursements made to DoD appropriations under ***31 U.S.C. 1535*** and ***1536*** for services rendered or supplies furnished, may be credited to the appropriation or fund of the activity performing the reimbursable work (Title 10, United States Code, ***section 2205***.)

*030105. Limitations

Because of previous instances of abuse of Economy Act orders, limitations on the use of Economy Act orders have been imposed. Economy Act orders may not be used by an agency to circumvent conditions and limitations imposed on the use of funds, including extending the period of availability of the cited funds. Acquisitions under the Economy Act are subject to the requirements of the Federal Acquisition Regulation, ***(FAR) Subpart 7.3***, "Contractor Versus Government Performance." The Economy Act may not be used to make acquisitions conflicting with any other agency's authority or responsibility (see ***FAR Subpart 17.502***), or for services which the servicing agency is required by law to provide and for which it received appropriations. An Economy Act order cannot be used by one organizational unit to order work or services from another organizational unit under the same activity commander where the activity commander is in a position to fund the required goods or services through the use of direct funds. The Economy Act may not be used for services which the servicing agency is required by law to provide the requesting agency and for which it receives appropriations.

*0302 USES OF ECONOMY ACT ORDERS

Subject to the provisions herein, Economy Act orders may be used for any required goods, supplies or services that are appropriate and legal. Typical uses include, but are not limited to:

A. Intra-agency Support Agreements. This type of agreement typically is used for, but not limited to, base support (host-tenant) services such as: administrative services, civilian personnel services, community services, environmental compliance, fire protection, food service, health service, mail service, police service, security/guard services, warehousing, etc. Services such as testing and evaluation, and level of effort workyears may be covered by Economy Act orders.

B. Interagency Support Agreements. This includes support provided to non-DoD federal agencies that is not provided pursuant to other statutory authority.

0303 INITIATING AN ECONOMY ACT ORDER

030301. Authorities

An agency or unit head may initiate an Economy Act order provided that all the conditions specified in subparagraph 030104.A. are met.

030302. Determinations and Findings Requirements

A. Each Economy Act order must be supported by a Determinations and Findings (D&F) that the use of interagency support capabilities are in the best interest of the government and that the required goods, supplies or services cannot be obtained as conveniently or economically by contracting directly with a private source. (Refer to ***FAR 17.502-2(c)*** for D&F requirements.

B. Economy Act orders that require a contract action by a non-DoD servicing agency also will include a statement on the D&F that supplies and services provided comply with one or more of the following provisions:

1. The acquisition appropriately will be made under an existing contract of the servicing agency, entered into before placement of the order, to meet the requirements of the servicing agency for the same or similar goods, supplies or services;

2. The servicing agency has the capabilities or expertise to enter into a contract for such goods, supplies or services which are not available within the requesting agency; or

3. The servicing agency specifically is authorized by law or regulation to purchase such goods, supplies or services on behalf of other agencies.

*030303. Intra-agency Support

DoD activities shall render requested support to other DoD activities when the head of the requesting activity determines that it would be in the best interest of the U.S. Government, and the head of the servicing activity determines that capabilities exist to render the support without jeopardizing assigned missions. These determinations are accomplished by signing a Support Agreement (blocks 8 and 9 on ***DD Form 1144***, "Support Agreement"). No further written determinations generally are required for agreements between DoD activities.

*030304. Interagency Support

DoD activities may enter into support agreements with non-DoD federal activities when the head of the major organizational unit ordering the support determines that funding is available to pay for the support, it is in the best interests of the U.S. Government, the supplying activity is able to provide the support, the support cannot be provided as conveniently or economically by a commercial enterprise, and it does not conflict with any other agency's authority. This authority may be delegated, although designees may not be lower than Senior Executive Service, Flag, or General Officer levels.

0304 POLICY

030401. Specific, Definite and Certain

Economy Act orders (interservice and intragovernmental support agreements) shall be specific, definite, and certain both as to the work encompassed by the order and the terms of the order itself.

030402. Certification of Availability for Purpose

Economy Act orders are subject to the same fiscal limitations that are contained within the appropriation from which they are funded. However, the performing entity may not be aware of all such appropriation limitations. Therefore, the requesting official must provide a certification, on or attached to the Economy Act order, that the funds cited on the Economy Act order are properly chargeable for the purposes cited in the order.

030403. Bona Fide Need

Economy Act orders citing an annual or multiyear appropriation must serve a bona fide need ***31 U.S.C. 1502*** arising, or existing, in the fiscal year(s) for which the appropriation is available for obligation. Otherwise, a valid obligation is not accomplished. Bona fide need generally is a determination of the requesting activity and not that of the servicing activity. A servicing activity should, however, refuse to accept an Economy Act order if it is obvious that the order does not serve a need existing in the fiscal year for which the appropriation is available.

030404. Appropriation Policy

A. Obligation. An Economy Act order obligates the applicable appropriation of the requesting agency or unit upon acceptance of the order by the servicing agency. The entire properly made amount of a reimbursable order should be obligated by the requesting agency when the order is accepted.

1. Annual appropriations are not available for requirements that are bona fide needs of a subsequent fiscal year, except pursuant to statutory authority. DoD components that enter into Economy Act agreements with other organizations to satisfy requirements for severable services, non-severable services, and supplies must ensure that obligations for the Economy Act agreements constitute a bona fide need of the annual appropriation charged. Consequently, any supply or service contract entered into by the agency filling the Economy Act order must be entered into before the end of the period of availability of the annual appropriation. To constitute a bona fide need of the ordering activity's annual appropriation, any resultant contract for supplies or services entered into by the activity filling the order must satisfy the same obligational requirements set forth in Volume 3, Chapter 8, as would any contract directly entered into by requiring activity. For example, an Economy Act agreement for severable services may be performed by issuance of a contract that crosses fiscal years only if the awarded contract satisfies the requirements of ***10 U.S.C. 2410a***: the contract

period does not exceed 1 year and the contract period commences during the period of availability for the customer appropriations.

2. Multiple year appropriations may be obligated for requirements that constitute bona fide needs of the multiple-year period of availability of the appropriation. Multiple year appropriations obligated for Economy Act orders are subject to the same bona fide need standards as would a contract directly entered into by the requiring activity. Resultant supply and service contracts must be entered into during the period of availability of the appropriation funding the Economy Act order, and are subject to the same budgetary full funding or incremental funding policies prescribed in Volumes 2A and 2B.

3. Resultant contracts for non-severable services that cross fiscal years in reliance on 10 U.S.C. § 2410a must be supported entirely by customer appropriations available for new obligations at the time the contract is awarded.

4. Because research and development test & evaluation (RDT&E) requirements are iterative in nature, RDT&E programs, projects and activities are not subject to full funding policies. For example, ***DFARS 232.703-1*** permits DoD organizations to incrementally fund a fixed-price contract if the contract is funded with research and development appropriations. Similarly, DoD budgetary policy Volume 2A Chapter 1, Paragraph 010214 provides that RDT&E budget estimates are prepared on an incrementally funded basis and only those funds required for work in a given fiscal year shall be included in the RDT&E request for that fiscal year. These policies apply equally to budgeting and obligating for requirements that in execution involve placement of Economy Act orders. Components are encouraged to fully fund RDT&E contracts for non-severable services.

5. Obligating funds for placing an Economy act order, where the resultant fixed-length severable services contract will exceed the 1-year limit set forth in ***10 U.S.C. 2410a*** or will not commence until a subsequent fiscal year, may result in an Anti-Deficiency violation under ***31 U.S.C 1341***.

B. Deobligation. Transactions undertaken in reliance on authority conferred by the Economy Act are subject to statutory requirements imposed by ***31 U.S.C.1535(d)*** governing when excess funds must be deobligated. The amount obligated by the ordering agency or unit must be deobligated to the extent that the servicing agency has not incurred obligations before the end of the period of availability of the ordering appropriation. It is critical that activities reconcile the obligation status of Economy Act orders and deobligate unused funds, as needed, before the end of the funds availability. Funds must be deobligated by both the requesting and servicing agency to the extent that the servicing agency or unit filling the order has not, before the end of the period of availability (fiscal year or multiple year period, as applicable) of the appropriation of the requesting or ordering agency, (1) provided the goods or services, or (2) entered into an authorized contract with another entity to provide the requested goods or services.

030405. Commencement of Work

The work to be performed under Economy Act orders shall be expected to begin within a reasonable time after its acceptance by the servicing DoD Component or organizational unit.

030406. Contingent Event Prohibition

Economy Act orders shall not be issued if commencement of work is contingent upon the occurrence of a future event or authorizing action by the requesting DoD Component.

030407. Prohibitions

Economy Act orders may not be used to contravene provisions of the law or to accomplish what regulations do not permit under commercial contracts. Economy Act orders may not be issued to extend the availability of appropriations.

0305 ORDERING AND PAYMENT PROCEDURES

*030501. Ordering Procedures

An Economy Act order may be placed on ***DD Form 1144*** or any form that is acceptable to both the requesting and servicing agencies involved based upon the documentation standards in Chapter 1, Paragraph 010204 of. Typically, between DoD Components, a DD Form 448, MIPR is used to place the order. A ***DD Form 448-2***, "Acceptance of MIPR," is used to acknowledge acceptance. Economy Act orders may be placed on a reimbursable or direct fund citation basis. Whether the order is on a reimbursable or direct cite basis it should be negotiated between the two parties. An Economy Act order should include ***(FAR 17.503)*:**

A. A description of the supplies or services ordered;

B. Delivery requirements;

C. A funds citation (either direct or reimbursable);

D. A payment provision which may include the citation of the account number associated with a DoD purchase card (acquired under the General Services Administration Smart Pay Program) or the United States of America Card (acquired from the Treasury Department); and

E. Acquisition authority as may be appropriate.

F. Additional ordering procedures are contained in ***DFARS 217.503***.

030502. Payment Procedures

Payment shall be made promptly upon the written request (or billing) of the agency or unit filling the order. Unless the DoD Component is specifically authorized by law, legislative action or Presidential authorization, funds are not to be advanced to non-DoD federal entities, or be used to pay for advance billings without the receipt of goods or services. (Refer to FMR Volume 4, Chapter 5 for the conditions and requirements related to advances and prepayments.)

A. For those few exceptions where DoD is specifically authorized by a specific appropriation or law to advance funds, the specific appropriation or law authorizing the advance must be cited on the obligating and/or interagency agreement documents and orders. Advance payments, when authorized, are based on estimated costs but the final payment amount must be adjusted to account for actual costs. Any unused amounts of the advance shall be collected from the performing agency immediately and returned to the fund from which originally made.

B. The requesting official must be fully aware of the non-DoD federal agency's billing practices and methods. If an advance of funds is permitted, the DoD agency requesting official shall ensure that the written agreement with the servicing agency requires it to specifically account for funds advanced. The requesting official will also take appropriate action to ensure DoD funds are not disbursed in advance of contract performance. Additionally, DoD Components must work with their servicing disbursement sites to ensure trading partner agreements restrict other federal agencies' ability to withdraw funds prior to the delivery of goods or performance of services.

030503. Small Amounts

A. DoD working capital funds, the Corps of Engineers Civil Works Revolving Fund, and other DoD revolving funds may not waive reimbursement of any amount. This does not preclude identification of a central payment office by a DoD Component to pay small bills. Guidance on financial management of working capital funds is in Volume 11B.

B. When an appropriated fund activity is the performer and the amount to be billed within the same DoD Component or to another DoD Component is less than $1,000, the billing may be suspended by the billing organization until the end of the fiscal year, or until the total billed exceeds $1,000. However, no later than the end of the fiscal year, all suspended amounts must be billed even though the amount to be billed is less than $1,000.

C. When the amount to be billed to a non-DoD U.S. Government activity is less than $1,000, the billing may be suspended by the billing organization until the end of the fiscal year, or until the total billed exceeds $1,000. However, no later than the end of the fiscal year, all suspended amounts must be billed to non-DoD U.S. Government activities even though the amount to be billed is less than $1,000.

0306 REIMBURSEMENTS

030601. Appropriated Funds

Reimbursement under the Economy Act is to be made on the basis of actual cost as determined by the servicing agency. The requesting agency must pay the servicing agency the actual costs of the goods or services provided. Actual costs include all direct costs attributable to providing the goods or services, regardless of whether the servicing agency's expenditures are increased. Actual costs also include indirect costs (overhead) to the extent they have a significant relationship to providing the goods or services and benefit the requesting agency. Indirect costs (overhead) shall be computed in accordance with Chapter 1. DoD activities not funded by working capital funds normally do not charge indirect costs to other DoD activities. When contracting out for goods or services, the servicing agency may not require payment of a fee or charge which exceeds the actual cost of entering into and administering the contract (reference ***FAR 17.502-2e4***). Chapter 1 Paragraph 010203, specifies billing policies and procedures for Economy Act orders. Payment shall be made in accordance with paragraph 030502.

030602. Working Capital Fund Activities.

Reimbursable costs in the case of servicing DoD activities operating under a working capital fund shall be determined in accordance with Volume 11B.

0307 ACCOUNTING

030701. Direct Fund Cite Orders

Economy Act orders may be issued as direct fund cite orders where the requesting unit identifies the appropriate fund citation for the servicing unit to place on the requested contract or reimbursable orders. Economy Act orders shall neither be administered nor accounted for by servicing DoD activities as separate subdivisions of appropriations or funds similar to an allotment. Appropriation-type (e.g. annual, no-year, multiyear) accounting for Economy Act orders shall be performed by the requesting DoD Component in accordance with Volume 3, Chapter 15.

030702. Working Capital Fund

The operations of servicing DoD activities financed under a working capital fund shall be accounted for in accordance with Volume 11B.

030703. Obligation Authority

Economy Act orders received and accepted are the source of obligational authority in the amount of the order for the performance of the work requested.

030704. Costs Account

A cost account, or other device, shall be used to accumulate the costs of performance for all Economy Act orders. Those cost accounts shall serve as a historical basis for determining the amount reimbursable for cost-reimbursement Economy Act orders and as a basis of determining a fixed price for similar future fixed-price Economy Act orders.

*030705. Records

The servicing DoD Component shall establish procedures that identify and retain a record of the requestor's appropriation accounting classification(s) for each order received. This will facilitate auditability of the requestor's source of funding.

*030706. Billings

Billings covering reimbursements shall identify costs by each item listed in the Economy Act order. Such billings shall accommodate the use of a DoD (SmartPay) purchase card or the Department of the Treasury's Intra-governmental Payment and Collection (IPAC) System.

*REFERENCES

A. 31 U.S.C. 1535 and 1536 - Economy Act

B. 31 U.S.C. 1502 - Bona Fide Needs Rule

C. 10 U.S.C. 2205 - Reimbursements

D. 10 U.S.C. 2410a - Contracts for Periods Crossing Fiscal Years: Severable Service Contracts; Leases of Real or Personal Property

E. DoD Instruction (DoDI) 4000.19 - Support Agreements

F. Federal Acquisition Regulation (FAR), Subpart 17.502 - Interagency Acquisitions Under The Economy Act

G. Defense Federal Acquisition Regulation Supplement (DFARS), Subpart 217.5 - Interagency Acquisitions Under The Economy Act

H. Defense Federal Acquisition Regulation Supplement (DFARS), Subpart 217.7802 - Policy

I. Defense Federal Acquisition Regulation Supplement (DFARS), Subpart 232.7 - Contract Funding

J. Defense Federal Acquisition Regulation Supplement (DFARS), Subpart 204.7 - Uniform Contract Line Item Numbering System

K. Office of Management and Budget, Circular A-11 - Preparation, Submission, and Execution of the Budget

VOLUME 11A, CHAPTER 4: "USER FEES"

SUMMARY OF MAJOR CHANGES

All changes are denoted by blue font.

Substantive revisions are denoted by an * symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by ***bold, italic, blue and underlined font*.**

The previous version dated October 2007 is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
040201.A	Policy change from the Office of Management and Budget - OMB Circular No. 25	Add
040401.B	Policy change from the Office of Management and Budget - OMB Circular No. 25	Add
040203A.8	Delete DoDI 7930.2, "ADP Software Exchange and Release" which was canceled 10 October 2010.	Remove
Appendix 2	Insert reference to Title 32 Chapter 1 Part 204 (32 C.F.R. 204) for schedule of fees.	Add
Multiple	Truncate paragraph numbers throughout the chapter to adjust for additional policy language above.	Update
Multiple	Establish hyperlink references throughout the chapter	Add

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CHAPTER 4

USER FEES

0401 OVERVIEW

040101. Purpose

This chapter implements the Department of Defense (DoD) program under Title 31, United States Code, ***section 9701***, further codified in ***Title 32 Code of Federal Regulations, Part 204*** and Office of Management and Budget ***(OMB) Circular No. A-25***, "User Charges," to establish appropriate fees for authorized services supplied by DoD organizations.

040102. Applicability

None of the provisions in this chapter should be construed as giving authority for the sale or lease of property, or the rendering of special services. Actions to convey such special benefits must be authorized by separate authority. This user fee policy is applicable except when other statutes or directives specifically direct other practices or procedures.

*0402 POLICY AND PROCEDURES

040201. General

It is DoD policy not to compete unfairly with available commercial facilities in providing special services or in the sale or lease of property to private parties and agencies outside the Federal government. However, when a service (or privilege) provides special benefits to an identifiable recipient, beyond those that accrue to the general public, a fee shall be imposed to recover the full cost to the Federal government for providing the special benefit (or the market price) except as otherwise approved by the Under Secretary of Defense (Comptroller) and authorized by the Director of the Office of Management and Budget. A special benefit will be considered to accrue, and a user fee shall be imposed, when a Government service:

*A. Enables the beneficiary to obtain more immediate or substantial gains or values (which may or may not be measurable in monetary terms) than those which accrue to the general public (e.g. receiving a patent, insurance, or guarantee provision, or a license to carry on a specific activity or business of various kinds of public land use), or

B. Provides business stability or contributes to public confidence in the business activity of the beneficiary (e.g., insuring deposits in commercial banks), or

C. Is performed at the request of or for the convenience of the recipient, and is beyond the services regularly received by other members of the same industry or group or by the general public (e.g., receiving a passport, visa, airman's certificate, or a Custom's inspection after regular duty hours).

040202. Costing

A. Except as provided in paragraph 040203, "Exclusions", and Appendix 1, a user fee shall be imposed to recover the full cost to the Federal Government of providing the service, resource, or good when the Government is acting in its capacity as sovereign.

B. User fees shall be based on market prices (as defined in 040401.C) when the Government is not acting in its capacity as sovereign and is leasing or selling goods or resources, or is providing a service (e.g., leasing space in federally owned buildings). Under these business-type conditions, user fees need not be limited to the recovery of full cost and may yield net revenues.

C. User fees will be collected in advance of, or simultaneously with, the rendering of services unless appropriations and authority are provided in advance to allow reimbursable services.

D. Whenever possible, fees should be set as rates rather than fixed dollar amounts in order to adjust for changes in costs to the Government or changes in market prices of the good, resource, or service provided.

040203. Exclusions

A. The provisions of this chapter do not apply when other statutes or DoD issuances require different practices or procedures, such as for:

1. Morale, welfare, and recreation services to military personnel and civilian employees of the DoD and other services provided in accordance with Appendix 1.

2. Sale or disposal of surplus property under approved programs (see Chapter 5).

3. Services furnished the general public relating to, or in furtherance of, the Armed Forces recruiting program.

4. Services furnished to representatives of the public information media in the interest of public understanding of the Armed Forces.

5. Armed Forces participation in public events. Fees for such participation are governed by the provisions of ***Department of Defense Instruction 5410.19***, "Public Affairs Community Relations Policy Implementation."

6. Records made available to the public, under the Freedom of Information Act, pursuant to ***DoD Directive 5400.7***, (DoDD 5400.7), "DoD Freedom of Information Act (FOIA) Program." Fees for such record searches and copies of records are governed by Chapter 6 of ***DoDD 5400.7-R***, "DoD Freedom of Information Act Program."

7. Services furnished to non-Federal audio-visual media. Fees for such services are governed by the provisions of ***DoD Instruction 5410.15***, (DoDI 5410.15) "DoD Public Affairs Assistance to Non-Government, Non-Entertainment-Oriented Print and Electronic Media."

8. Pricing of performance by DoD Working Capital Fund activities which shall be in accordance with Volume 11B.

9. Foreign Military Sales of Defense articles and services which shall be in accordance with Volume 15.

10. Records made available to Privacy Act requesters shall be in accordance with ***DoDD 5400.11***, "DoD Privacy Program," and ***DoD 5400.11-R***, "DoD Privacy Program."

B. User fees may be waived by the Head of a DoD Component when:

1. Furnishing of the service without charge is an appropriate courtesy to a foreign government or international organization, or comparable fees are set on a reciprocal basis with a foreign country.

2. The Director of the Office of Management and Budget has approved a request for an exception. Such exceptions may be recommended when:

a. The cost of collecting the fees would represent an unduly large part of the fee for the activity; or

b. Any other conditions exists that, in the opinion of the Head of the DoD Component or his designee, justifies the exception.

0403 RESPONSIBILITIES

040301. Under Secretary of Defense (Comptroller) (USD(C)).

USD(C) shall develop and monitor policies governing user fees.

040302. DoD Components

Heads of DoD Components, or designees, shall:

A. Identify each service or activity that may properly be the subject of a user charge under this chapter.

B. Determine the extent of the special benefit provided.

C. Apply the principles specified in paragraph 040401 in determining full cost or market price.

D. Review the user fees biennially, to include:

1. Assurance that existing fees are adjusted to reflect unanticipated changes in costs or market values; and

2. A review of all other programs to determine whether fees should be assessed for Government services or the user of Government goods or services. DoD Components should discuss the results of the biennial review of user fees and any resultant proposals in the Chief Financial Officers (CFO) Annual Report required by ***CFO Act of 1990***.

E. Initiate exception actions outlined in paragraph 040203.B. All such actions shall be coordinated with the USD(C) prior to forwarding to OMB.

1. Exceptions granted under paragraph 040203.B.1 shall be renewed every four years to ensure that conditions warrant their continuation.

2. Exceptions granted under paragraph 040203.B.2 shall be resubmitted for approval to OMB every four years when conditions warrant their continuation.

F. Maintain readily accessible records of:

1. The services or activities covered by this chapter.

2. The extent of special services provided.

3. The exceptions to the general policy of this chapter.

4. The information used to establish fees and the specific methods used in their determination.

5. The collections from each user fee imposed.

G. Maintain adequate records of the information used to establish fees and provide them upon request to OMB for the evaluation of the schedules and provide data on user fees to OMB in accordance with the requirements in ***OMB Circular No. A-11***.

H. Develop legislative proposals as outlined in section 0406 when there are statutory prohibitions or limitations on the assessment of user fees.

0404 FEES

*040401. General

A. All fees shall be based on full cost to the United States Government or market price, whichever applies.

*B. "Full cost" includes all direct and indirect costs associated with providing a good, resource, or service. These costs are outlined in Chapter 1, Paragraph 010203 and include, but are not limited to, an appropriate share of:

1. Direct and indirect personnel costs, including salaries and fringe benefits such as medical insurance and retirement. Retirement costs should include all (funded or unfunded) accrued costs not covered by employee contributions as specified in ***OMB Circular No. A-11***.

2. Physical overhead, consulting, and other indirect costs including material and supply costs, utilities, insurance, travel, and rents or imputed rents on land, buildings, and equipment. If imputed rental costs are applied, they should include:

a. Depreciation of structures and equipment, based on official Internal Revenue Service depreciation guidelines unless better estimates are available; and

b. An annual rate of return (equal to the average long- term Treasury bond rate) on land, structures, equipment and other capital resources used.

3. The management and supervisory costs.

4. The costs of enforcement, collection, research, establishment of standards, and regulation, including any required environmental impact statements.

5. Full cost shall be determined or estimated from the best available records, and new cost accounting systems shall not be established solely for this purpose.

*C. "Market price" means the price for a good, resource, or service that is based on competition in open markets, and creates neither a shortage nor a surplus of the good, resource, or service.

1. When a substantial competitive demand exists for a good, resource, or service, its market price will be determined using commercial practices, for example:

a. by competitive bidding; or

b. by reference to prevailing prices in competitive markets for goods, resources, or services that are the same or similar to those provided by the Government

(e.g., campsites or grazing lands in the general vicinity of private ones) with adjustments as appropriate that reflect demand, level of service, and quality of the good or service.

2. In the absence of substantial competitive demand, market price will be determined by taking into account the prevailing prices for goods, resources, or services that are the same or substantially similar to those provided by the Government, and then adjusting the supply made available and/or price of the good, resource, or service so that there will be neither a shortage nor a surplus (e.g., campsites in remote areas).

*D. Fees established in advance of performance shall be based on the estimated cost of performance. Projected amounts shall be reviewed the earlier of biennially or whenever significant changes in cost or value occur.

*E. Management controls must be established to ensure that fees are developed and adjusted, using current, accurate, and complete data, to provide reimbursement conforming to statutory requirements. These controls also must ensure compliance with cash management and debt collection policies in accordance with Volume 5.

040402. Information Resources.

The fees for services provided by data processing activities shall be determined by using the costs accumulated pursuant to requirements in ***OMB Circular No. A-130***, "Management of Federal Information Resources".

040403. Recurring Services.

User fees for recurring services shall be established in advance, when feasible. The benefit of charging user fees must outweigh the cost of collecting the fees charged.

040404. Lease or Sale of Property

Fees for lease or sale of property shall be based on the following:

A. Leases of Military Equipment or Real Estate

1. In cases involving the lease or rental of military equipment, when there is no commercial counterpart, the fee will be based on the procedures in Chapter 1, paragraph 010203.I. The current interest rate in ***OMB Circular No. A-94*** will be used in the computation of interest on investment in assets. In determining the value, consideration may be given to the responsibility of the lessee to assume the risk of loss or damage to the property and to hold the government harmless against claims or liabilities by the lessee or third parties.

2. In cases involving real estate outgrants, the consideration for a lease shall be determined by appraisal of fair market rental value in accordance with ***10 U.S.C. 2667***.

B. Sale of Property. When there is legal authority to sell property to the public, the selling price of the property and related accessorial and administrative costs shall be computed in accordance with Chapter 1.

0405 COLLECTIONS

040501. Limitation

Collections of fees will be made in advance or simultaneously with the rendering of service unless appropriations and authority allow otherwise. The policies in this volume, Volume 5, and ***DoD Instruction 5010.40***, "Managers' Internal Control (MIC) Program Procedures," shall be used in accounting, controlling, and managing cash and debt collections.

040502. Application

Unless a statute provides otherwise, user fee collections will be credited to the general fund of the Treasury as miscellaneous receipts, as required by ***31 U.S.C. 3302.***

0406 LEGISLATIVE PROPOSALS

040601. Authorities

Legislative proposals that allow the DoD Component to retain collections may be appropriate when a fee is levied in order to finance a service that is intended to be provided on a substantially self-sustaining basis and thus is dependent upon adequate collections.

A. The authority to use fees credited to an appropriation is generally subject to limits set in annual appropriations language. However, it may be appropriate to request exemption from annual appropriations control, if a provision of the service is dependent on demand that is irregular or unpredictable (e.g., a fee to reimburse an agency for the cost of overtime pay of inspectors for services performed after regular duty hours).

B. Legislative proposals that permit fees to be credited to accounts shall be consistent with the full-cost recovery guidelines contained in this chapter. Any fees in excess of full cost recovery and any increase in fees to recover the portion of retirement costs which recoups all (funded or unfunded) accrual costs not covered by employee contributions are to be credited to the general fund of the Treasury as miscellaneous receipts.

040602. Procedures

Where the retention of the collections is appropriate, the DOD Component(s) concerned may submit legislative proposals under applicable procedures included in ***OMB Circular No. A-19***. These procedures may be obtained from the Office of Legislative Counsel, General Counsel, 1600 Defense Pentagon, Washington, DC 20301-1600. Proposals to remove user fee restrictions or retain collections shall:

A. Define in general terms the services for which fees will be assessed and the pricing mechanism that will be used.

B. Specify whether fees will be collected in advance of, or simultaneously with, the provision of service unless appropriations and authority are provided in advance to allow reimbursable services.

C. Specify where collections will be credited. Legislative proposals should not normally specify precise fees. The user fee schedule should be set by regulation to allow for the administrative updating of fees to reflect changing costs and market values.

APPENDIX 1: BENEFITS FOR WHICH NO FEE SHALL BE ASSESSED[1]

A. Documents and information requested by members of the U.S. Armed Forces as required by such personnel in their capacity as Service members.

B. Documents and information requested by members of the U.S. Armed Forces who are in a casualty status, or requested by their next of kin or legal representative.

C. The provisions of the address of record of a member or former member of the U.S. Armed Forces when the address is readily available through a directory (locator) service, and when the address is requested by a member of the U.S. Armed Forces or by a relative or a legal representative of a member of the U.S. Armed Forces or when the address of record is requested by any source for the purpose of paying monies or forwarding property to a member or former member of the U.S. Armed Forces.

D. Services requested by, or on behalf of, a member or former member of the U.S. Armed Forces and civilian personnel of the Department of Defense (where applicable) or, if deceased, his or her next of kin or legal representative that pertain to the provision of:

1. Information required to obtain financial benefits regardless of the terms of separation from the Service.

2. Document showing membership and military record in the Armed Forces if discharge or release was under honorable conditions.

3. Information relating to a decoration or award or required for memorialization purposes.

4. Information related to the review or change in type of discharge or correction of records.

5. Personal documents, such as birth certificates, when such documents are required to be furnished by the member.

6. Services that are furnished free in accordance with statutes or Executive Orders.

7. Information from or copies of medical and dental records or x-ray films of patients or former patients of military medical or dental facilities, when such information is required for further medical and dental care, and requests for such data are (a) submitted by an accredited medical facility, physician, or dentist; or (b) requested by the patient, his or her next of kin, or legal representative. Other requests subject to the Privacy Act shall be according to ***DoD 5400.11-R***, "DoD Privacy Act Program".

8. Services requested by, and furnished to, a member of Congress for official use.

9. Services requested by state, territorial, county, or municipal government, or an agency thereof, that is performing a function related to or furthering a DoD objective.

10. Services requested by a court, when such services will serve as a substitute for personal court appearance of a military or civilian employee of the Department of Defense.

11. Services requested by a nonprofit organization that is performing a function related to or furthering an objective of the Federal Government or that is in the interest of public health and welfare, including education.

12. Services requested by donors in connection with the conveyance or transfer of a gift to the Department of Defense.

13. Occasional and incidental services (including requests from residents of foreign countries), that are not requested often, when it is determined administratively that a fee would be inappropriate for the occasional and incidental services rendered.

14. Administrative services offered by reference or reading rooms to inspect public records, excluding copies of records or documents furnished.

15. Services rendered in response to requests for classification review of DoD classified records, submitted under ***Executive Orders 12065*** and ***13526*** "National Security Information," and implemented by ***DoD 5200.01-R***, "Information Security Program." Such services consist of the work performed in conducting the classification review or in granting and completing an appeal from a denial of declassification following such review.

16. Services of a humanitarian nature performed in such emergency situations as life-saving transportation for non-U.S. Armed Forces patients, search and rescue operations, and airlift of personnel and supplies to a disaster site. This does not mean that inter- and intra-governmental agreements to recover all or part of costs should not be negotiated. Rather, it means the recipient or beneficiary will not be assessed a "user fee."

[1] Unless otherwise prohibited by law or other DoD issuance.

APPENDIX 2: SCHEDULE OF FEES AND RATES

This schedule codified in ***32 CFR 204***, applies to authorized services related to copying, certifying, and searching records rendered to the public by DoD Components, except when those services are excluded or excepted from charges under paragraph 040203, or the "Benefits for Which No Fee Shall Be Assessed" included as Appendix 1. All other fees will be based on full cost or market price.

Fee Schedule

Service	Rate
Copies (standard size paper up to 8 1/2 x 14)	$0.13 per page
Search and Review	
Managerial	$13.15 per 1/4 hour; $52.60 per hour
Professional	$ 9.05 per 1/4 hour; $36.20 per hour
Clerical	$5.20 per 1/4 hour; $20.80 per hour
Other	
Microfiche	$0.08 per page
Computer and magnetic tapes	$25.00 each
Computer diskettes	$1.25 each
Other services (computer time, special mailing)	Actual Cost

Fees will not be charged if the total amount to process your request is $30.00 or less.

CRITERIA FOR ESTIMATING COST OF COMPUTERIZED RECORDS:

(1) Costs for processing a data request will be calculated using the full cost method as referenced in paragraph 040401 above.

(2) Itemized listing of operations required to process the job will be maintained (i.e., time for central processing unit, input/output remote terminal, storage, plotters, printing, tape/disk mounting, etc.) with associated costs.

(3) Mailing Costs for services (DHL, Express Mail, etc.) when request specifically specifies a means more expensive than first class mail.

VOLUME 11A, CHAPTER 5: "DISPOSITION OF PROCEEDS FROM DEPARTMENT OF DEFENSE SALES OF SURPLUS PERSONAL PROPERTY"

SUMMARY OF MAJOR CHANGES

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PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
All	Updated hyperlinks and format.	Update
Bibliography	Added references to support text written in corresponding sections, paragraphs and subparagraphs.	Add

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CHAPTER 5

DISPOSITION OF PROCEEDS FROM DEPARTMENT OF DEFENSE SALES OF SURPLUS PERSONAL PROPERTY

0501 OVERVIEW

050101. Introduction

This chapter provides instructions on the collection and disposition of cash and cash equivalents received by the Department of Defense (DoD) Components for the DoD sale of surplus personal property.

050102. Authorities

The policy and procedures contained in this chapter apply to all proceeds resulting from sales made under the following authorities:

A. Title 40, United States Code (U.S.C.) Subtitle 1, Chapter 5, Subchapter III, "Disposing of Property" and Subchapter IV, "Proceeds from Sale or Transfer." These subchapters are also referenced as ***Title 40, U.S.C. sections 541 to 559*** and ***Title 40, U.S.C. sections 571 to 574***, respectively. This Title codifies the Federal Property and Administrative Services Act of 1949 and subsequent amendments.

B. ***Title 10, U.S.C. section 2210***, "Proceeds of Sales of Supplies: Credit to Appropriations."

C. Other specific legislation and authorities as described in paragraph 050202 and Table 5-2 of paragraph 050203.

D. Additional guidance on disposal of property is found in ***DoD 4160.21-M***, "Defense Materiel Disposition Manual," and ***DoD Directive 4140.1***, "DoD Supply Chain Materiel Management Regulation."

E. Additional guidance on the receipt and disposition of gifts is found in Volume 12, Chapter 30, "Operation and Use of General Gift Funds of the Department of Defense and Coast Guard."

0502 POLICY AND PROCEDURES

050201. Proceeds from the Disposition of Surplus Personal Property

A. General Rule. The net proceeds from sales of surplus property will be deposited in the Treasury as miscellaneous receipts unless deposit into an alternate appropriation is authorized by law. Legal exceptions to this policy affecting the Department are contained at paragraphs 050202 and 050203.

B. Net Proceeds. Per ***Title 40, U.S.C. section 571(b)***, "General rules for deposit and use of proceeds," the expenses of the sale of old material, condemned stores, supplies and other public property are paid from the proceeds of the sale, so that only the net proceeds are deposited in the Treasury or other applicable appropriation authorized by law. Further, ***Title 10, U.S.C. section 2210*** states that an amount necessary to recover the expenses incurred in disposing of that property may be retained by a working-capital fund responsible for the disposal. Accordingly, the Defense Reutilization and Marketing Service (DRMS) will retain out of the proceeds of sales of such property, amounts sufficient to offset all expenses incurred in the disposition of excess/surplus personal property. See Table 5-1 at paragraph 050203.201

050202. Exceptions to the General Rule

The following authorizations permit the crediting of the proceeds of the sale, in whole or in part, to appropriations and/or funds of the Department. Additional guidance on specific types of activities is located in Table 5-2 at paragraph 050203.

A. Supplies, Material, Equipment, and Other Personal Property Not Financed by Stock Funds. Under ***Title 10, U.S.C. section 2210***, the net proceeds from the sale or disposal of surplus property in excess of amounts necessary to recover expenses may be credited to current applicable appropriations of the Department of Defense. Thus, any proceeds that remain after disposal expenses are recovered are to be credited to the current applicable appropriations of the Department (i.e., the appropriation currently available for the purchase of such property).

B. Revolving Fund and Non-Appropriated Fund Property. Under ***Title 40, U.S.C. section 574***, "Credit to Reimbursable Fund or Appropriation," when property was acquired with amounts either (a) not appropriated from the general fund of the Treasury; or (b) appropriated from the general fund of the Treasury but by law reimbursable from assessment, tax, or other revenue or receipts, the net proceeds of such a disposition or transfer of the property may be:

1. Credited to the applicable reimbursable fund or appropriation; or

2. Paid to the federal agency that determined the property to be excess.

C. Contractor Sales of Surplus Government Property in the Possession of Contractors. The ***Defense Federal Acquisition Regulation Supplement (DFARS), subpart 245.610***, implements ***Title 40, U.S.C. Section 574(c)*** and provides overall direction for crediting proceeds from contractor conducted sales of surplus government property in the possession of contractors.

1. The contractor making the sale may follow normal company policy on bid deposits and form of payment. However, any loss associated with a dishonored payment shall be the contractor's responsibility.

2. The plant clearance officer appointed by the contracting administration office under ***DFARS subpart 245.70*** is responsible for notifying the appropriate

accounting office of the amounts collected by the contractor. The plant clearance officer also shall notify the accounting office of the disposition of such collections. Specifically, collections may:

a. Represent an increase in the dollar value of the applicable contract(s).

b. Be applied in place of disbursements on the applicable contract(s).

c. Be returned to the applicable Component's working capital fund (97X4930) (in the case of inventory purchased with working capital funds) or deposited in the miscellaneous receipt account, "Sale of Scrap and Salvage Materials, Defense," (97_2651).

3. The accounting office for the contract is identified in the accounting citation. That office shall prepare the source documents necessary to account properly for the transaction.

D. Sales of Recyclable Material on Military Installations. Distribution of proceeds from direct sales of installation qualified recycling programs is covered by ***Title 10, U.S.C. section 2577***, "Disposal of Recyclable Materials," and ***DoD Instruction 4715.4***, "Pollution Prevention."

1. Proceeds shall be distributed as follows:

a. Cost of Recycling Programs. Sale proceeds shall first be used to cover the costs directly attributable to all installation recycling programs, including, but not limited to, manpower, facilities, equipment, overhead, and other capital investments.

b. Installation Pollution Abatement. After the costs of the recycling program are recovered, installation commanders may use up to 50 percent of the remaining proceeds for pollution abatement, pollution prevention, composting and alternative fueled vehicle infrastructure support and vehicle conversion, energy conservation, or occupational safety and health projects, with first consideration given to projects included in the installation's pollution prevention plan.

c. Morale, Welfare, and Recreation Accounts. Any remaining proceeds may be transferred to the non-appropriated morale, welfare and recreation account for any approved program.

2. An accounting and control system shall be established for recycling programs that provides detailed management and audit information, tracks material quantity handled, calculates sales and handling costs for recycled material, and tracks expenditures made for appropriate projects and morale, welfare, and recreation programs. Integrity of the audit trail will be a priority concern.

3. The Director, Defense Logistics Agency (under the Under Secretary of Defense for Acquisition, Technology, and Logistics) shall establish procedures and controls to ensure that when recyclable materials are consigned for disposal to the DRMS on behalf of a qualified recycling program, 100 percent of any proceeds, less the costs of sales and handling, are returned to installations in accordance with established accounting procedures.

4. If the balance available to a military installation at the end of any fiscal year is in excess of $2 million, the amount of that excess shall be deposited into the Treasury as miscellaneous receipts.

E. Lost, Abandoned and Unclaimed Privately-Owned Personal Property. DoD may dispose of lost, abandoned, or unclaimed personal property after diligent effort has been made to find the owner (or the heirs, next of kin, or legal representative of the owner) as prescribed by ***Title 10, U.S.C. section 2575***, "Disposition of Unclaimed Property."

1. Military Installations. In the case of lost, abandoned, or unclaimed personal property found on a military installation, the net proceeds from the sale of the property shall be credited to the operation and maintenance account of that installation and used:

a. First to reimburse the installation for any costs incurred by the installation to collect, transport, store, protect, or sell the property; and

b. Any remaining proceeds may be transferred to the non-appropriated morale, welfare and recreation account for any approved program.

2. The net proceeds from the sale of all other lost, abandoned and unclaimed privately-owned personal property shall be deposited into the Proceeds of Sales of Lost, Abandoned or Unclaimed Personal Property (_X6001). After 5 years, any unclaimed net proceeds shall be transferred from _X6001 to Forfeitures of Unclaimed Money and Property (_1060).

3. The owner(s) of personal property disposed of as described in this section may file a claim with the Secretary of Defense for the amount equal to the proceeds less the costs incurred by the installation to collect, transport, store, protect, or sell the property. The claim must be filed within 5 years of the date of disposal of the property.

a. For property found on military installations, amounts to pay the claim shall be drawn from the morale, welfare, and recreation account for the installation that received the proceeds.

b. For all other property, amounts to pay the claim shall be from the Proceeds of Sales of Lost, Abandoned or Unclaimed Personal Property account (_X6001).

050203. Disposition of Amounts Collected from the Sale of Surplus Property

See Tables 5-1 and 5-2 to identify, by type of surplus property, the collection and disposition of proceeds from the sale of surplus property.

0503 COLLECTION AND DISPOSITION OF BID DEPOSITS

When a DoD sale of surplus personal property conducted by a DoD Component provides for a bid deposit with subsequent removal of the surplus personal property, the following procedures shall apply.

050301. Types of Bid Deposits

A. Term Bid. This type of bid deposit is applicable when the sale involves the purchase of scrap or disposable material that will be generated over time with periodic removal by the successful bidder. The normal amount of the bid deposit required to accompany such bids is the average estimated quantity of such material to be generated during a 3-month period multiplied by 20 percent of the bid price.

B. Other Than Term Bid. With the exception of term bids, payment in the normal amount of 20 percent of the bid shall accompany the bid.

C. Immediate Pickup Terms. When a sale conducted by a DoD Component provides for immediate pickup, the entire amount of the sales price shall be collected from the buyer at the conclusion of the sale. If the sale provides for a bid deposit, the balance of the bid price shall be paid before removal of the property.

050302. Forms of Payment

A. Cash and Cash Equivalents. Cash or cash equivalents in the prescribed amounts shall accompany the bid, if required by the sales solicitation. For one-time contracts, cash or cash equivalents for the balance due shall be received by the DoD Components or, in authorized cases, by contractors before the transfer of physical possession to the successful bidder. Cash equivalents are guaranteed negotiable instruments, such as cashiers' checks, certified checks, credit card checks, travelers checks, bank drafts, or postal money orders.

B. Personal Checks. Personal checks may be accepted by a DoD Component only when a bank guarantee, bid bond or a bank letter of credit is on hand that will cover the amount due. If the check is dishonored, amounts due shall be collected from the issuer of the guarantee, bond, or letter of credit.

1. If a bidder intends to use a bond or letter of credit without an accompanying personal check (permitted for bid deposits only), the claim against the performance bond or letter of credit shall be made for any amounts due.

2. If personal checks are used, the bond or letter of credit shall be returned intact after the applicable personal checks are honored, unless other instructions have been received from the bidder.

C. Credit Cards/Debit Cards. As specified herein, credit or debit cards may be accepted by a DoD Component for payment.

1. Policies governing acceptance of credit card transactions by DoD Components are established in DoD FMR Volume 5, Chapter 24, "Electronic Commerce."

2. The ***Card Acquiring Service*** of the Department of the Treasury oversees the acceptance of credit and debit cards by federal agencies. Currently, the Department of the Treasury has approved the use of "Master Card," "American Express," "Visa" and "Discover" charge cards, as well as debit cards. Changes or additions to approved credit or debit cards are announced in Office of the Under Secretary of Defense (Comptroller) memoranda or in changes to the Treasury Financial Manual. Except for equipment and communication costs, the Department of the Treasury pays any fees normally charged to sellers.

3. If a credit or debit card is used for the bid deposit, and authorization is declined, the bid may be rejected as nonresponsive and other bidders considered.

050303. Disposition of Bid Deposits

A. If the sale provides for a bid deposit, cash collected from bidders initially shall be deposited by a DoD Component to account 97X6501, "Small Escrow Amounts," until such time as a successful bidder has been determined and a contract has been awarded.

B. Unsuccessful Bidders

1. A check shall be drawn on account 97X6501, "Small Escrow Amounts," to reimburse unsuccessful bidders for their cash bid deposits.

2. Normally, noncash bid deposits shall be returned to unsuccessful bidders by DoD Components through the mail. When a bidder appears in person, normally the noncash instrument may be released to the bidder or an agent designated for this purpose. Similarly, when a bidder has requested expedited return and has provided the name of a carrier and a charge account number, the designated carrier shall be called to pick up the deposit with the explicit condition that applicable carrier costs will be charged to the bidder's account.

C. Successful Bidder

1. A bid deposit of the successful bidder shall be transferred promptly from the account 97X6501, "Small Escrow Amounts," to the account(s) prescribed in accordance with this chapter.

2. The DRMS either shall retain the bid deposit or charge a specific penalty for buyer defaults on sales contracts.

050304. Disposition of Proceeds Received from Successful Bidders

If the account, ultimately to be credited with the proceeds of a sale reasonably can be determined at the time funds are collected from the successful bidder and by law can receive reimbursement, the amounts collected shall be deposited immediately to that account. The use of suspense accounts, for other than initial bid deposits, shall be kept to a minimum.

Table 5-1 COSTS ASSOCIATED WITH DISPOSAL AND SALE OF SURPLUS PERSONAL PROPERTY

TYPE OF SURPLUS PROPERTY	DISPOSITION OF PROCEEDS
1. All property types turned over to the Defense Reutilization and Marketing Service (DRMS) for disposal. Authority: ***Title 10, U.S.C. section 2210***	An amount equal to the costs associated with the disposal and sale of such items shall be deposited into the DRMS working capital fund (97X4930.005) to offset costs associated with the disposal and sale of such items.

Table 5-2 DISPOSITION OF NET PROCEEDS FROM THE SALE OF SURPLUS PERSONAL PROPERTY

TYPE OF SURPLUS PROPERTY	DISPOSITION OF PROCEEDS
1. Scrap and usable personal property purchased with working capital funds and turned in by working capital fund activities to the DRMS. (For more details, see subparagraph 050201.B.) Authority: ***Title 10, U.S.C. section 2577***	The net proceeds are to be credited to the applicable working capital fund.
2. Working capital fund supply management excess inventory items turned in to the DRMS. (For more details, see subparagraph 050202.C.2.c.) Authority: ***Title 40, U.S.C. Section 574***	The net proceeds are to be credited to the applicable working capital fund.
3. Property (equipment) purchased with funds from the Surcharge Collections, Sales of Commissary Stores (97X8164) trust fund account to include property downgraded to scrap at turn-in, such as shopping carts, shelving units, and similar material. Scrap material, such as cardboard, is not reimbursable under this rule. (For more details, see subparagraph 050202.C.2.c.) Authority: ***Title 40, U.S.C. Section 574***	The net proceeds shall be deposited into 97X8164, "Surcharge Collections, Sales of Commissary Stores, Defense Commissary Agency."

TYPE OF SURPLUS PROPERTY	DISPOSITION OF PROCEEDS
4. Bones, fats, and meat trimmings generated by a commissary store. Authority: ***Title 40, U.S.C. Section 574***	The net proceeds shall be deposited into the commissary store working capital fund (97X4930.004).
5. Property owned by non-appropriated fund instrumentalities, excluding garbage suitable for animal consumption that is disposed of under a multiple-pickup contract. Authority: ***Title 40, U.S.C. Section 574***	The net proceeds shall be provided to the applicable non-appropriated fund instrumentality.
6. Lost, abandoned or unclaimed privately owned personal property turned in to the DRMS. (For more details, see subparagraph 050202.E.) Authority: ***Title 10, U.S.C. section 2575***	• On military installations, the net proceeds shall be credited to the operation and maintenance account of that installation to reimburse for any costs to collect, transport, store, protect, or sell the property. Any remaining proceeds may be transferred to the non-appropriated morale, welfare and recreation account. • For all other, the net proceeds shall be deposited into the "Proceeds of Sales of Lost, Abandoned or Unclaimed Personal Property" account (_X6001). After 5 years, any unclaimed net proceeds shall be transferred from _X6001 to the "Forfeitures of Unclaimed Money and Property" account (_1060).
7. Property owned by a country (other than the United States) or international organization. (For more details, see Volume 15, Chapter 2, "Finance.")	• The net proceeds shall be provided to the applicable foreign country or international organization.

TYPE OF SURPLUS PROPERTY	DISPOSITION OF PROCEEDS
8. Security Assistance Property a. Military Assistance Program and Foreign Military Financing (FMF) property returned to the U.S. Government by a recipient country or international organization as no longer needed for the purpose for which furnished .(For more details, see paragraph Volume 15, Chapter 1" General Information" & Chapter 4 "Cash Management.") Authority: ***Title 22, U.S.C. section 2355(d)***	• The net proceeds shall be deposited into the "Foreign Military Financing (FMF) Program, Funds Appropriated to the President" account (11_1082).
b. Special Defense Acquisition Fund (SDAF) property. Authority: ***Title 22, U.S.C. section 2795***	• The net proceeds shall be deposited into the "Special Defense Acquisition Fund (SDAF), Funds Appropriated to the President" account (11X4116).
c. Security Assistance Office property purchased with Foreign Military Sales (FMS) Trust Fund funds. Authority: ***Title 22, U.S.C. section 2761***	• The net proceeds shall be deposited into the "Advances, Foreign Military Sales (FMS), Funds Appropriated to the President Trust Fund" account (11X8242).
d. Property purchased with FMS Contract Administration Services (CAS) funds. Authority: ***Title 22, U.S.C. section 2761***	• The net proceeds shall be deposited into the FMS Trust Fund CAS account (11X8242).
9. Recyclable material. (For more details, see subparagraph 050202.D.) Authority: ***Title 10, U.S.C. section 2577***	• The net proceeds shall be deposited into the Budget Clearing Account (_F3875), and in coordination with the responsible recycling program manager, distributed as follows: first be used to cover the costs directly attributable to all installation recycling programs. After these costs are recovered, installation commanders may use up to 50 percent of the remaining proceeds for pollution abatement and similar projects. Any remaining proceeds may be transferred to the non-appropriated morale, welfare and recreation account. If the balance available to a military installation at the end of

TYPE OF SURPLUS PROPERTY	DISPOSITION OF PROCEEDS
	any fiscal year is in excess of $2 million, the amount of that excess shall be deposited into the Treasury as miscellaneous receipts (97_2651).
10. U.S. Government property in the possession of contractors sold by contractors or DoD selling activities. (For more details, see subparagraph 050202.C.) Authority: ***Title 40, U.S.C. Section 574(c)***	• The net proceeds may be credited to the price or cost of the contract or otherwise credited or applied pursuant to the terms of the contract. Otherwise, net proceeds shall be deposited into the applicable Component's working capital fund (97X4930) (in the case of inventory purchased with working capital funds) or deposited into the "Sale of Scrap and Salvage Materials, Defense" account (97_2651) (in the case of items not purchased with working capital funds).
11. U.S. Army Corps of Engineers property under the physical control of the U.S. Army Corps of Engineers at the time of sale. (For more details, see Volume 4, Chapter 11 "Component Debt.") Authority: Office of Management and Budget (OMB) ***Circular A-11***, section 20.12(e) and Treasury Financial Manual (TFM) ***Volume 1, Part 2, Chapter 1500***	• The net proceeds shall be deposited into the Budget Clearing Account (_F3875), and transferred to the U.S. Army Corps of Engineers using the Intra-Governmental Payment and Collection (IPAC) System.
12. Automatic data processing equipment owned by the General Services Administration (GSA) and leased to a DoD Component. Authority: OMB ***Circular A-11***, section 20.12(e) and TFM ***Volume 1, Part 2, Chapter 1500***	• The net proceeds shall be deposited into the Budget Clearing Account (_F3875), and transferred to GSA using the IPAC System.
13. U.S. Coast Guard property under the physical control of the U.S. Coast Guard at the time of sale. Authority: OMB ***Circular A-11***, section 20.12(e) and TFM ***Volume 1, Part 2, Chapter 1500***	• The net proceeds shall be deposited into the Budget Clearing Account (_F3875), and transferred to the U.S. Coast Guard using the IPAC System.

TYPE OF SURPLUS PROPERTY	DISPOSITION OF PROCEEDS
14. General Gifts – Gifts and bequests of property made on the condition that it be used for the benefit of, or in connection with the establishment, operation, or maintenance of a school, hospital, library, museum, cemetery, or other institution, or organization under the jurisdiction of the Secretary. (For more details, see Volume 12, Chapter 30 "Operation and Use of General Gift Funds.") Authority: ***Title 10, U.S.C. section 2601***	• The net proceeds shall be deposited into the Treasury fund designated for DoD or the Military Department as applicable: 21X8927- Department of the Army General Gift Fund, 17X8716 - Department of the Navy General Gift Fund, 57X8928 - Department of the Air Force General Gift Fund, or 97X8163 - Department of Defense General Gift Fund
15. Gifts for wounded warriors – Gifts nd bequests of property made on the condition that it be used for the benefit of (A) members of the armed forces, including members performing full-time National Guard duty, who incur a wound, injury, or illness while in the line of duty; (B) civilian employees of DoD who incur a wound, injury, or illness while in the line of duty; (C) dependents of such members or employees; and (D) survivors of such members or employees who are killed. (For more details, see Volume 12, Chapter 30 "Operation and Use of General Gift Funds.") Authority: ***Title 10, U.S.C. section 2601***	• The net proceeds shall be deposited into the Treasury fund designated for DoD or the Military Department as applicable: 21X8927 - Department of the Army General Gift Fund, 17X8716 - Department of the Navy General Gift Fund, 57X8928 - Department of the Air Force General Gift Fund, or 97X8163 - Department of Defense General Gift Fund

TYPE OF SURPLUS PROPERTY	DISPOSITION OF PROCEEDS
16. Gifts for Defense Dependents Education System - Any gift (including any gift of an interest in real property) that is to be used in connection with the operation and/or administration of the DoD dependent's education system. (For more details, see Volume 12, Chapter 30 "Operation and Use of General Gift Funds.") Authority: ***Title 10, U.S.C. section 2605***	• The net proceeds shall be deposited into the DoD Dependents Education Gift Fund Account (97X8096).
17. Any contribution of money, real property, or personal property made by any person, business, foreign government, or international organization for use by the DoD. (For more details, see Volume 12, Chapter 3 "Contributions for Defense Programs, Projects, and Activities.") Authority: ***Title 10, U.S.C. section 2608***	• The net proceeds shall be deposited into the Defense Cooperation Account (97X5187).
18. Supplies, material, equipment, and other personal property personal (to include demilitarized/scrapped end items) turned in by DoD Components. (For more details, see Volume 12, Chapter 14 "Transferring, Disposing, and Leasing of Real Property and Personal Property.") Authority: ***Title 10, U.S.C. section 2210***	• The net proceeds shall be deposited into the current applicable DoD appropriation (i.e., the appropriation currently available for the purchase of such items).

TYPE OF SURPLUS PROPERTY	DISPOSITION OF PROCEEDS
19. All other personal property, to include demilitarized/scrapped end items, turned in by DoD and other federal government activities where the disposition of the proceeds is not otherwise provided by law. (For more details, see ***Volume 12, Chapter 14*** "Transferring, Disposing, and Leasing of Real Property and Personal Property.") Authority: ***Title 40, U.S.C. section 571***	• The net proceeds shall be deposited into the Miscellaneous Receipts account (97_2651).

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0502 - Policy and Procedures

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0503 - Collection and Disposition of Bid Deposits

050303.C	DoD FMR Volume 5, Chapter 24

VOLUME 11A CHAPTER 6: "ANNUAL REIMBURSABLE RATES"

SUMMARY OF MAJOR CHANGES

All changes are denoted by blue font.

Substantive revisions are denoted by an * symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by ***bold, italic, blue, and underlined font*.**

The previous version dated December 2008 is archived.

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CHAPTER 6

ANNUAL REIMBURSABLE RATES

0601 GENERAL

The Department of Defense (DoD) provides goods and services to meet military mission requirements. The Economy Act allows the Department to provide certain goods not only to DoD Components, but also to other government agencies and the private sector, under specified conditions. Reimbursable rates, published by the Under Secretary of Defense (Comptroller)/ DoD Chief Financial Officer, provide a basis for the Department and its Components to be reimbursed for such goods and services provided.

0602 PURPOSE

The purpose of this chapter is to provide guidance relative to the preparation of specific exhibits, and due dates for the submission of such exhibits, used to develop and support those reimbursable rates published by the DoD Deputy Comptroller (Program/Budget).

0603 APPLICABILITY

This guidance applies to all DoD Components and goods or services encompassed by or subject to reimbursable rates approved by the DoD Chief Financial Officer.

0604 RESPONSIBILITY

060401. Deputy Comptroller (P/B)

The Office of the Under Secretary of Defense (Comptroller) is responsible for reviewing, coordinating, and publishing reimbursable rates for the Department. Where feasible, applicable reimbursable rates will be published prior to the beginning of each new fiscal year, allowing sufficient lead time for the distribution of rates and the updating of billing systems.

060402. DoD Components

DoD Components are required to:

A. Maintain systems that use generally accepted cost accounting procedures to formulate proposed rates. Each such DoD Component is responsible for maintaining, in conjunction with the Defense Finance and Accounting Service, an appropriate cost accounting system enabling the accumulation of data needed to formulate reimbursable rates to be charged to consumers of such goods or services. Generally accepted cost accounting procedures will be the basis for such proposed rates.

B. Submit to the DoD Deputy Comptroller (P/B), reimbursable rate exhibits that propose reimbursable rates for the upcoming fiscal year. Such exhibits shall be prepared and submitted in accordance with the time frames specified in section 0605 and use the formats specified in the appendices to this chapter.

C. Bill using rates approved by the DoD Deputy Comptroller (P/B). Goods or services provided in an academic year or a fiscal year, as applicable, will be billed at the

approved academic or fiscal year rate, respectively, effective with the beginning of the academic year, or October 1 of the fiscal year, as appropriate, irrespective of whether the rates have been established in the billing system.

D. Ensure that rates different from those approved by the DoD Chief Financial Officer are not issued or changed without the prior written approval of that official or the Deputy Chief Financial Officer.

0605 EXHIBITS

060501. Reimbursable Rate Exhibits

The following reimbursable rate exhibits are to be submitted in support of the President's Budget submission each year. Detailed instructions are included with each exhibit and specific due dates are identified below:

TYPE OF REIMBURSABLE RATE	APPENDIX	DUE DATE	SUBMITTING COMPONENT	Reviewing OUSD(C) COMPONENT
Academy Foreign Cadet	A	March 1	All Military Depts and OASD (Health Affairs)	Operations
Civilian/Military Equivalency, DoD Working Capital Funds	B	March 1	OUSD(C) Revolving Funds	Revolving Funds
Civilian Personnel Fringe Benefit	C	March 1	OUSD(C) Operations	Operations
Contract Administration Services	D	March 1	DCMA, DCAA, All Military Depts	Operations
Fixed Wing Aircraft	E	March 1	All Military Depts	Operations
Food Service (Inc. Cadet Ration)	F	March 1	All Military Depts	Military Personnel and Construction
Helicopter	G	March 1	All Military Depts	Operations
Medical and Dental Services	H	March 1	OASD(Health Affairs)	Military Personnel and Construction
Military Composite Pay	I	March 1	All Military Depts	Military Personnel and Construction
NASA	J	March 1	DCMA, DCAA, All Military Depts	Operations

060502. Exhibits Submissions

Exhibits should be submitted to the attention of the corresponding reviewing component above in both electronic format and hard copy to the DoD Deputy Comptroller (P/B), The Pentagon, Washington, DC 20301-1100. Spreadsheet and text files provided in electronic format should be compatible with Microsoft Excel.

APPENDIX A: SERVICE ACADEMIES' FOREIGN CADET REIMBURSABLE RATE

A. GENERAL INFORMATION

The information and process shown below will be used to determine the academic year reimbursable rate for foreign cadets/midshipmen attending the Service Academies. The DoD-wide rate will be computed by the Operations Directorate, OUSD(C), and published prior to the commencement of the academies' academic year.

B. RATE CALCULATION:

Future Year Defense Program	FY 20CY (1)	FY 20BY (1)
Program Elements (2):		
0804721 Service Academies (TOA)	$ _____	$ _____
Cadet/Midshipmen Workyears (3)	$ _____	$ _____
Medical Support Costs per capita (4)	$ _____	$ _____
Total Medical Costs (5)	$ _____	$ _____
Total Costs (6)	$ _____	$ _____
Cost per Cadet/Midshipmen (7)	$ _____	$ _____
Academic Year Reimbursable Rate (8)	$ _____	$ _____

C. INSTRUCTIONS:

(1) Insert the applicable current year (CY) and budget year (BY) for the fiscal year being calculated. For example, when computing the FY 2009 Budget Year rate, the current year would be FY 2008 and the budget year would be FY 2009.

(2) Include all costs and programming data included in Program Element (PE) Service Academies (804721) for all Services for the applicable Service Academy Program Element from the latest President's Budget Future Years Defense Program for the appropriate years.

(3) Insert the Cadet/Midshipman workyears (for all Services) shown in the Military Personnel justification books submitted to the Congress in support of the President's Budget.

(4) Medical support costs are representative of Academy clinic/hospital costs attributable to the medical support provided to the Academies' cadets/midshipmen. The Office of the Assistant Secretary of Defense (Health Affairs) shall provide a cost per capita for the CY and BY, by Academy to the Director, for Operations Directorate, OUSD(C), Room 3C749, The Pentagon, 30 days after the submission of the President's Budget to the Congress. This amount will be calculated by multiplying the per capita cost provided by the OASD(HA) by the sum of the cadet/midshipman workyears included in the President's budget.

(5) Multiply the number of cadet workyears by the medical support costs per capita rate to get the total Medical charge for the academy.

(6) This is the sum of the Service Academies PE (804721) amount and the total medical charge Program Element costs and medical support costs.

(7) Divide the Total Costs (6) by Cadet/Midshipman Workyears (3).

(8) This is the sum of 1/3 of the cost per cadet/midshipman for the CY and 2/3 of the CY cost per cadet/midshipman for the BY (since the rate is published in July for the advent of the upcoming school year).

APPENDIX B: DoD WORKING CAPITAL FUNDS CIVILIAN/MILITARY EQUIVALENCY RATE

Fiscal Year _____

The cost of military personnel assigned to activities financed by a Defense Working Capital Fund (DWCF) is included in the total cost of operations of the Working Capital Fund activities at civilian equivalent rates. Military personnel assigned to DWCF activities are to be costed at civilian equivalent rates, using the rates in the table below.

MILITARY GRADE	CIVILIAN GRADE EQUIVALENT Based on GS Pay Scales	CIVILIAN EQUIVALENT RATE BY(s) 20____
0-9	ES Level III	
0-8	ES Level IV	
0-7	ES Level V	
0-6	GS-15	
0-5	GS-14	
0-4	GS-13	
0-3	GS-12	
0-2	GS-11	
0-1	GS-09	
WO-5	GS-12	
WO-4	GS-12	
W0-3	GS-11	
WO-2	GS-09	
WO-1	GS-09	
E-9	GS-08	
E-8	GS-07	
E-7	GS-06	
E-6	GS-05	
E-5	GS-05	
E-4	GS-04	
E-3	GS-03	
E-2	GS-02	
E-1	GS-01	

Stabilized customer rates and reimbursement to the Military Personnel accounts are <u>not</u> based on the above rates. Rather, such amounts are based on the absolute total dollar amount specified in the President's budget (rather than based on the number, or military composite rate, of individuals actually assigned). Guidance on calculating, paying (reimbursing), recording and reporting DWCF military personnel costs is contained in Volume 2B, Chapter 9, Section 090103 and Volume 11B, Chapter 12, Section 1202 of the DoD Financial Management Regulation (FMR) (DoD 7000.14-R).

INSTRUCTIONS

The Department of Defense Working Capital Funds civilian/military equivalency rate will be calculated as follows:

1. Use the generic (Rest of U.S.) pay amount for Step 5 of each appropriate General Schedule (GS) civilian grade, or the applicable Executive Service (ES) pay level, as applicable, from the current civilian pay schedules.

2. Add as required, the applicable portion (pro-rata) of the proposed pay raise, if any, for civilians (GS/ES) that was effective for the budget fiscal year, and

3. Add the average civilian personnel fringe benefits factor applicable to the Military Services and Defense Agencies. The amount for unfunded civilian retirement is not to be included in the fringe benefits percentage factor. Civilian personnel fringe benefit rates are provided by the OUSD (Comptroller) and published on the Comptroller website.

APPENDIX C: CIVILIAN FRINGE BENEFIT RATE COMPUTATION

DOD COMPONENT (1)

		Prior Year (2,3)	Current Year (2,3)	Budget Year (2,3)
A.	Object Class 12.1 Civilian Personnel Benefits (4)			
B.	Object Class 11 Civilian Personnel Compensation (5) 11.1 Full-time Permanent 11.3 Other Than Full-Time Permanent 11.5 Other Personnel Compensation 11.8 Special Personal Services Payments			
C.	Total Personnel Compensation (Total of 11.1, 11.3, 11.5, 11.8) (6)			
D.	Civilian Fringe Benefit (Interagency) Rate (7)			
E.	Office of Personnel Management (OPM) Unfunded Retirement Factor (8)			
F.	Public, and Private Activities (9)			

(See footnoted instructions on following page)

INSTRUCTIONS

(1) Insert the name of the applicable DoD Component submitting the exhibit. A separate exhibit is required from each Military Service (including the U.S. Marine Corps) and from all Defense Agencies.

(2) Insert the applicable fiscal year.

(3) Insert the applicable amounts for each fiscal year. A brief description should be provided to explain changes of 10 percent or more between (a) previously budgeted and actual amounts for the prior fiscal year, (b) previously budgeted and currently budgeted amounts for the current year, and (c) the currently budgeted amounts for the budget year.

(4) Insert the applicable amounts shown in the current President's Budget for Object Class 12.1, Civilian Personnel Benefits.

(5) Insert on the applicable lines, the applicable amounts shown in the current President's Budget for Object Class 11.1, 11.3, 11.5 and 11.8.

(6) Enter the total of personnel compensation from Object Class 11.1, 11.3, 11.5 and 11.8, shown above.

(7) Divide the amount reported in line A. by the amount reported in line C. The resultant percentage is the percentage rate to be applied to civilian labor costs for billings to other Federal Agencies. This is DoD's funded rate.

(8) The civilian fringe benefit rate--to be used in this calculation--will be obtained annually from the Directorate for Accounting and Finance Policy.

(9) Add lines D. and lines E. to determine the percentage to be applied on billings to the public and private activities.

APPENDIX D: CONTRACT ADMINISTRATION SERVICES

Contract administration services (CAS) hourly reimbursable billing rates should be applied to direct labor hours incurred in support of CAS efforts. These CAS rates are to be used in billing other Federal Agencies, the public, and Foreign Military Sales (FMS) customers. FMS customers are to be billed in accordance with subsections 070406 and 080601 of Volume 15, "Security Assistance Policy and Procedures," of this Regulation. Waivers and exclusions are to be granted in accordance with subsection 070104 of Volume 15.

Performing DoD Component	Other Federal Agencies Rate (1)	FMS Rate (2)	Public Rate (3)
Army			
Navy			
Air Force			
Defense Logistics Agency			
Defense Contract Audit Agency			

NOTES:

(1) Use the Budget Year "Gross Cost Per Direct Hour" amount from page 2.

(2) Sum Budget Year lines C, E, and G from page 2 and multiply the resultant amount by .167 (obtained from OMB Circular No. A-76 Revised Supplemental Handbook, "Performance of Commercial Activities"). That product then is divided by the applicable total direct work-hours (line V from page 2) to derive an hourly unfunded civilian retirement cost. The resultant hourly unfunded civilian retirement cost is added to the "Other Federal Agencies Rate" (column 1) to yield the FMS rate.

(3) Use the FMS Rate plus 4% for asset use charge. This is achieved by multiplying the FMS rate by 1.04.

REIMBURSEMENT COST FOR CONTRACT ADMINISTRATION SERVICES

DoD COMPONENT _____

	Prior Year [4] (PY)	Current Year (CY)	Budget Year (BY)
Gross Workyear Cost			
A. Total Salaries of Direct Labor Personnel [5]	$_____	$_____	$_____
B. Number of Direct Labor Personnel Full-Time Equivalents (FTEs) [5]	_____	_____	_____
C. Average Salary of Direct Labor Personnel [(A)÷(B)]	$_____	$_____	$_____
D. Total Salaries of Indirect Supervision & Administrative Personnel [5]	$_____	$_____	$_____
E. Indirect Supervision & Administrative Salaries per FTE [(D)÷(B)]	$_____	$_____	$_____
F. Total Salaries of Regional, District and Headquarters Personnel [5][6]	$_____	$_____	$_____
G. Regional, District and Headquarters Salaries per FTE [(F)÷(B)]	$_____	$_____	$_____
H. Personnel Benefits [5]	$_____	$_____	$_____
I. Average Personnel Benefits Costs per FTE [(H)÷(B)]	$_____	$_____	$_____
J. Total Cost of Personnel Service [(C) + (E) + (G) + (I)]	$_____	$_____	$_____
K. Total Travel Costs [6][7]	$_____	$_____	$_____
L. Average Travel Costs per FTE [(K)÷(B)]	$_____	$_____	$_____
M. Other Support Costs [6][8]	$_____	$_____	$_____
N. Average Support Costs per FTE [(M)÷(B)]	$_____	$_____	$_____
O. Total Gross Work-Year Cost [(J) + (L) + (N)]	$_____	$_____	$_____
Direct Work-Hours			
P. Work-Hours Available (see OMB Circular No. A-11, Section 85)	____	____	
Q. Less Holidays	80	80	80
R. Less Annual Leave [6]	____	____	____
S. Less Sick Leave [6]	____	____	____
T. Less Other Leave (e.g., Military, Jury and Administrative) [6]	____	____	____
U. Less Training Time [6]	____	____	____
V. Total Direct Work-Hours [(P) - (Q) - (R) - (S) - (T) - (U)]	____	____	____
Gross Cost Per Direct Hour [(O)÷(V)]	$_____	$_____	$_____

REIMBURSEMENT COST FOR CONTRACT ADMINISTRATION SERVICES

Notes:

(4) The amounts reflected should be the "actual" cost and work-hour data for the most recently completed Fiscal Year. This should be the FY 20PY of the President's Budget.

(5) The amounts reflected should be that shown in the "Total" column of the attached schedule, "Personnel Cost For Contract Administration Services" (page 4) for the applicable year, i.e., PY, CY, BY.

(6) Separately, show basis of computation.

(7) Includes all travel costs, i.e., local, temporary additional duty, and permanent change of station, of the civilian and military personnel included under items (A), (D) and (F).

(8) Includes other expenses such as supplies, equipment, training and communications.

PERSONNEL COST FOR CONTRACT ADMINISTRATION AND RELATED SUPPORT SERVICES

DoD COMPONENT _____

Gross Workyear Cost For Prior Year (Actual)	Civilian (a)	Military (b)	Total (a) + (b)
A. Total salaries of Direct Labor Personnel [9]	$_____	$_____	$_____
B. Number of Direct Labor Personnel Full-Time Equivalents (FTEs)	_____	_____	_____
C. Average Salary of Direct Labor personnel [(A)÷(B)]			$_____
D. Total Salaries of Indirect Supervision and Administrative Personnel [10]	$_____	$_____	$_____
E. Indirect Supervision and Administrative Salaries per FTE [(D)÷(B)]			$_____
F. Total Salaries of Regional, District and Headquarters Personnel [11]	$_____	$_____	$_____
G. Regional, District and Headquarters Salaries per FTE [(F)÷(B)]			$_____
H. Personnel Benefits [12]	$_____	$_____	$_____
I. Personnel Benefits Costs per FTE [(H)÷(B)]			$_____
J. Total Cost of Personnel Service [(C) + (E) + (G) + (H)]	$_____	$_____	$_____
Gross Workyear Cost For Current Year			
A. Total salaries of Direct Labor Personnel [9]	$_____	$_____	$_____
B. Number of Direct Labor Personnel Full-Time Equivalents (FTEs)	_____	_____	_____
C. Average Salary of Direct Labor personnel [(A)÷(B)]			$_____
D. Total Salaries of Indirect Supervision and Administrative Personnel [10]	$_____	$_____	$_____
E. Indirect Supervision and Administrative Salaries per FTE [(D)÷(B)]			$_____
F. Total Salaries of Regional, District and Headquarters Personnel [11]	$_____	$_____	$_____
G. Regional, District and Headquarters Salaries per FTE [(F)÷(B)]			$_____
H. Personnel Benefits [12]	$_____	$_____	$_____
I. Personnel Benefits Costs per FTE [(H)÷(B)]			$_____
J. Total Cost of Personnel Service [(C) + (E) + (G) + (I)]	$_____	$_____	$_____

PERSONNEL COST FOR CONTRACT ADMINISTRATION SERVICES

DoD COMPONENT _____

Gross Workyear Cost For Budget Year	Civilian (a)	Military (b)	Total (a) + (b)
A. Total salaries of Direct Labor Personnel (9)	$_____	$_____	$_____
B. Number of Direct Labor Personnel Full-Time Equivalents (FTEs)	_____	_____	_____
C. Average Salary of Direct Labor personnel [(A)÷(B)]			$_____
D. Total Salaries of Indirect Supervision and Administrative Personnel (10)	$_____	$_____	$_____
E. Indirect Supervision and Administrative Salaries per FTE [(D)÷(B)]			$_____
F. Total Salaries of Regional, District and Headquarters Personnel (11)	$_____	$_____	$_____
G. Regional, District and Headquarters Salaries per FTE [(F)÷(B)]			$_____
H. Personnel Benefits (12)	$_____	$_____	$_____
I. Personnel Benefits Costs per FTE [(H)÷(B)]			$_____
J. Total Cost of Personnel Service [(C) + (E) + (G) + (I)]	$_____	$_____	$_____

Notes:

(9) Include the salary expenses of direct civilian and military personnel, e.g., contract administrators.

a. Civilian. The cost of civilian personnel assigned full time to contract administration requirements should reflect the annual salary for the applicable pay grades. Otherwise, an hourly rate of 1/2087 of the annual rate shall be used and a leave and holiday factor of 18 percent of pay cost added.

b. Military. The cost of military personnel assigned full time to contract Administration requirements should be based on the annual Military Composite Pay rates. Otherwise, an hourly rate of 1/2080 of the annual Military Composite Pay rate shall be used and a leave and holiday factor of 14 percent of pay cost added.

(10) Include the indirect salary expenses for civilian and military personnel that perform supervisory and administrative (clerical) functions. Such costs are computed as indicated in(9)a. and (9)b. above.

(11) Include the salary expenses for civilian and military personnel at the district, regional and headquarters level. Such costs are computed as indicated in (9)a. and (9)b. above.

(12) Include the fringe benefit expenses for all civilian and military personnel included in items (A), (D) and (F).

a. Civilian. Fringe benefits are computed by multiplying civilian personnel costs by the civilian fringe benefit rate. The fringe benefit rate must be that reported for the applicable fiscal year on the OP-8 exhibit, "Civilian Personnel Costs."

b. Military. Fringe benefits are computed by multiplying separately the officer and enlisted salaries by 6 percent for officers and 18 percent for enlisted personnel.

VARIANCES IN THE REIMBURSEMENT COST FOR CONTRACT ADMINISTRATION SERVICES

DoD COMPONENT _____

Gross Workyear Cost	Ratio of PY to CY (13)	Ratio of CY to BY (14)
Average Salary of Direct Labor Personnel	%	%
Indirect Supervision & Administrative Salaries Per FTE	%	%
Regional, District and Headquarters Salaries Per FTE	%	%
Average Personnel Benefits Costs Per FTE	%	%
Total Cost of Personnel Services	%	%
Total Travel Costs	%	%
Other Support Costs	%	%
Total Gross Workyear Cost	%	%
Direct Work-Hours		
Annual Leave	%	%
Sick Leave	%	%
Other Leave (e.g., Military, Jury, Administrative)	%	%
Training Time	%	%
Total Direct Work-Hours	%	%
Gross Cost Per Direct Labor Hour	%	%

Provide narrative explaining variance in any element greater than three percent:

_____

_____

_____

VARIANCES IN THE REIMBURSEMENT COST FOR CONTRACT ADMINISTRATION SERVICES

Notes:

(13) Computed using the cost and hour data from page 2. Divide the current year amount for each element by the prior year amount, subtract 1 and multiply by 100.

(14) Computed using the cost and hour data from page 2. Divide the budget year amount for each element by the current year amount, subtract 1 and multiply by 100.

APPENDIX E: COLLECTIONS FOR REIMBURSEMENTS OF DOD-OWNED AIRCRAFT (FIXED WING)

DEPARTMENT OF _____(1)
ACCOUNTS TO WHICH COLLECTIONS ARE TO BE DEPOSITED FOR REIMBURSEMENTS FOR THE USE OF DOD-OWNED AIRCRAFT (FIXED WING)

FISCAL YEAR _____(2)

(DOLLAR AMOUNT PER HOUR)

Aircraft	DoD	Federal Agency and FMS Users			All Other Users			
	O&M	O&M	MilPers	Total	O&M	MilPers	Asset Utl	Total
(3)	(4)	(5,6)	(5,6)	(5,6)	(7)	(7)	(7)	(7)

INSTRUCTIONS

(1) Insert Army, Navy or Air Force, as applicable.

(2) Insert the applicable fiscal (budget) year.

(3) Separately list and provide data for each type/model/series of aircraft (fixed wing) in the DoD Component's inventory which is subject to reimbursement as a composite rate of all Service Components (Active, Guard, and Reserve).

(4) The DoD rate will include costs for (8)--Fuel, (9)--DLRs, (10)--Depot Maintenance, and (11)--Other. This rate is to be used for interdepartmental (e.g., Navy to Air Force, etc.) billing purposes. Location of calculation instructions in this appendix are indicated by the number in parenthesis before the name of the cost category.

(5) The Other Federal Agency Rate will include costs for (8)--Fuel, (9)--DLRs, (10)--Depot Maintenance, (11)--Other, and (12)--Crew Salary. Location of calculation instructions in this appendix are indicated by the number in parenthesis before the name of the cost category.

(6) The FMS rate will include costs for (8)--Fuel, (9)--DLRs, (10)--Depot Maintenance, (11)--Other, (12)--Crew Salary. Location of calculation instructions are indicated by the number in parenthesis before the name of the cost category.

(7) The Public Rate will include costs for (8)--Fuel, (9)--DLRs, (10)--Depot Maintenance, (11)--Other, (12)--Crew Salary, (13)--Asset Utilization and an unfunded civilian retirement cost (The civilian fringe benefit rate--to be used in this calculation--will be obtained annually from the OUSD(C), Program/Budget, Operations Directorate, 3C749, the Pentagon, Washington, DC 20301-1100) for any civilian personnel costs included in (4), (5), (6), (7) or (8). Location of calculation instructions in this appendix are indicated by the number in parenthesis before the name of the cost category.

(8) Fuel costs will be equal to the corresponding amounts shown in the related OP-20 Exhibit series (OP-20D for Army, OP-20 for Navy, and OP-20E for Air Force) for the applicable type/model/series. (If for any reason, the OP-20 Exhibit series does not include an applicable type/model/series of aircraft, fuel costs will be computed using the same methodology as that used for aircraft included in the OP-20 Exhibit series, i.e., by dividing the total cost of fuel for the fiscal year for each type of aircraft by the total number of flying hours for that same aircraft.) Services should also include fuel costs for non-fly fuel directly supporting the flying hour program (such as fuel used in engine test cells and auxiliary powers units).

(9) Depot-level reparable (DLR) costs will be equal to the corresponding amounts shown in the related OP-20 Exhibit series (OP-20D for Army, OP-20 for Navy, and OP-20E for Air Force) for the applicable type/model/series. (If for any reason, the OP-20 Exhibit series does not include an applicable type/model/series of aircraft, DLR costs will be computed using the same methodology as that used for aircraft included in the OP-20 Exhibit series, i.e., by dividing the total DLR costs for the applicable fiscal year by the total number of flying hours for that same aircraft.)

(10) Include an hourly rate for depot maintenance cost for airframes, engines, and components for the applicable type/model/series. This cost will be an average cost for that type/model/series, and be computed by dividing the total amount of depot maintenance budgeted for the applicable type/model/series by the number of flying hours budgeted for that type/model/series.

(11) Other costs will equal corresponding "other" amounts shown in the related OP-20 Exhibit series (OP-20D for Army, OP-20 for Navy, and OP-20E for Air Force--for Air Force, this is equal to the consumables required in Exhibit OP-20E). (If for any reason, the OP-20 Exhibit series does not include an applicable type/model/series of aircraft, other costs will be computed using the same methodology as that used for aircraft included in the OP-20 Exhibit series, i.e., by adding all operating costs ((other than fuel, DLRs, depot maintenance, crew salary, and asset utilization)) and dividing the total of such other costs for the applicable fiscal year by the total number of flying hours.) If for any reason the OP-20 Exhibit does not include detail for contract logistics support, use a five-year average of variable CLS or equivalent costs and hours.

(12) Crew salary amounts will be computed based on the number and grade of military personnel operating the aircraft. Crew salary costs will be computed by:

(a) Multiplying the standard number of crew members in each applicable military grade times the annual Military Standard Composite Rate for that grade available on the reimbursable rates page of the OUSD(C) website: (http://comptroller.defense.gov/rates/fy2014.html). NOTE: For Federal Agencies and Public rates, use the applicable rates in the "Annual Rate Billable to Other Federal Agencies" column. For the FMS rate, use the applicable rate in the "Annual DoD Composite Rate" column plus the annual acceleration factor.

(b) Dividing the result of (a) by 2080 (hours) to convert the annual rate to an hourly rate, by grade.

(c) Multiplying the results of (b) by a factor of 1.14 percent for both officers and enlisted personnel. (This calculation increases the hourly rate by 14 percent for officers and enlisted personnel fringe benefits.)

(d) Adding the amounts arrived at in (c) for each grade, to arrive at a total hourly rate for the entire crew.

NOTE: The computation of crew salary amounts should be supported by a separate table attached to this exhibit.

(13) The asset utilization amount will be computed by applying an asset utilization factor of 4 percent times the sum of columns (8)--Fuel, (9)--DLRs, (10)--Depot Maintenance, (11)--Other and (12)--Crew Salary for each specific aircraft.

(14) Provide a brief narrative to explain significant changes between fiscal years.

APPENDIX F: FOOD SERVICE

MILITARY SERVICE: (1) AREA: (2)

	FY_PY_ (3)	FY_CY_ (3)	FY_BY_ (3)
Part 1: Food Service Operating Expense			
A. Military Personnel and Related Compensation: (4)			
1. End Strength	_____	_____	_____
2. Workyears	_____	_____	_____
3. Costs	_____	_____	_____
B. DoD Civilian Personnel Compensation: (5)			
1. End Strength	_____	_____	_____
2. Work Years	_____	_____	_____
3. Costs	_____	_____	_____
C. Total DoD Personnel Compensation (A.3.+B.3.) (6)	_____	_____	_____
D. Food Service Attendant Contracts (7)	_____	_____	_____
E. Supplies and Materials (8)	_____	_____	_____
F. Full Food Service Contract Expenses: (9)	_____	_____	_____
1. Personnel Compensation	_____	_____	_____
2. All Other Costs	_____	_____	_____
G. Total Food Service Costs(C.+D.+E.+F.)(10)	_____	_____	_____

	FY_PY_ (3)	FY_CY_ (3)	FY_BY_ (3)
Part 2: Other Data			
A. Total Number of Food Service Facilities (11)	_____	_____	_____
B. Number of Meal-Days Fed (12)	_____	_____	_____
(Number of Meals Fed, by Type)			

Breakfast	_____	_____	_____
Brunch	_____	_____	_____
Lunch	_____	_____	_____
Dinner	_____	_____	_____
Supper	_____	_____	_____
Night Meal	_____	_____	_____
Holiday	_____	_____	_____
Snack	_____	_____	_____
C. Amount of Meal Collections: (13)	_____	_____	_____
1. Food Costs	_____	_____	_____
2. Operating Expenses	_____	_____	_____

D. Explanation of Changes Between Fiscal Years (14)

Point-of-Contact: _____
Organization: _____
Telephone: _____

INSTRUCTIONS

General. The four Military Services each are required to prepare and submit two copies of this budget exhibit annually. The submission, containing previous fiscal year actual data, must be received no later than March 1 of each year.

One copy should be forwarded to the Director of Military Personnel and Construction, Office of the Under Secretary of Defense (Comptroller), 1100 Defense Pentagon, Washington, DC 20301-1100. A second copy should be forwarded to the Director of Operations, Office of the Under Secretary of Defense (Comptroller), 1100 Defense Pentagon, Washington, DC 20301-1100.

Please include a point-of-contact, with organization and telephone number with each submission.

NOTES:

(1) Insert applicable Military Service--Army, Navy, Marine Corps or Air Force.

(2) Identify applicable Area -- Separate reports must be submitted by each Military Service, and for each Military Academy. Reports for the Military Services should include amounts for medical facilities, and exclude amounts reported separately for the Military Academies. Additionally, the Department of the Navy shall submit separate exhibits for ashore, afloat, and a combined total of the ashore and afloat exhibits.

(3) Indicate the applicable fiscal years, and include applicable amounts for each fiscal year. For example, for the March 2009 submission, the FY PY will be FY 2008; the FY CY will be FY 2009; and the FY BY will be FY 2010. The FY CY column calculations should be computed using 1st quarter actual data and estimates for the remainder of the fiscal year.

Part 1: Food Service Operating Expense

(4) Show military personnel end strength (A.1.), work years (A.2.), and related personnel costs (A.3.). Military personnel costs should be determined by applying the Military Composite Pay Rate (see Chapter 6, Appendix I, of this Volume) to the work years shown for military personnel performing food service and related administrative services for appropriated fund dining facilities.

(5) Show civilian personnel end strength (B.1.), work years (B.2.), and related personnel costs (B.3.). Civilian personnel costs should be determined by applying the direct civilian labor rate (calculated in accordance with Chapter 1 of this Volume), multiplied by the Civilian Benefit Fringe Benefit Rate (see Chapter 6, Appendix C, of this Volume), to the work years shown for civilian personnel performing food service and related administrative services for appropriated fund dining facilities.

(6) Include total DoD personnel compensation costs -- this is the sum of lines A.3. and B.3.

(7) Include the total cost of all food service attendant contracts.

(8) Include the cost of all supplies and materials (excluding food items) and equipment expenses (equipment with a value of less than the expense/investment funding threshold used to determine if items are funded from operating expense (Operations and Maintenance), or investment expense (procurement) appropriations).

(9) Include total expenses incurred for full food service contracts. If available, identify personnel compensation amounts separately from all other costs.

(10) Include total food service costs -- this is the sum of C., D., E., and F.

Part 2: Other Data

(11) Include the total number of food service facilities operated by the Service.

(12) Meals served (counted) will be converted to an equivalent meal-days fed by multiplying the meals served by prescribed percentages in Chapter 19, Volume 12, of this Regulation. These meal conversion factors represent the estimated portion of the BDFA for each service member for each type of meal. Source data for meals served is also required.

(13) Show the actual/estimated total amount of food service charges collected for meals served. Food costs and operating expense collections should be identified separately.

(14) A brief description should be provided to explain significant changes between fiscal year amounts.

APPENDIX G: COLLECTIONS FOR REIMBURSEMENTS OF DOD-OWNED AIRCRAFT (ROTARY WING)

DEPARTMENT OF _____(1)
ACCOUNTS TO WHICH COLLECTIONS ARE TO BE DEPOSITED FOR REIMBURSEMENTS FOR THE USE OF DOD-OWNED AIRCRAFT (ROTARY WING)

FISCAL YEAR _____(2)

(DOLLAR AMOUNT PER HOUR)

Aircraft	DoD	Federal Agency and FMS Users			All Other Users			
	O&M	O&M	MilPers	Total	O&M	MilPers	Asset Utl	Total
(3)	(4)	(5,6)	(5,6)	(5,6)	(7)	(7)	(7)	(7)

INSTRUCTIONS

(1) Insert Army, Navy or Air Force, as applicable.

(2) Insert the applicable fiscal (budget) year.

(3) Separately list and provide data for each type/model/series of aircraft (rotary wing) in the DoD Component's inventory which is subject to reimbursement as a composite rate of all Service Components (Active, Guard, and Reserve).

(4) The DoD rate will include costs for (8)--Fuel, (9)--DLRs, (10)--Depot Maintenance, and (11)--Other. This rate is to be used for interdepartmental (e.g., Navy to Air Force, etc.) billing purposes. Location of calculation instructions in this appendix are indicated by the number in parenthesis before the name of the cost category.

(5) The Other Federal Agency Rate will include costs for (8)--Fuel, (9)--DLRs, (10)--Depot Maintenance, (11)--Other, and (12)--Crew Salary. Location of calculation instructions in this appendix are indicated by the number in parenthesis before the name of the cost category.

(6) The FMS rate will include costs for (8)--Fuel, (9)--DLRs, (10)--Depot Maintenance, (11)--Other, (12)--Crew Salary. Location of calculation instructions are indicated by the number in parenthesis before the name of the cost category.

(7) The Public Rate will include costs for (8)--Fuel, (9)--DLRs, (10)--Depot Maintenance, (11)--Other, (12)--Crew Salary, (13)--Asset Utilization and an unfunded civilian retirement cost (The civilian fringe benefit rate--to be used in this calculation--will be obtained annually from the OUSD(C), Program/Budget, Operations Directorate, 3C749, the Pentagon, Washington, DC 20301-1100) for any civilian personnel costs included in (4), (5), (6), (7) or (8). Location of calculation instructions in this appendix are indicated by the number in parenthesis before the name of the cost category.

(8) Fuel costs will be equal to the corresponding amounts shown in the related OP-20 Exhibit series (OP-20D for Army, OP-20 for Navy, and OP-20E for Air Force) for the applicable type/model/series. (If for any reason, the OP-20 Exhibit series does not include an applicable type/model/series of aircraft, fuel costs will be computed using the same methodology as that used for aircraft included in the OP-20 Exhibit series, i.e., by dividing the total cost of fuel for the fiscal year for each type of aircraft by the total number of flying hours for that same aircraft.) Services should also include fuel costs for non-fly fuel directly supporting the flying hour program (such as fuel used in engine test cells and auxiliary powers units).

(9) Depot-level reparable (DLR) costs will be equal to the corresponding amounts shown in the related OP-20 Exhibit series (OP-20D for Army, OP-20 for Navy, and OP-20E for Air Force) for the applicable type/model/series. (If for any reason, the OP-20 Exhibit series does not include an applicable type/model/series of aircraft, DLR costs will be computed using the same methodology as that used for aircraft included in the OP-20 Exhibit series, i.e., by dividing the total DLR costs for the applicable fiscal year by the total number of flying hours for that same aircraft.)

(10) Include an hourly rate for depot maintenance cost for airframes, engines, and components for the applicable type/model/series. This cost will be an average cost for that type/model/series, and be computed by dividing the total amount of depot maintenance budgeted for the applicable type/model/series by the number of flying hours budgeted for that type/model/series.

(11) Other costs will equal corresponding "other" amounts shown in the related OP-20 Exhibit series (OP-20D for Army, OP-20 for Navy, and OP-20E for Air Force--for Air Force, this is equal to the consumables required in Exhibit OP-20E). (If for any reason, the OP-20 Exhibit series does not include an applicable type/model/series of aircraft, other costs will be computed using the same methodology as that used for aircraft included in the OP-20 Exhibit series, i.e., by adding all operating costs ((other than fuel, DLRs, depot maintenance, crew salary, and asset utilization)) and dividing the total of such other costs for the applicable fiscal year by the total number of flying hours.) If for any reason the OP-20 Exhibit does not include detail for contract logistics support, use a five-year average of variable CLS or equivalent costs and hours.

(12) Crew salary amounts will be computed based on the number and grade of military personnel operating the aircraft. Crew salary costs will be computed by:

(a) Multiplying the standard number of crew members in each applicable military grade times the annual Military Standard Composite Rate for that grade available on the reimbursable rates page of the OUSD(C) website: (http://comptroller.defense.gov/rates/fy2014.html). NOTE: For the Federal Agencies and Public Rates, use the applicable rates in the "Annual Rate Billable to Other Federal Agencies" column. For the FMS rate, use the applicable rate in the "Annual DoD Composite Rate" column plus the annual acceleration factor.

(b) Dividing the result of (a) by 2080 (hours) to convert the annual rate to an hourly rate, by grade.

(c) Multiplying the results of (b) by a factor of 1.14 percent for both officers and enlisted personnel. (This calculation increases the hourly rate by 14 percent for officer and enlisted fringe benefits.)

(d) Adding the amounts arrived at in (c) for each grade, to arrive at a total hourly rate for the entire crew.

NOTE: The computation of crew salary amounts should be supported by a separate table attached to this exhibit.

(13) The asset utilization amount will be computed by applying an asset utilization factor of 4 percent times the sum of columns (8)--Fuel, (9)--DLRs, (10)--Depot Maintenance, (11)--Other and (12)--Crew Salary for each specific aircraft.

(14) Provide a brief narrative to explain significant changes between fiscal years.

APPENDIX H: MEDICAL AND DENTAL SERVICES RATE COMPUTATION

SUBMITTED BY THE OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE (HEALTH AFFAIRS)

Note: Budget exhibit includes Sections I, II, and III for IMET, Interagency and Other. This exhibit is to be included only in the President's budget. The format of the budget exhibit for medical and dental rates may vary slightly from year to year due to the addition/deletion of rates, changes in nomenclature, updated notes and other unforeseen reasons.

INPATIENT, OUTPATIENT AND OTHER RATES AND CHARGES

A. INPATIENT RATES 1/ 2/

Per Inpatient Day	Prior FY	Current FY	Budget FY
1. Burn Center	$_____	$_____	$_____
2. Surgical Care Services (Cosmetic Surgery)	$_____	$_____	$_____

3. All Other Inpatient Services
(Based on Diagnosis Related Groups (DRG) Charges 3/)

FY 1996 DIRECT CARE INPATIENT REIMBURSEMENT RATES

ADJUSTED STANDARD AMOUNT	Prior FY	Current FY	Budget FY
Large Urban	$_____	$_____	$_____
Other Urban/ Rural	$_____	$_____	$_____
Overseas	$_____	$_____	$_____

B. OUTPATIENT RATES 1/ 2/

Meprs Code 4/	Per Visit Clinical Services	Prior FY	Current FY	Budget FY
	1. Medical Care			
BAA	Internal Medicine			
BAB	Allergy			
BAC	Cardiology			
BAE	Diabetes			
BAF	Endocrinology			
BAG	Gastroenterology			
BAH	Hematology			
BAI	Hypertension			
BAJ	Nephrology			
BAK	Neurology			
BAL	Nutrition			
BAM	Oncology			
BAN	Pulmonary Disease			
BAO	Rheumatology			
BAP	Dermatology			
BAQ	Infectious Disease			
BAR	Physical Medicine			
	2. Surgical Care			
BBA	General Surgery			
BBB	Cardiovascular/Thoracic Surgery			
BBC	Neurosurgery			
BBD	Ophthalmology			
BBE	Organ Transplant			
BBF	Otolaryngology			
BBG	Plastic Surgery			
BBH	Proctology			
BBI	Urology			
BBJ	Pediatric Surgery			
	3. Obstetrical and Gynecological (OB-GYN)			
BCA	Family Planning			
BCB	Gynecology			
BCC	Obstetrics			

Meprs Code 4/	Per Visit Clinical Services	Prior FY	Current FY	Budget FY
	4. Pediatric Care			
BDA	Pediatric			
BDB	Adolescent			
BDC	Well Baby			
	5. Orthopedic Care			
BEA	Orthopedic			
BEB	Cast Clinic			
BEC	Hand Surgery			
BEE	Orthopedic Appliance			
BEF	Podiatry			
BEZ	Chiropractic Clinic			
	6. Psychiatric and/or Mental Health Care			
BFA	Psychiatry			
BFB	Psychology			
BFC	Child Guidance			
BFD	Mental Health			
BFE	Social Work			
BFF	Substance Abuse Rehabilitation			
	7. Primary Medical Care			
BGA	Family Practice			
BHA	Primary Care			
BHB	Medical Examination			
BHC	Optometry			
BHD	Audiology Clinic			
BHE	Speech Pathology			
BHF	Community Health			
BHG	Occupational Health			
BHI	Immediate Care Clinic			
	8. Emergency Medical Care			
BIA	Emergency Care Clinic			

Meprs Code 4/	Per Visit Clinical Services	Prior FY	Current FY	Budget FY
	9. Flight Medicine Clinic			
BJA	Flight Medicine			
	10. Underseas Medicine Care			
BKA	Underseas Medicine Clinic			
	11. Rehabilitative Services			
BLA	Physical Therapy			
BLB	Occupational Therapy			
BLC	Neuromuscularskeletal screening			
	12. Same Day Surgery			

C. OTHER RATES AND CHARGES

MEPRS Code 4/	PER VISIT Clinical Service	Prior FY	Current FY	Budget FY
	1. Immunizations	$_____	$_____	$_____
	2. Hyperbaric Services			
	1-60 minutes	$_____	$_____	$_____
	61-120 minutes	$_____	$_____	$_____
	121-180 minutes	$_____	$_____	$_____
	181-240 minutes	$_____	$_____	$_____
	Each Additional Hour	$_____	$_____	$_____
	(Note: Charges may be prorated based on usage)			
	3. Family Member Rate $_____			
	(formerly Military Dependents Rate)			

4. Third Party Drug Reimbursement Rates 5/

Include the third party drug reimbursement rates for prescriptions requested by external providers and obtained at the Military Treatment Facility as an attachment to the exhibit. Attachment should be entitled "Third Party Drug Reimbursement Rates."

5. High Cost Services Requested By External Providers 6/

Include the high cost services requested by external providers as an attachment to the exhibit. Attachment should be entitled "High Cost Services Requested By External Providers."

6. Elective Cosmetic Surgery Procedures and Rates Identify the charge (i.e., Surgical Care Services rate, Same Day Surgery rate, etc.) for the Cosmetic Surgery Procedures outlined below.

COSMETIC SURGERY PROCEDURE	INTERNATIONAL CLASSIFICATION DISEASES (ICD-9)	CURRENT PROCEDURAL TERMINOLOGY (CPT) 7/	CHARGE 8/
Mammaplasty	85.50	19325	_____
	85.32	19324	_____
	85.31	19318	_____
Mastopexy	85.60	19316	_____
Facial	86.82	15824	_____
Rhytidectomy	86.22		_____
Blepharoplasty	08.70	15820	_____
	08.44	15821	_____
		15822	_____
		15823	_____
Mentoplasty	76.68	21208	_____
(Augmentation	76.67	21209	_____
Reduction)			
Abdominoplasty	86.83	15831	_____
Lipectomy,	86.83	15876	_____
suction per		15877	_____
region 9/		15878	_____
		15879	_____
Rhinoplasty	21.87	30400	_____
	21.86	30410	_____
Scar revisions	86.84	1578_	_____
beyond CHAMPUS			_____
Mandibular or	76.41	21194	_____
Maxillary			_____
Repositioning			_____

COSMETIC SURGERY PROCEDURE	INTERNATIONAL CLASSIFICATION DISEASES (ICD-9)	CURRENT PROCEDURAL TERMINOLOGY (CPT) 7/	CHARGE 8/
Minor Skin Lesions 10/	86.30	1578_	_____
Dermabrasion	86.25	15780	_____
Hair Restoration	86.64	15775	_____
Removing Tattoos	86.25	15780	_____
Chemical Peel	86.24	15790	_____
Arm/Thigh Dermolipectomy	86.83	1583_	_____
Brow Lift	86.3	15839	_____

G. Dental Rate

MEPRS Code 4/	PER VISIT Clinical Service	Prior FY	Current FY	Budget FY
N/A	Dental Services	$_____	$_____	$_____

Dental service charges are based on a Composite Time Value. Provider should calculate the charges based on the time value of the procedure times the CTV rate.

H. Ambulance Rate

MEPRS Code 4/	PER VISIT Clinical Service	Prior FY	Current FY	Budget FY
N/A	Ambulance Service	$_____	$_____	$_____

Ambulance charges are based on hours of service. Provider should calculate the charges based on the number of hours (or fraction thereof) that the ambulance is logged out on a patient run.

NOTES ON REIMBURSABLE RATES:

1/ Percentages are applied to both inpatient and outpatient services provided when billing third party payers (e.g., insurance companies). Pursuant to the provisions of 10 U.S.C. 1095, the

inpatient Diagnosis Related Groups are __ percent hospital and __ percent professional fee. The outpatient per visit percentages are __ percent hospital, __ percent ancillary and __ percent professional.

2/ DoD civilian employees located in overseas areas shall be rendered a bill when services are performed. Payment is due 60 days from the date of the bill.

3/ The cost of DRG (Diagnosis Related Groups) is based on the inpatient full reimbursement rate per hospital discharge, weighted to reflect the intensity of the principal diagnosis involved. The adjusted standardized amounts (ASA) per Relative Weighted Product (RWP) for use in the Direct Care System is comparable to procedures utilized by Health Care Financing Administration (HFCA) and the Civilian Health and Medical Program for the Uniformed Services (CHAMPUS). These expenses include all direct care expenses associated with direct patient care. The average cost per relative weight product for large urban, other urban/rural, and overseas are published as an inpatient standardized amount and include the cost of inpatient professional services. The DRG rates apply to reimbursement from all sources (including third party payers).

4/ The Medical Expense and Performance Reporting System (MEPRS) code is a three digit code which defines the summary account and the subaccount within a functional category in the DoD medical system. An example of this hierarchical arrangement is as follows:

Outpatient Care (Functional Category)	MEPRS CODE
Medical Care (Summary Account)	BA
Internal Medicine (Subaccount)	BAA

MEPRS codes are used to ensure that consistent expense and operating performance data is reported in the DoD military medical system.

5/ High cost prescription services requested by external providers (Physicians, Dentists, etc.) are only relevant to the Third Party Collection Program. Third party payers (such as insurance companies) are billed for high cost prescriptions in those instances in which dependents who have medical insurance, seen by providers external to a Military Medical Treatment Facility (MTF), obtain the prescribed medication from an MTF. Eligible beneficiaries (family members or retirees with medical insurance) are not personally liable for this cost and, subsequently, are not billed by the MTF. A third party payer may be billed if the total prescription costs in a day exceed $____ when bundled together. The standard cost of high cost medications includes the cost of the drugs plus a dispensing fee, per prescription. The prescription cost is calculated by multiplying the number of units (tablets, capsules, etc.) times the unit cost and adding a $____ dispensing fee per prescription.

6/ Charges for high cost services requested by external providers (physicians, dentists, etc.) are only relevant to the Third Party Collection Program. Third party payers (such as insurance companies) shall be billed for high cost services in those instances in which dependents who have medical insurance, seen by providers external to a Military Medical Treatment Facility

(MTF), obtain the prescribed service from an MTF. Eligible beneficiaries (family members or retirees with medical insurance) are not personally liable for this cost and shall not be billed by the MTF. A third party payer may be billed if the total ancillary services costs in a day exceed $____ when bundled together.

7/ The attending physician is to complete the Physicians' Current Procedural Terminology code to indicate the appropriate procedure followed during cosmetic surgery. The appropriate rate is applied depending on the admission type of the patient, e.g., outpatient surgical, same day/ ambulatory surgery, or surgical care services.

8/ Family members of active duty personnel, retirees and their family members, and survivors are charged cosmetic surgery rates. The patient is charged the rate as specified in the reimbursable rates for an episode of care. The patient is responsible for both the cost of the implant(s) in addition to the prescribed cosmetic surgery rates.

NOTE: The implants and procedures used for the augmentation mammaplasty are in compliance with Federal Drug Administration guidelines.

9/ Each regional lipectomy will carry a separate charge. Regions include head and neck, abdomen, flanks, and hips.

10/ These procedures are inclusive in the minor skin lesions. However, CHAMPUS separates them as noted here. All charges are for the entire treatment regardless of the number of visits required.

APPENDIX I: MILITARY COMPOSITE STANDARD PAY AND REIMBURSEMENT RATES

DEPARTMENT OF THE _____ FOR FISCAL YEAR _____

GRADE	BASIC PAY (1)	RETIRED PAY ACCRUAL (2)	BASIC ALLOWANCE FOR HOUSING (3)	BASIC ALLOWANCE FOR SUBSISTENCE/SIK (4)	INCENTIVE AND SPECIAL PAYS (5)	PERMANENT CHANGE OF STATION (6)	MISCEL-LANEOUS EXPENSE (7)	MEDICARE-ELIGIBLE RETIREE HEALTH CARE (MERHC) ACCRUAL (8)	ANNUAL DOD COMPOSITE RATE (9)	ACCELERATION FACTOR (10)	AMOUNT BILLABLE TO OTHER FEDERAL AGENCIES (11)
O-10*											
O-9*											
O-8*											
O-7*											
O-6											
O-5											
O-4											
O-3											
O-2											
O-1											
WO-5											
WO-4											
WO-3											
WO-2											
WO-1											
CADETS											
E-9											
E-8											
E-7											
E-6											
E-5											
E-4											
E-3											
E-2											
E-1											

***Note: Basic Pay for O-7 to O-10 pay grades is limited by Level II of the Executive Schedule.**

MILITARY COMPOSITE STANDARD PAY AND REIMBURSEMENT RATES

INSTRUCTIONS

Each Military Service must complete an Appendix I using the attached standard format. The heading to each appendix I consists of three lines. The first line identifies the appendix by number, the second line states "MILITARY COMPOSITE STANDARD PAY AND REIMBURSABLE RATES," and the third line identifies the Military Service that has developed the rates and the fiscal year that the rates will be used.

The Military Composite Standard Pay and Reimbursement Rates exhibit for the Budget Year should include the following cost elements that are listed for each column of the report. Amounts listed shall be equal to corresponding amounts contained in the applicable Military Service's justification book in support of their military personnel appropriation budget request included in the latest President's budget:

(Column l) Basic Pay. Include the average basic pay amounts, by pay grade, as provided in the President's budget justification, Budget Subactivity (BSA) 1-A, Pay and Allowance of Officers, BSA 2-A, Pay and Allowances of Enlisted Personnel, and BSA 3-A, Pay and Allowances of Cadets and Midshipmen. The cadet and midshipmen rate is computed as a single rate for all cadets/midshipmen. NOTE: Basic Pay for O-7 to O-10 pay grades is limited by Level II of the Executive Schedule.

(Column 2) Retired Pay Accrual. Include average retired pay accrual amounts, by pay grade, as provided in the President's budget justification, BSA 1-B, Retired Pay Accrual for Officers and BSA 2-B, Retired Pay Accrual of Enlisted. The applicable retired pay accrual percentage is statutory and published annually.

(Column 3) Basic Allowance for Subsistence. Compute the basic allowance for subsistence rate separately, for officers and enlisted personnel, by pay grade, and for cadets and midshipmen, using amounts from the President's budget justification books. The officer rate is computed by dividing BSA 1-F, Basic Allowance for Subsistence for officers, by the officer average strength, by grade. The enlisted rate is computed by adding BSA 4-A, Basic Allowance for Subsistence for enlisted, BSA 4-B, Subsistence-in-Kind (SIK) for enlisted and BSA 4-C, Family Subsistence Supplemental Allowance (FSSA), and then dividing the total by the enlisted average strength, by grade. Compute a single rate for cadets and midshipmen.

(Column 4) Basic Allowance for Housing (BAH). Compute the BAH rate separately, for officers and enlisted personnel, by pay grade, using amounts from the President's budget justification books. The officer rate is computed by dividing BSA 1-E, BAH for officers by the average strength for officer personnel. The enlisted rate is computed by dividing BSA 2-J, BAH for enlisted by the average strength for enlisted personnel.

(Column 5) Incentive and Special Pays. Compute the Incentive and Special Pay rate separately for officers and enlisted personnel, by pay grade, using amounts from the President's budget justification books. For each pay grade, add the incentive and special pay amounts and then divide the sum by the average end strength, separately for officers and enlisted personnel. The officer rate is computed by adding the amounts for BSA 1-C, Incentive Pay for Hazardous Duty for officers and BSA 1-D, Special Pay for officers, then dividing the sum by the average strength for officer personnel. The enlisted rate is computed by adding the amounts for BSA 2-C, Incentive Pay for Hazardous Duty for enlisted, BSA 2-D, Special Pay for enlisted, BSA 2-E, Special Duty Assignment Pay for enlisted, BSA 2-F, Reenlistment Bonus, BSA 2-G, Enlistment Bonus, BSA 2-H, Education Benefits (College Fund), and BSA 2-I, Loan Repayment Program, then dividing the sum by the average strength for enlisted personnel.

(Column 6) Permanent Change of Station (PCS) Expense. This element represents the average cost of amounts provided in the President’s budget justification books for PCS travel, Budget Activity 5. Compute the average PCS by adding the following types of travel each for officers, enlisted personnel, and cadets, from the BSAs contained in the justification books: accession travel (BSA 5-A); training travel (BSA 5-B); operational travel between duty stations (within CONUS and within overseas) (BSA5-C); rotational travel to and from overseas (BSA 5-D); separation travel (BSA 5-E); and travel of organized units (BSA 5-F). The sum of BA-5 is divided by the average strength separately, for officer and enlisted personnel. Compute a single rate for cadets and midshipmen.

(Column 7) Miscellaneous Expense. This rate is the average computed separately, for officers and enlisted personnel, by pay grade, and for cadets and midshipmen, of amounts provided in the President's budget justification books for Budget Activity 6, Other Military Personnel Costs, and other amounts for miscellaneous allowances and payments for officers, enlisted, and cadets/midshipmen as contained in BSAs listed in the following matrix:

Miscellaneous Expense	Officer	Enlisted
Clothing Allowances	BSA 1-I	BSA 2-M
Station Allowances, Overseas	BSA 1-G	BSA 2-K
CONUS COLA	BSA 1-H	BSA 2-L
Family Separation Allowances	BSA 1-J	BSA 2-N
Separation Payments	BSA 1-K	BSA 2-O
Social Security Tax-Employer's Contribution	BSA 1-L	BSA 2-P
Other Military Personnel Costs	BA 6	BA 6

Sum the amounts in each of the above categories for officer and enlisted, by pay grade, and divide the sum by the average strength of officer and enlisted, by pay grade, as shown in the budget justification materials. A single rate shall be used for cadets and midshipmen.

(Column 8) Medicare-Eligible Retiree Health Care (MERHC) Accrual**.** The annual rate is provided in OUSD(Comptroller) budget guidance and covers the cost of future health care benefits for current officer and enlisted personnel once they retire and become Medicare-eligible, as well as their dependents and annuitants. It does not apply to cadets and midshipmen.

(Column 9) Annual DoD Composite Standard Rate. Enter the sum of columns (l) through (8).

(Column 10) Acceleration Factor. This rate is provided by the OUSD(Comptroller) and covers the medical health care costs of active duty personnel and their dependents associated with the Defense Health Program.

(Column 11) Amount Billable to Other Federal Agencies. Add columns 9 and 10 and subtract column 8. Note: To compute a daily rate, multiply column 11 by a factor of .00439 (1.14/260). For an hourly rate, multiply column 11 by a factor of .00055 (1.14/2080).

APPENDIX J: REIMBURSEMENT COST FOR CONTRACT ADMINISTRATION AND RELATED SUPPORT SERVICES FURNISHED TO THE NASA

DOD COMPONENT_____

	Prior Year [1] (PY)	Current Year (CY)	Budget Year (BY)
Gross Workyear Cost			
A. Total Salaries of Direct Labor Personnel [2]	$_____	$_____	$_____
B. Number of Direct Labor Personnel Full-Time Equivalents (FTEs) [2]	_____	_____	_____
C. Average Salary of Direct Labor Personnel [(A)÷(B)]	$_____	$_____	$_____
D. Total Salaries of Indirect Supervision & Administrative Personnel [2]	$_____	$_____	$_____
E. Indirect Supervision & Administrative Salaries per FTE [(D)÷(B)]	$_____	$_____	$_____
F. Total Salaries of Regional, District and Headquarters Personnel [2] [3]	$_____	$_____	$_____
G. Regional, District and Headquarters Salaries per FTE [(F)÷(B)]	$_____	$_____	$_____
H. Personnel Benefits [2]	$_____	$_____	$_____
I. Average Personnel Benefits Costs per FTE [(H)÷(B)]	$_____	$_____	$_____
J. Total Cost of Personnel Service [(C) + (E) + (G) + (I)]	$_____	$_____	$_____
K. Total Travel Costs [3] [4]	$_____	$_____	$_____
L. Average Travel Costs per FTE [(K)÷(B)]	$_____	$_____	$_____
M. Other Support Costs [3] [5]	$_____	$_____	$_____
N. Average Support Costs per FTE [(M)÷(B)]	$_____	$_____	$_____
O. Total Gross Work-Year Cost [(J) + (L) + (N)]	$_____	$_____	$_____
Direct Work-Hours			
P. Work-Hours Available (see OMB circular No. A-11, Section 85)	____	____	
Q. Less Holidays	80	80	80
R. Less Annual Leave [3]	____	____	____
S. Less Sick Leave [3]	____	____	____
T. Less Other Leave (e.g., Military, Jury and Administrative) [3]	____	____	____
U. Less Training Time [3]	____	____	____
V. Total Direct Work-Hours [(P) - (Q) - (R) - (S) - (T) - (U)]	____	____	____
Gross Cost Per Direct Hour [(O)÷(V)]	$_____	$_____	$_____

REIMBURSEMENT COST FOR CONTRACT ADMINISTRATION AND RELATED SUPPORT SERVICES FURNISHED TO THE NASA

Notes:

(1) The amounts reflected should be the "actual" cost and work-hour data for the most recently completed fiscal year. This should be the FY 19PY of the President's budget.

(2) The amounts reflected should be that shown in the "Total" column of the attached schedule, "Personnel Cost For Contract Administration and Related Support Services Furnished to the NASA" (pages 3 and 4) for the applicable year, i.e., PY, CY, BY.

(3) Separately, show basis of computation.

(4) Includes all travel costs, i.e., local, temporary additional duty, and permanent change of station, of the civilian and military personnel included under items (A), (D) and (F).

(5) Includes other expenses such as supplies, equipment, training and communications.

Personnel Cost For Contract Administration and Related Support Services
Furnished to the NASA

DOD COMPONENT_____

		Civilian (a)	Military (b)	Total (a) + (b)
Gross Workyear Cost For Prior Year (Actual)				
A.	Total Salaries of Direct Labor Personnel [6]	$_____	$_____	$_____
B.	Number of Direct Labor Personnel Full-Time Equivalents (FTEs)	_____	_____	_____
C.	Average Salary of Direct Labor Personnel [(A)÷(B)]			$_____
D.	Total Salaries of Indirect Supervision and Administrative Personnel [7]	$_____	$_____	$_____
E.	Indirect Supervision and Administrative Salaries per FTE [(D)÷(B)]			$_____
F.	Total Salaries of Regional, District and Headquarters Personnel [8]	$_____	$_____	$_____
G.	Regional, District and Headquarters Salaries per FTE [(F)÷(B)]			$_____
H.	Personnel Benefits [9]	$_____	$_____	$_____
I.	Personnel Benefits Costs per FTE [(H)÷(B)]			$_____
J.	Total Cost of Personnel Service [(C) + (E) + (G) + (H)]	$_____	$_____	$_____
Gross Workyear Cost For Current Year				
A.	Total Salaries of Direct Labor Personnel [6]	$_____	$_____	$_____
B.	Number of Direct Labor Personnel Full-Time Equivalents (FTEs)	_____	_____	_____
C.	Average Salary of Direct Labor Personnel [(A)÷(B)]			$_____
D.	Total Salaries of Indirect Supervision and Administrative Personnel [7]	$_____	$_____	$_____
E.	Indirect Supervision and Administrative Salaries per FTE [(D)÷(B)]			$_____
F.	Total Salaries of Regional, District and Headquarters Personnel [8]	$_____	$_____	$_____
G.	Regional, District and Headquarters Salaries per FTE [(F)÷(B)]			$_____
H.	Personnel Benefits [9]	$_____	$_____	$_____
I.	Personnel Benefits Costs per FTE [(H)÷(B)]			$_____
J.	Total Cost of Personnel Service [(C) + (E) + (G) + (I)]	$_____	$_____	$_____

Personnel Cost For Contract Administration and Related Support Services
Furnished to the NASA

DOD COMPONENT_____

Gross Workyear Cost For Budget Year	Civilian (a)	Military (b)	Total (a) + (b)
A. Total Salaries of Direct Labor Personnel [6]	$_____	$_____	$_____
B. Number of Direct Labor Personnel Full-Time Equivalents (FTEs)	_____	_____	_____
C. Average Salary of Direct Labor Personnel [(A)÷(B)]			$_____
D. Total Salaries of Indirect Supervision and Administrative Personnel [7]	$_____	$_____	$_____
E. Indirect Supervision and Administrative Salaries per FTE [(D)÷(B)]			$_____
F. Total Salaries of Regional, District and Headquarters Personnel [8]	$_____	$_____	$_____
G. Regional, District and Headquarters Salaries per FTE [(F)÷(B)]			$_____
H. Personnel Benefits [9]	$_____	$_____	$_____
I. Personnel Benefits Costs per FTE [(H)÷(B)]			$_____
J. Total Cost of Personnel Service [(C) + (E) + (G) + (I)]	$_____	$_____	$_____

Notes:

(6) Include the salary expenses of direct civilian and military personnel, e.g., contract administrators, and auditors.

a. Civilian. The cost of civilian personnel assigned full time to NASA requirements should reflect the annual salary for the applicable pay grades. Otherwise, an hourly rate of 1/2087 of the annual rate shall be used and a leave and holiday factor of 18 percent of pay cost added.

b. Military. The cost of military personnel assigned full time to NASA requirements should be based on the annual Military Composite Pay rates. Otherwise, an hourly rate of 1/2080 of the annual Military Composite Pay rate shall be used and a leave and holiday factor of 14 percent of pay cost added.

(7) Include the indirect salary expenses for civilian and military personnel that perform supervisory and administrative (clerical) functions. Such costs are computed as indicated in (6)a. and (6)b. above.

(8) Include the salary expenses for civilian and military personnel at the district, regional and headquarters level. Such costs are computed as indicated in (6)a. and (6)b. above.

(9) Include the fringe benefit expenses for all civilian and military personnel included in items (A), (D) and (F).

a. Civilian. Fringe benefits are computed by multiplying civilian personnel costs by the civilian fringe benefit rate. The fringe benefit rate must be that reported for the applicable fiscal year on the OP-8 exhibit, "Civilian Personnel Costs."

b. Military. Fringe benefits are computed by multiplying separately the officer and enlisted salaries by 6 percent for officers and 18 percent for enlisted personnel.

Variances In The Reimbursement Cost For Contract Administration and Related Support Services Furnished to the NASA

DOD COMPONENT_____

Gross Workyear Cost	Ratio of PY to CY (10)	Ratio of CY to BY (11)
Average Salary of Direct Labor Personnel	%	%
Indirect Supervision & Administrative Salaries Per FTE	%	%
Regional, District and Headquarters Salaries Per FTE	%	%
Average Personnel Benefits Costs Per FTE	%	%
Total Cost of Personnel Services	%	%
Total Travel Costs	%	%
Other Support Costs	%	%
Total Gross Workyear Cost	%	%
Direct Work-Hours		
Annual Leave	%	%
Sick Leave	%	%
Other Leave (e.g., Military, Jury, Administrative)	%	%
Training Time	%	%
Total Direct Work-Hours	%	%
Gross Cost Per Direct Labor Hour	%	%

Provide narrative explaining variance in any element greater than 3 percent:

Notes:

(10) Computed using the cost and hour data from page 2. Divide the current year amount for each element by the prior year amount, subtract 1 and multiply by 100.

(11) Computed using the cost and hour data from page 2. Divide the budget year amount for each element by the current year amount, subtract 1 and multiply by 100.

VOLUME 11A, CHAPTER 7: "INTERNATIONAL NARCOTICS CONTROL PROGRAM"

SUMMARY OF MAJOR CHANGES

All changes are denoted by blue font.

Substantive revisions are denoted by an * symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by ***bold, italic, blue, and underlined font*.**

The previous version dated May 2011 is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
Various	Updates references, hyperlinks and terminology.	Update
070202.A.12.b and 070202.A.12.c (previous)	Deletes 070202.A.12, subparagraphs b and c. Information is provided in Volume 15, Chapter 7, subparagraph 071002.D.3.c.	Delete

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CHAPTER 7

INTERNATIONAL NARCOTICS CONTROL PROGRAM

0701 OVERVIEW

070101. Purpose

This chapter provides pricing guidance for International Narcotics Control Program (INCP) transactions and identifies procedures for disposition of proceeds from such transactions.

0702 SUPPORT OF THE INTERNATIONAL NARCOTICS CONTROL PROGRAM

070201. General

Section 632(c) of the ***"Foreign Assistance Act" (FAA)*** provides for special pricing requirements when services, including training, are provided by the Department of Defense to the Department of State in support of the INCP. Billing shall be within 30 calendar days after the month in which performance occurred. The payment due date shall not be more than 30 calendar days from the date of the invoice. Bills rendered shall not be subject to audit by the customer.

070202. Pricing.

The following rules shall be followed by DoD Components when determining amounts to be collected as reimbursements for orders from the Department of State that cite INCP financing.

A. INCP Training. The tuition rate for DoD training provided to support INCP is an incremental rate comparable to the International Military Education and Training (IMET) rate. The cost elements to include in the pricing follow:

1. Civilian Instructors and School Support Staff. It is anticipated that the additional cost charged to the INCP for civilian instructors shall be minimal for courses or groupings of courses when either the ratios of students to instructors or U.S. students to international students is high. Courses shall be reviewed to determine the additional cost incurred as a result of attendance by international students. Classroom or technical courses that are similar, or that utilize instructors who teach more than one course, may be grouped for computation purposes.

a. For groups of courses, an estimate shall be made of the number of U.S. students in each course and the number of civilian instructors and civilian staff required. A second projection shall be made of the total number of students to be enrolled in applicable courses, both U.S. and international, and the number of civilian instructors and civilian staff required. Both projections shall be based on the maximum number of students who can be taught by civilian instructors or civilian staff rather than on optimum class size. The difference in the number of civilian instructors and civilian staff between the two projections

represents the additional civilian instructors and/or civilian staff required. Applicable additional civilian instructors and civilian staff then shall be priced in accordance with Volume 11A, Chapter 1. This value, divided by the total number of INCP students, represents the additional cost per INCP student for the course (or courses).

b. When there is a one-for-one or one-for-two relationship of civilian instructors to students, the instructor in all cases shall be considered additional. If the entire class is composed of INCP students, the instructor and staff always shall be considered additional.

2. Military Instructors and Military School Support Staff. There shall be no charges to the INCP program for military personnel conducting training courses.

3. Equipment Overhaul and Maintenance. The overhaul and maintenance of major items of equipment, when computed on an hourly use basis, shall be additional to a course based on estimated utilization hours.

4. Simulators. Simulator hours shall be charged as an additional cost. Simulator costs shall include pay of the operators, supplies and equipment maintenance. Simulator costs shall be allocated to the course in the same ratio as hours used bear to the total hours available.

5. Supplies, Materiel, Training Aids, Ammunition. Also, charge as additional cost the replacement cost of items that are not returned or reusable (including petroleum, oil and lubricants) expended in the conduct of training.

6. Lost or Damaged Equipment. If equipment was lost or damaged during training and it was found to be the result of an international student's negligence, the additional cost to be charged shall be the actual costs of the repairs or replacement cost of the equipment.

7. Base Support (That Is, Indirect Student Costs). A standard weekly rate shall be charged for INCP training conducted on DoD installations. The fixed weekly amount shall be the same as used for billing DoD appropriations reimbursed by the International Military Education and Training (IMET) program. See Volume 15, Chapter 7, subparagraph 071002.E.2, for additional details.

8. Food Preparation. Meal operating/food preparation costs are additive to other food costs. The weekly meal operating and food preparation costs for INCP students shall be the same as that used in billing DoD appropriations reimbursed by the IMET program when courses are conducted on DoD installations and students use DoD appropriated dining facilities.

9. Instructor Training. The training of U.S. instructors or other personnel for special courses normally not conducted for U.S. personnel shall be considered additional costs. When the required training is conducted at a U.S. training facility, the INCP

program (i.e., the Department of State) shall be charged the normal course cost. When the special course is conducted by a Management Service Team (MST) away from the normal training institution, the services of the MST will be treated as a dedicated service and the full cost billed to the INCP program.

10. Facilities and Equipment. The costs of any facilities or equipment acquired primarily for the support of international students enrolled in the INCP program shall be considered additional costs.

11. Field Studies Program (FSP). The full cost of the FSP to the U.S. Government is an additional cost.

* 12. Shipment of Retainable Instructional Materials (RIM). The shipment of RIM to students shall be included in the tuition rate applicable to INCP students. The shipping charge shall be the same as that used in billing DoD appropriations reimbursed by the IMET program. See Volume 15, Chapter 7, subparagraph 071002.D.3.c, for additional details.

13. Travel and Per Diem. Instructor and student travel and per diem associated with the provision of training shall be considered additional costs, to include transportation, living allowances, and medical expenses.

B. Other DoD Services

1. DoD Services Provided Incident to Normal Mission Accomplishment. When support of the INCP is accomplished incidental to performance of a DoD mission requirement, there are no additional costs incurred. However, if a mission was extended or the cost was otherwise increased, the cost over and above the scheduled mission cost shall be reimbursed.

2. Scheduled DoD Transportation. Air and ocean transportation services performed by the U.S. Transportation Command on scheduled movements shall be priced, where applicable, at current tariff rates for DoD Components.

3. Detailed Personnel. All costs incurred in connection with the detail of DoD personnel to the Department of State to support the INCP--both civilian and military--are considered additional expenses and, as such, shall be priced at the normal rate charged to other Federal Agencies.

C. Supplies and Equipment. Section 482 of the ***FAA*** prohibits the procurement of weapons or ammunition from funds authorized for this program. Thus, any specific order for a weapon or ammunition that cites the appropriations provided to finance INCP either must be rejected or returned for a new fund citation. Supplies and equipment that can be provided shall be priced in accordance with Volume 11A, Chapter 1. Pricing policy for excess and non-excess material also is set forth in Volume 11A, Chapter 1.

070203. Disposition of Proceeds

Section 632(c) of the ***FAA*** provides that applicable collections from the Department of State shall be reimbursed to the financing DoD appropriation account.

VOLUME 11A, CHAPTER 8: "INTERNATIONAL ACQUISITION AND CROSS-SERVICING AGREEMENTS"

SUMMARY OF MAJOR CHANGES

All changes are denoted by blue font.

Substantive revisions are denoted by an * symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by ***bold, italic, blue, and underlined font*.**

The previous version dated February 2009 is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
0807	Correct guidance on deposition of proceeds.	Correction

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CHAPTER 8

INTERNATIONAL ACQUISITION AND CROSS-SERVICING AGREEMENTS

0801 OVERVIEW

080101. Purpose

This chapter provides procedures for carrying out reimbursable transactions under the authority of Subchapter I of Chapter 138, Title 10, United States Code. It provides pricing guidance for those transactions, and provides instructions for disposition of proceeds for such reimbursable transactions.

080102. Overview

Subchapter I of Chapter 138, Title 10, United States Code, authorizes the use of support agreements for certain mutual logistics support between the United States and governments of other North Atlantic Treaty Organization (NATO) countries, NATO subsidiary bodies, other eligible foreign countries, the United Nations Organization, and any regional international organization of which the United States is a member. Section 2341 authorizes the procurement of logistics support, supplies, and services. Section 2342 authorizes cross-servicing agreements for the reciprocal provision of logistics support, supplies, and services. Section 2344, authorizes the acquisition or transfer of logistics support, supplies, and services on a reimbursable basis or by replacement in kind, or by exchange of equal value, and establishes pricing principles and limitations on amounts that may be purchased or sold. Section 2347, establishes limitations on amounts that may be obligated or accrued by the United States. The specific guidance on the use of these authorities is contained in Department of Defense (DoD) Directive 2010.9, "Acquisition and Cross-Servicing Agreements." DoD may not use this authority to procure from any foreign government or international organization any goods or services reasonably available from United States commercial sources.

0802 POLICY AND PROCEDURES

080201. Liquidation of Credits and Liabilities

Compensation for the acquisition or transfer of supplies (materiel) and services shall be obtained through either of the following methods:

A. Reimbursement. Payment for supplies (materiel) or services in the currency of the supplying nation.

B. Exchange. Replacement of supplies (materiel) or services with supplies or services of equal value either through replacement-in-kind or equal-value-exchange. Equal value is the actual or estimated price at the time of transaction approval.

080202. Methods of Liquidation of Accrued Credits and Liabilities

A. Reimbursable Transactions. Generally, bills for incurred costs are to be rendered on a 30-day cycle. This is a United States Treasury requirement and must be adhered to by DoD. However, in the negotiation process and at the initiation of other participants, agreement may be reached on up to a 90-day billing cycle. Bills shall be accompanied by the completed form used to document the issue and receipt of supplies and services and shall be paid within 30 days from the date of the bill. Payment may be extended from 60 to 90 days from the date of the bill at the initiation of other participants based on their processing capabilities.

B. Exchange Transactions. Exchange transactions shall be settled through the issue or receipt, as applicable, of replacement supplies or services within 12 months of the original transaction. If not settled within this period, the exchange transaction shall be converted to a reimbursable transaction, and the resulting accounts receivable or accounts payable shall be liquidated within 30 days.

080203. Prohibitions

A. Inventories of Supplies. Inventories of supplies for elements of the United States Forces may not be increased for the purpose of transferring supplies under the authority of Subchapter I of Chapter 138, Title 10, United States Code, and DoD Directive 2010.9.

B. Prohibitions on Transfers. DoD Components, in accordance with Subchapter I of Chapter 138, Title 10, United States Code, may not agree to or carry out: (1) transfers in exchange for property whose acquisition by DoD is prohibited by law; (2) transfers of source, byproduct, or 92) special nuclear materials subject to the Atomic Energy Act of 1954 (42 United States Code 2011 et seq.); or (3) transfers of chemical munitions.

080204. Obligation and Earned Reimbursement Limitations

The obligations and earned reimbursement limitations set forth below shall be applied without regard to offsetting balances; that is, only the original gross values of sales and purchases are to be considered for purposes of the limitations. These ceilings do not apply during periods of active hostilities involving the United States Forces and are controlled by the Joint Staff. These limitations likewise do not apply to exchange transactions unless converted into a reimbursable transaction due to non-replacement. However, precautionary measures require that exchange transactions be considered for purposes of ensuring compliance with these limitations.

A. Obligation Limitations

1. Acquisitions From NATO Countries, NATO Subsidiary Bodies, the United Nations (UN) Organization or Any Regional International Organization of Which the United States is a Member. The total amount that may be obligated by DoD for reimbursable transactions (purchases) with NATO countries, NATO subsidiary bodies, the UN Organization, or any regional international organization of which the United States is a member may not

exceed $200 million during any fiscal year. Of the $200 million limitation, no more than $50 million in obligations shall be incurred for the acquisition of supplies (materiel) other than petroleum, oil, and lubricants (POL).

2. Acquisitions from Participating non-NATO Countries. The total amount that may be obligated by the Department of Defense for reimbursable transactions (purchases) with a participating non-NATO country (with which the United States has an acquisition or cross-servicing agreement) may not exceed $60 million during any fiscal year. Of the $60 million limitation, no more than $20 million in obligations shall be incurred for the acquisition of supplies (materiel) other than POL.

B. Earned Reimbursement Limitation

1. Transfers to NATO countries, NATO subsidiary bodies, the United Nations Organization or Any Regional International Organization of Which the United States is a Member. The total amount of earned reimbursable credits (sales) to NATO countries, NATO subsidiary bodies, the UN Organization, or any regional international organization of which the United States is a member that DoD can accrue may not exceed $150 million during any fiscal year.

2. Transfers to Participating Non-NATO Countries. The total amount of earned reimbursable credits (sales) to a participating non-NATO country (with which the United States has an acquisition or cross-servicing agreement) that DoD can accrue may not exceed $75 million during any fiscal year.

080205. Requests for Authorization to Use Limitations

The limitations are managed by the Joint Staff. Each organization that intends to enter into reimbursable purchases or sales under the authority of Subchapter I of Chapter 138, Title 10, United States Code, shall request authorization. Requests shall be accompanied by a justification, including a prioritization of requirements. The requests shall be submitted to the cognizant Combatant Command through the requesting organization's appropriate Component command. The authorizations do not increase the amount of obligational or apportioned anticipated reimbursable authority, but rather allow use of existing budget authority to enter into purchases or sales under the authority of Subchapter I of Chapter 138, Title 10, United States Code. Requests shall identify the categories of support as identified in figure 8-1.

080206. Waiver During Contingency or Non-Combat Operations

When United States Forces are involved in a contingency operation or non-combat operation (including an operation in support of the provision of humanitarian or foreign disaster assistance or in support of peacekeeping operations under Chapters VI or VII of the Charter of the UN), the restrictions in paragraphs 080204 and 080205 are waived for the purposes and duration of that operation.

080207. Issuance of the Authorization

The cognizant Combatant Command shall review and approve requests for authorization. If the total amount requested by all Component commands exceeds established limitations, the cognizant Combatant Command shall review the justifications and make appropriate reductions to requested amounts as needed. Each cognizant Combatant Command shall advise the Military Departments of authorizations distributed.

080208. Distribution of Authorization Received

Upon receipt of an authorization from a Combatant Command, Component commands shall authorize their activities to enter into reimbursable transactions under Subchapter I of Chapter 138, Title 10, United States Code. No activity or unit shall enter into such transactions unless they have been provided an authorization. Recipients of an authorization shall establish procedures to ensure that authorized dollar amounts are not exceeded.

0803 ACCOUNTING FOR REIMBURSABLE LOGISTICAL SUPPORT, SUPPLIES, AND SERVICES

080301. Military Department (Appropriation Holder) Procedures

The Assistant Secretary (Financial Management and Comptroller) of a Military Service will record specifically apportioned reimbursable program authority at the appropriation level as specified in the apportionment document received from the Office of Management and Budget. Specifically apportioned reimbursements are amounts earned and collected for property sold or services furnished under Subchapter I of Chapter 138, Title 10, United States Code. Within the Department, a reimbursement program must be authorized for the account by the Under Secretary of Defense (Comptroller) through the budget preparation process. Procedures for recording the authorization and tracking its use are contained in Volume 3, Chapters 13, 14 and 15. The allocation document forwarded to a unified command clearly will differentiate between direct program authority and specifically apportioned reimbursable authority included in the funding document.

080302. Unified Command (Allocation Holder) Accounting Procedures

Unified commands will ensure that controls are in place to track amounts of specifically apportioned reimbursable authority included in the funding documents (allotments) issued to installation commands and operating units.

080303. Installation Command/Operating Unit (Allotment Holder) Procedures

Installation commands and operating units will record the receipt of an allotment containing specifically apportioned reimbursable authority for which reimbursable orders must be realized before the authority may be used. Procedures for recording the authorization and tracking its use are contained in Volume 3, Chapter 15. An allotment of anticipated reimbursable authority does not provide obligational authority. An allotment of anticipated

reimbursable program authority provides only the authority to accept reimbursable orders. The accepted reimbursable order provides the obligational authority. In the case of country-to-country agreements, reimbursable orders are those documents or forms specified in the agreement or amendments thereto.

0804 ACQUISITION AND CROSS-SERVICING REPORTS

This section prescribes the quarterly report required by DoD Directive 2010.9. This report is designed to advise the Chairman of the Joint Chiefs of Staff on reimbursable transactions related to the purchase or sale of mutual logistics support, supplies, and services with a foreign entity.

080401. Applicability and Scope

A. The reporting requirements apply to the Office of the Secretary of Defense; Military Departments; the Chairman of the Joint Chiefs of Staff; the Combatant Commands; and the Defense Agencies.

B. Amounts reported as reimbursable transactions are to be supported by country-to-country or multinational agreements for mutual logistics support between the United States and the Governments of other NATO countries, NATO subsidiary bodies, UN Organization, any regional international organization of which the United States is a member, and other eligible foreign countries.

080402. Report Format

The quarterly report shall be prepared in the formats contained in figures 8-2, 8-3, 8-4, and 8-5. The Chairman of the Joint Chiefs of Staff may modify the report formats as the Chairman deems appropriate, as long as the revised formats meet the minimum information requirements of figures 8-2, 8-3, 8-4, and 8-5.

080403. Frequency and Distribution

The quarterly report shall be submitted as follows:

A. The commanders of the Combatant Commands shall submit to the Chairman of the Joint Chiefs of Staff, not later than 15 days after the end of the preceding fiscal quarter, a detailed report, by fiscal year, for each country-to-country or multinational agreement entered into under the authority of Title 10, United States Code, Sections 2341 through 2350, that was in effect during the prior quarter, itemized by reimbursable transaction.

B. The Military Departments and Defense Agencies shall assist, as necessary, the Combatant Commands in preparing the quarterly report.

0805. OTHER REQUIREMENTS

080501. Documentation Forms.

Forms used to document the issue or receipt of supplies and services under the authority of Subchapter I of Chapter 138, Title 10, United States Code, are subject to a bilateral or multinational agreement. For transactions with NATO, the form normally used is found in NATO Standardization Agreement 3381, "NATO Standard Procedures for Compensation and Form for Request and Receipt of Support in the Form of Supplies and Services." These forms shall meet the minimum information requirements set forth below.

A. Source Document Control Number. Establish a control number similar to a DoD requisition number; e.g., a number containing a code for Military Service, a code for requisitioner, a date, and a document serial number.

B. Unit of Issue. Unit of issue refers to the quantity of an item such as each, dozen, gallon, pound, ream, yard, etc.

C. Quantity. Show the number of units of issue that were issued or received, as applicable.

D. Description of Materiel/Services Requested. Identify the materiel/services requested.

E. Unit Price. Show the price, based on unit of issue in the currency of the billing country. For the Department of Defense, this usually is when the item is dropped from inventory.

F. Extended Dollar Value. Show the dollar value resulting from a combination of items subparagraphs 080501.B., C. and E. above.

G. Name and Mailing Address of the Organization to be Billed. This information may be obtained from the country-to-country or multinational agreement.

H. Name and Mailing Address of Receiving Organization. This information may be obtained in the country-to-country or multinational agreement.

I. Signature of Receiver. Obtain and show the signature and title of authorized ordering or requisitioning representative.

J. Name and Mailing Address of Issuing Organization. This information may be obtained from the country-to-country or multinational agreement.

K. Date (Year, Month, Day) (YYYYMMDD). Show the date services were performed or materiel delivered.

L. National Stock Number (NSN) of Materiel or Abbreviated Description of Services Provided. Show the NSN. The NSN is a number assigned under the Federal Cataloging System and/or the North Atlantic Treaty Organization Codification of Equipment System to each approved item identification. This number provides a unique identification of an item of supply within a specified Federal supply classification.

M. Payee to be Designated on Remittance. Show the designated payee.

N. Designation and Address Office to Receive Remittance. Show the office to receive payment.

O. Recipient's Signature Acknowledging Service or Supplies Received on the Order or Requisition or a Separate Supplementary Document. Obtain and show the signature of the recipient of the materiel or services.

P. Transaction Type. Indicate whether the transaction is reimbursable or an exchange.

Q. Fund Citation or Certification of Availability of Funds When Applicable Under Parties' Procedures. Show the funding source when advance payments are to be provided or if funding is not to be paid in advance, include a certification that funds are available.

R. Date and Place of Original Transfer in the Case of an Exchange Transaction, a Replacement Schedule Including Time and Place of Replenishment Transfer. Provide date and place or estimated date and place as appropriate.

S. Name, Signature and Title of Authorized Acceptance Official of the Order. Obtain and show the name, title, and signature of the authorized accepting official.

T. Additional Special Requirements, if any, Such as Transportation, Packaging, Etc. Show any additional needs of the receiving organization, if applicable.

U. Limitation of Government Liability. Show the maximum liability of the ordering/receiving organization.

V. Name, Signature, Date and Title of Supplying Party Official Who Actually Issues Supplies or Services. Obtain and show name, title, signature and date of the authorized issuing official.

080502. Accounting for Funds and Reimbursements

Any accounting station receiving an authorization to incur obligations or receive reimbursements pursuant to the authority of Subchapter I of Chapter 138, Title 10, United States Code, for an activity or unit for which it provides accounting and finance support shall capture or obtain data on the use of this authority and shall provide for the appropriate targets or limitations within the affected allotments. Similarly, receipt of the earned reimbursement authority requires

the establishment of a customer order subsystem to capture data on the use of such authority. Source documents pertaining to the authorized dollar amount and its use, such as obligations (DoD undelivered orders for materiel or services and accrued expenditures based on receipt of the materiel or services ordered), disbursements (liquidation of unpaid accrued expenditures), accounts payable (the unpaid portion of accrued expenditures), accounts receivable (earned reimbursements), and collections (receipt of payment to liquidate accounts receivable) shall be recorded promptly in the accounting station records. Accounting for reimbursable orders under these authorizations shall be maintained within the appropriate accounting records to assure crediting of remittances in accordance with section 0807.

080503. Exchange Transactions and History Files

Control over exchange transactions shall be established and maintained through use of an exchange transaction history file. Input to the history file shall be made by submission of each individual transaction form which shall include the minimum information prescribed in paragraph 080501.

0806 PRICING REIMBURSABLE TRANSACTIONS

Subchapter I of Chapter 138, Title 10, United States Code, authorizes two methods for pricing reimbursable transactions. The method to be used depends on whether a reciprocal pricing agreement exists. Pricing procedures under each of the alternatives are set forth below.

080601. Reciprocal Pricing Principles

When a reciprocal pricing agreement has been signed by the United States and another participating country, pricing by the supplying country shall be in accordance with the following:

A. For new procurements, the price charged to a recipient country by the supplying country shall be no less favorable than that charged the armed forces of the supplying country by its contractors. The price charged shall allow for differentials due to delivery schedules, points of delivery, and other similar considerations.

B. For supplies from inventories of the supplying country, or for logistics support and government services, the supplying country shall charge the recipient country the same prices as it charges its own armed forces for identical supplies or services. When the Department of Defense is the supplier, the price charged shall be identical to rates charged by the DoD Components for cross-service logistics support or services. Guidance on pricing such support or services is in Volume 11A, Chapter 1. The DoD price to be charged is the price for type of sale "To Another DoD Component" as indicated in Volume 11A, Chapter 1. Where a price for a particular product or service does not otherwise exist, agreement on a price in advance of the transaction shall be reached. If, for example, the use of equipment is to be provided to a recipient country and the DoD Component does not charge rent to another DoD Component, the DoD Component will estimate the value of rent for use of DoD equipment by the recipient country using the guidance in Volume 11A, Chapter 1.

080602. Nonreciprocal Pricing Principles

To the extent that a DoD Component cannot achieve mutual acceptance by another country of reciprocal pricing principles, or in the case of a NATO subsidiary body, the following procedures shall apply:

A. United States commanders delegated authority to negotiate agreements pursuant to DoD Directive 2010.9 shall determine that the price for acquiring supplies or services is fair and reasonable. This determination shall be supported by a price analysis based on prior experience and supporting data and consider all applicable circumstances. If this determination cannot be made, no acquisitions shall take place.

B. Any transfer of supplies or services by United States. Forces shall be subject to the pricing provisions of Volume 15.

080603. NATO Subsidiary Bodies

The pricing principles set forth in paragraph 080602 also shall apply to agreements with NATO subsidiary bodies for the purchase or sale of supplies and services.

*0807 DISPOSITION OF PROCEEDS

Any payment for materiel or services provided by United States forces and initially recorded as a sale transaction shall be credited to the appropriation or fund used in incurring the obligation. Payment for a transaction initially recorded as an exchange of materiel or services, but converted into a sale transaction due to non-receipt of replacement materiel or services, shall be credited to the appropriation or fund currently available for the same purposes for which the expenditures for materiel or services exchanged were made.

Figure 8-1. Request for Authorization

Category of Support	Requested Authorization	
	Obligations (Purchases)	Earned Reimbursements (Sales)
POL	$_____	$
Other Materiel	_____	
Maintenance	_____	
Services	_____	
TOTAL	$_____	$

Figure 8-2. Liabilities Report – NATO

LIABILITIES REPORT - NATO

Country

	Order #	Commodity	Item	Amount	Delivered	Undelivered	Disbursed
POL							
	xxxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxxxx	xxxxxxxxx
		xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxxxx	xxxxxxxxx
	Total Order			xxxxxxxx	xxxxxxxx	xxxxxxxxxx	xxxxxxxxx
Total				xxxxxxxx	xxxxxxxx	xxxxxxxxxx	xxxxxxxxx
Supplies							
	Order #	Commodity	Item	Amount	Delivered	Undelivered	Disbursed
	xxxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxxxx	xxxxxxxxx
		xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxxxx	xxxxxxxxx
	Total Order			xxxxxxxx	xxxxxxxx	xxxxxxxxxx	xxxxxxxxx
Total				xxxxxxxx	xxxxxxxx	xxxxxxxxxx	xxxxxxxxx
Supplies Ceiling				xxxxxxxx			
Supplies Ceiling	Available			xxxxxxxx			
Services							
	Order #	Commodity	Item	Amount	Delivered	Undelivered	Disbursed
	xxxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxxxx	xxxxxxxxx
		xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxxxx	xxxxxxxxx
	Total Order			xxxxxxxx	xxxxxxxx	xxxxxxxxxx	xxxxxxxxx
Total				xxxxxxxx	xxxxxxxx	xxxxxxxxxx	xxxxxxxxx
Country Total				xxxxxxxx	xxxxxxxx	xxxxxxxxxx	xxxxxxxxx
Country Ceiling				xxxxxxxx			
Country Ceiling Available				xxxxxxxx			

Figure 8-3. Liabilities Report, Non-NATO

LIABILITIES REPORT - Non-NATO							
Country							
POL							
	Order #	Commodity	Item	Amount	Delivered	Undelivered	Disbursed
	xxxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxxxx	xxxxxxxxx
		xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxxxx	xxxxxxxxx
	Total Order			xxxxxxxx	xxxxxxxx	xxxxxxxxxx	xxxxxxxxx
Total				xxxxxxxx	xxxxxxxx	xxxxxxxxxx	xxxxxxxxx
Supplies							
	Order #	Commodity	Item	Amount	Delivered	Undelivered	Disbursed
	xxxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxxxx	xxxxxxxxx
		xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxxxx	xxxxxxxxx
	Total Order			xxxxxxxx	xxxxxxxx	xxxxxxxxxx	xxxxxxxxx
Total				xxxxxxxx	xxxxxxxx	xxxxxxxxxx	xxxxxxxxx
Supplies Ceiling				xxxxxxxx			
Supplies Available Ceiling				xxxxxxxx			
Services							
	Order #	Commodity	Item	Amount	Delivered	Undelivered	Disbursed
	xxxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxxxx	xxxxxxxxx
		xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxxxx	xxxxxxxxx
	Total Order			xxxxxxxx	xxxxxxxx	xxxxxxxxxx	xxxxxxxxx
Total				xxxxxxxx	xxxxxxxx	xxxxxxxxxx	xxxxxxxxx
Country Total				xxxxxxxx	xxxxxxxx	xxxxxxxxxx	xxxxxxxxx
Country Ceiling				xxxxxxxx			
Country Ceiling Available				xxxxxxxx			

Figure 8-4. Credit Reports, NATO

CREDITS REPORT - NATO

Country

POL	Order #	Commodity	Item	Amount	Delivered	Undelivered	Outstanding Balance
	xxxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxxxx	xxxxxxxxx
		xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxxxx	xxxxxxxxx
	Total Order			xxxxxxxx	xxxxxxxx	xxxxxxxxxx	xxxxxxxxx
Total				xxxxxxxx	xxxxxxxx	xxxxxxxxxx	xxxxxxxxx

Supplies	Order #	Commodity	Item	Amount	Delivered	Undelivered	Outstanding Balance
	xxxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxxxx	xxxxxxxxx
		xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxxxx	xxxxxxxxx
	Total Order			xxxxxxxx	xxxxxxxx	xxxxxxxxxx	xxxxxxxxx
Total				xxxxxxxx	xxxxxxxx	xxxxxxxxxx	xxxxxxxxx

Services	Order #	Commodity	Item	Amount	Delivered	Undelivered	Outstanding Balance
	xxxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxxxx	xxxxxxxxx
		xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxxxx	xxxxxxxxx
	Total Order			xxxxxxxx	xxxxxxxx	xxxxxxxxxx	xxxxxxxxx
Total				xxxxxxxx	xxxxxxxx	xxxxxxxxxx	xxxxxxxxx

Country Total				xxxxxxxx	xxxxxxxx	xxxxxxxxxx	xxxxxxxxx
Country Ceiling				xxxxxxxx			
Country Ceiling Available				xxxxxxxx			

Figure 8-5. Credits Report, Non-NATO

CREDITS REPORT - Non-NATO							
Country							
POL							Outstanding
	Order #	Commodity	Item	Amount	Delivered	Undelivered	Balance
	xxxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxxxx	xxxxxxxxx
		xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxxxx	xxxxxxxxx
	Total Order			xxxxxxxx	xxxxxxxx	xxxxxxxxxx	xxxxxxxxx
Total				xxxxxxxx	xxxxxxxx	xxxxxxxxxx	xxxxxxxxx
Supplies							Outstanding
	Order #	Commodity	Item	Amount	Delivered	Undelivered	Balance
	xxxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxxxx	xxxxxxxxx
		xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxxxx	xxxxxxxxx
	Total Order			xxxxxxxx	xxxxxxxx	xxxxxxxxxx	xxxxxxxxx
Total				xxxxxxxx	xxxxxxxx	xxxxxxxxxx	xxxxxxxxx
Services							Outstanding
	Order #	Commodity	Item	Amount	Delivered	Undelivered	Balance
	xxxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxxxx	xxxxxxxxx
		xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxx	xxxxxxxxxx	xxxxxxxxx
	Total Order			xxxxxxxx	xxxxxxxx	xxxxxxxxxx	xxxxxxxxx
Total				xxxxxxxx	xxxxxxxx	xxxxxxxxxx	xxxxxxxxx
Country Total				xxxxxxxx	xxxxxxxx	xxxxxxxxxx	xxxxxxxxx
Country Ceiling				xxxxxxxx			
Country Ceiling Available				xxxxxxxx			

VOLUME 11A, CHAPTER 9 "SUPPORT OF INTERNATIONAL MILITARY ACTIVITIES"

SUMMARY OF MAJOR CHANGES

All changes are denoted by blue font.

Substantive revisions are denoted by a * preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by ***bold, italic, blue and underlined font*.**

The previous version dated October 2011 is archived

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
Table 9-1	Add/update support organization names, locations and designated administrative agents in accordance with North Atlantic Treaty Organization reorganization and European Command and Joint Staff review.	Add
Table 9-1	Reorganizes the Table to enable quicker and easier accounting for listed headquarters and agencies.	Add

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CHAPTER 9

SUPPORT OF INTERNATIONAL MILITARY ACTIVITIES

0901 OVERVIEW

090101. Purpose

This chapter:

A. Establishes administrative arrangements, reimbursement, and billing procedures, and identifies a method to compute the dollar value of credits due the United States (U.S.) for the support of international military activities.

B. Assigns responsibilities for the support of international organizations, and identifies reimbursable and nonreimbursable support.

C. Identifies the support that DoD Components can expect to receive from international military organizations and whether such support is on a reimbursable or nonreimbursable basis.

D. Establishes policies for financing the U.S. contributions to and the receipt of credits from the international military organizations in which the U.S. participates.

E. Establishes policies for paying U.S. personnel employed by international military organizations, and for verifying the credits received from the organizations for such personnel.

F. Does not apply to the provision of intelligence or cryptologic support provided under authorities other than those cited herein.

090102. Terms

The term, "Military Service," as used herein, refers to the Army, Navy, Air Force, and Marine Corps.

0902 GENERAL

090201. Nonreimbursable Support

The Department of Defense (DoD) provides nonreimbursable support to international military organizations in two forms: (1) through a financial contribution to the budget of the international organization, or (2) by assignment of U.S. military elements to the international organization under the terms of international treaties or agreements (see ***DoD Directive 5530.3***, "International Agreements"). The U.S. military elements may be assigned either on a long-or short-term basis.

A. Typically, short-term assignments would be for the purpose of participating in a joint exercise or maneuvers conducted under the auspices of the international organization.

B. Long-term assignments typically involve filling an existing billet on the staff of an international organization.

C. Support under subparagraphs 090201.A. and B., are not reimbursable to DoD. As an exception to this policy, support by members of a U.S. military element who provide services that were included in the budget of the international organization (e.g., a U.S. military member who occupies an international civilian billet) shall be reimbursable (see section 0904).

090202. Reimbursable Support

All other support provided to the international military organization and to military elements of participating foreign countries is reimbursable to the performing DoD Component, and must be provided under one of the authorities described in paragraphs 090402, 090403, or 090404 of this chapter.

090203. Military Units

The U.S. military element of an international military organization shall be supported by the international organization and the administrative agent on a nonreimbursable basis. The administrative agent must ensure support provided to the U.S. military elements of an international organization is equal in scope and quality to all organizations which it supports at a comparable location. Other military units in the area, including units of the administrative agent, also may receive support from the international organization, but on a reimbursable basis. When those military units receive support, a support agreement shall be drawn up between the Military Department concerned and the international organization.

0903 RESPONSIBILITIES

090301. Under Secretary of Defense (Comptroller)

The Under Secretary of Defense Comptroller (USD(C)) shall designate the administrative agent responsible for arranging support to U.S. military elements at an international military organization. Geographic proximity to existing support infrastructure and mission compatibility is the primary criteria used to assign administrative agent duties. Current designations are provided in Table 9-1 of this chapter. The Military Services shall request updates to this table as needed to reflect changes in available support infrastructure within a geographic area.

090302. Secretaries of the Army and the Air Force

A. The Secretary of the Army shall program and budget the annual U.S. contributions to the various North Atlantic Treaty Organization (NATO) bodies in the Army Operations and Maintenance (O&M) appropriation, with one exception, as identified in subparagraph 090302.B.

B. The Secretary of the Army also shall program and budget for the annual U.S. contributions to other recognized multinational headquarters, such as the NATO Force Structure and the NATO Response Force in which the U.S. participates.

C. The Secretary of the Air Force shall budget for the NATO Airborne Early Warning Program Management Agency (NAPMA).

090303. Administrative Agent

The administrative agent shall:

A. Budget for the U.S. contributions to designated non-NATO international military organizations. When the Army is not the administrative agent for a NATO body, or other multinational headquarters, the designated agent shall provide the Army with program and budget information on the annual contribution for inclusion in the Army's O&M appropriation. Budgeting for the NAPMA constitutes an exception to this policy.

B. Coordinate with appropriate U.S. representatives at the international military organizations to ensure that effective procedures and controls are prescribed for budgeting, obligating, disbursing, and receiving credits incident to administering the U.S. contributions.

C. Program and allocate resources in a manner that will provide the international organization with the highest possible level of support under section 0902 and paragraphs 090402, 090403, or 090404 of this chapter consistent with financial constraints that may be imposed through the normal program and budget process.

D. Support U.S. military elements attached to the designated international military organization on a nonreimbursable basis, unless the support is an international budget cost or is a budget responsibility of another Military Department (see paragraph 090304). The standards and directives of the administrative agent shall govern the level and type of support furnished. The level and type of support will be consistent with the highest possible level of support allowable under this chapter while not violating those same governing standards and directives. Support requirements based upon input provided by the U.S. military element shall be included in the administrative agent's annual budget. In carrying out this support responsibility, the administrative agent shall obtain support from the most efficient and economical source while ensuring that no parallel support facility is established when the support may be performed economically by local sources (see ***DoD Instruction 4000.19,*** "Interservice and Intragovernmental Support").

E. Provide U.S. military elements, which are Table of Organization and Equipment (TO&E) or equivalent units, with replacement issues of consumable and nonconsumable material, obtaining peculiar items when necessary from supply systems of the parent Military Service on a reimbursable basis.

F. Provide U.S. military elements, which are table of distribution or equivalent units, both with initial and replacement issues of consumable and nonconsumable material.

G. Establish table of allowances, unit allowance lists, base allowance lists, and other authorization documents for U.S. military elements attached to the international military organization.

H. Budget for the cost of civilian employees of the U.S. Government assigned to positions in international military organizations. These employees shall retain their status as U.S. employees and be paid from U.S. funds at the appropriate U.S. scale of pay and allowances, subject to subparagraph 090303.I. However, since such employees are filling international positions, their pay and allowances at the appropriate international pay scale shall be budgeted by the international military organization to which they are assigned. A sum equal to the amount of such pay and allowances at the international scale shall be collected from the international organization and reflected in the reimbursable portion of the DoD budget. The DoD direct budget shall absorb any differences.

I. The U.S. civilians who occupy positions in international military organizations on a direct hire basis (not as U.S. Government employees), as provided for by ***DoD Instruction 5210.60,*** "Security Clearance Program for U.S. Citizens Employed Directly by NATO" will be governed by the provisions of that order and other applicable U.S. Government regulations that deal with such employment. They shall be remunerated by the international military organization concerned at the applicable international pay scale and shall have no entitlement to pay and allowances or benefits of U.S. Government employees.

090304. Secretary of a Military Department

The Secretary of a Military Department with military personnel assigned to a U.S. military element shall:

A. Budget and fund for personnel costs of military personnel of that Component included in the U.S. military element.

B. Budget and fund for personally assigned equipment provided to military personnel of that Component included in the U.S. military element.

C. Make initial issuance to TO&E or equivalent units of that Component assigned or attached to U.S. military elements.

D. Budget and fund component-peculiar requirements, such as flying qualifications, medical examinations, personnel training and development, and social actions, for military personnel of that Component.

E. Support other requirements. Costs shall be chargeable to the administrative agent on an interservice (reimbursable) basis.

F. Provide appropriate support to foreign military elements or to international military organizations in accordance with paragraphs 090402, 090403, or 090404, herein, unless identified in this chapter as items of nonreimbursable support.

090305. Head of a U.S. Military Element

The Head of a U.S. military element shall support the international military organization on a nonreimbursable basis, except for the costs of a military member who is assigned to an international civilian position, or when such support requires augmentation of the element's normal manpower, equipment, or other resources from other U.S. sources.

090306. Head of a DoD Component

The Head of a DoD Component shall support the international military organization and participating foreign countries on a reimbursable basis, in accordance with the Arms Export Control Act or NATO Mutual Support Act, unless otherwise specified in this chapter.

090307. Commander of a Unified Combatant Command

The Commander of a Unified Combatant Command shall coordinate the activities of the administrative agents concerned in implementing this chapter within the command theater of operations.

090308. Head of an International Military Organization

The Head of an International Military Organization shall support U.S. military elements on a nonreimbursable basis for those support areas set forth in the scope of the budget for international military headquarters and agencies (see Table 9-1).

0904 POLICY AND PROCEDURES

090401. Reimbursements Due the United States from International Military Organizations for U.S. Personnel (Military or Civilian) Occupying International Civilian Positions

A. A sum equal to the pay and allowances established for the occupied positions at the international scale shall be credited to the United States as an offset to the U.S. contribution to the international organization.

1. The administrative agent shall determine the amount of credit due and initiate a quarterly SF 1080, "Voucher for Transfer Between Appropriations and/or Funds," to transfer funds from the U.S. contribution to the international budget to the applicable financing DoD appropriation.

2. As an exception to this offset credit procedure, international military organizations located in the continental U.S. (CONUS), to which contributions are made in U.S. dollars, shall make direct reimbursement of the international pay and allowance equivalent to the administrative agent for any U.S. personnel assigned to international civilian positions.

B. The administrative agent shall screen the personnel administration and payroll computations for U.S. employees, as performed by the international organization, to ensure the accuracy and sufficiency of data and credits granted.

090402. Reimbursements Due the United States from International Military Organizations for Reimbursable Support Provided Pursuant to the Arms Export Control Act (AECA)

When DoD services are performed, articles delivered from inventory or new procurement initiated under the authority of Public Law 90-629, "Arms Export Control Act," as amended (***Title 22, United States Code, section 2751***), the pricing and billing shall be in accordance with Volume 15 of this Regulation.

090403. Reimbursements Due the United States from International Military Organizations for Reimbursable Support Provided Pursuant to the NATO Mutual Support Act

When DoD services are performed or articles delivered from inventory under the authority of the NATO Mutual Support Act, pricing shall be in accordance with Chapter 8 of this volume and billing shall be in accordance with the international agreement negotiated in accordance with ***DoD Directive 2010.9,*** "Acquisition and Cross-Servicing Agreements."

090404. Reimbursements Due the United States from International Military Organizations for Reimbursable Support Provided Under Authorities Other than the Arms Export Control Act or the NATO Mutual Support Act of 1979

A. Leases of real and personal property are authorized by ***Title 10, United States Code, section 2667*** and shall be priced in accordance with Volume 2 of this Regulation. Property with a life expectancy of less than 3 years or a value of less than $1,000 will not be leased, but must be provided on a sales basis under paragraphs 090402 or 090403. In the event that DoD services or materiel are provided under authorities other than Public Law 90-629 (AECA), Public Law 96-323 (Acquisition and Cross-Servicing Agreements) or this Regulation, the DoD Component providing that support shall obtain a legal opinion supporting the use of such other legal authority before providing the service or materiel. The legal opinion shall be retained for audit verification.

B. The designated official of the DoD Component furnishing the support shall:

1. Originate promptly and in detail an SF 1080 to bill the administrative agent or the designated coordinating agent.

2. Prepare the invoice for reimbursable support on the basis of constructive delivery.

3. Distribute the SFs 1080 as follows:

a. Submit two copies of the SF 1080, with supporting detail, to the international military organization receiving the services or materiel for verification of the charge.

b. Forward the original (disbursement SFs 1080) and the collection copy (SF 1080), without supporting detail, to the administrative agent or the designated coordinating agent.

c. Retain the additional copies, with supporting detail as may be required by the billing office, pending receipt of executed vouchers.

C. The administrative agent or the designated coordinating agent shall (1) request the comptroller of the NATO command or the appropriate international organization concerned to provide a monthly listing of charges that have been accepted, and (2) ensure that such charges are reflected as offset credits to the U.S. in the call up of contributions to the international budgets.

D. The coordinating agent shall match the monthly listing of accepted charges with outstanding SFs 1080, and process the SFs 1080 for accepted charges as payments to the billing office. Upon receipt of the validated SFs 1080, the billing office shall process the collection.

E. The designated coordinating agent shall verify that the offset credits are applied to the U.S. contributions to the international organization through a reconciliation of individual SF 1080 billings to the monthly list of accepted charges.

F. When materiel or services are furnished to international military organizations that are located within the CONUS and to which contributions are made in U.S. dollars, the U.S. military activity providing the support shall be responsible for billing the international military organization directly, and obtaining reimbursement in U.S. dollars.

0905 SCOPE OF BUDGET FOR INTERNATIONAL MILITARY HEADQUARTERS AND AGENCIES

The international budget shall include the types of costs, except as limited by exclusions in the following paragraphs, in such order and form as may be determined by the appropriate financial reviewing authorities. The following subparagraphs are illustrative of the types of costs accepted by the NATO Military Budget Committee as an international charge. The comptroller of the international military organization concerned and the U.S. representative shall be consulted if there is doubt whether the cost of any article or service is properly an international charge.

090501. Civilian Personnel, Administrative Staff

Pay and authorized allowances of personnel employed by an international headquarters for the performance of international functions, including secretarial, clerical, or technical assistance. For U.S. military and civilian personnel, see paragraph 090401 of this chapter.

090502. Civilian Personnel, Operational Staff

Pay and authorized allowance of personnel locally hired for custodial, industrial, or operational purposes, including upkeep of the premises and fixed or movable equipment used by the headquarters or its support units or fixed installations, supervision or operation of headquarters' fixed and movable equipment other than office equipment, and operation of headquarters enlisted mess facilities.

090503. Rents and Maintenance

Rental of office space, barracks, warehouses, and other commercial-type buildings, including taxes; cost of utilities, liquid and solid fuels, sewage and garbage disposal service; supplies and material for janitorial and hygienic services (national support unit barracks excluded); and supplies, material, and contractual expenses for maintenance, repair, and minor alterations to buildings and facilities, including replacement of minor installations and fixed equipment when damaged or worn beyond repair.

090504. Operation of General Services

Stationary and general office supplies for the headquarters and all units assigned in direct support; rental of office equipment required to supplement available equipment in accordance with internationally approved standards; printing, binding, and reproduction; purchase of maps, charts, and terrain models for peace time use; newspapers, periodicals, and library supplies; photo supplies and photographic processing; and drugs and other expendable medical supplies for first aid stations.

090505. Communications

Procurement and installation of switchboards, radio transmitters and receivers, telephone exchanges, and mobile communications equipment including related signal vehicles; rental of commercial-type equipment for additional requirements; repair and maintenance of communications equipment, including supplies and spare parts; cost of commercial communications, including installation and reinstallation charges for leased or other use of local, national, and international telephone, telegraph, and teletype circuits; and postage and postal fees.

090506. Transportation

Rental or purchase of passenger and cargo vehicles; petroleum, oil, and lubricant products for such vehicles and other equipment used in direct support of international headquarters; supplies and spares required for organizational maintenance of vehicles and related equipment; commercial freight, local hauling, and express charges for internationally procured supply and equipment items, including shipping charges for contribution-in-kind from member nations to place of receipt.

090507. Travel of International Staff

A. Civilian Personnel. Transportation and per diem costs of temporary duty travel on official business.

B. U.S. Military Personnel. When traveling on official business under travel orders issued by an authorized international headquarters that directs payment to be charged to international funds, the costs of such travel are payable as follows:

1. From International Funds. Cost of transportation furnished by Military Airlift Command and/or a common carrier, to include taxi fares and privately owned conveyances under previously approved conditions.

2. From U.S. Appropriated Funds. Per diem and other expenses authorized by U.S. travel regulations.

090508. Exercises and Maneuvers

When directly related to an allied command training exercise, the cost of commercial communication services and facilities provided solely to fill a requirement of the exercise on behalf of the participating nations; civilian labor hired in connection with the exercise by the interallied headquarters and not specifically for any one nation; temporary installations for interallied field headquarters not available from organic equipment of participating troops or the headquarters and not properly chargeable to the host nation; rental of additional commercial transportation required at interallied headquarters for the exercise; utilities costs for interallied headquarters if at a place other than an existing military post; and reproduction of photographs and film strips, required by the directing staff for subsequent international training or critique purposes, when source of production is other than a military unit.

090509. Representational and Hospitality

Representational and hospitality expenses of the Supreme Commanders for international purposes.

090510. Contingencies

Claims for losses by fire, theft, and other damages; and costs to employ legal representation in civil court actions.

090511. Construction

Design and new construction of buildings and facilities, including housing, structures, utilities, modification, and alteration of existing buildings and facilities, including fixed equipment, sewage, gas, water, and electrical supply systems, roads, and approaches.

090512. Furniture and Equipment

Office furniture and equipment procured within internationally approved standards for the direct support of international headquarters and agency activities; equipment for maintenance of kitchens, shops, heating electrical plants; and furniture used in barracks, messes, recreation rooms, and dining rooms and clubs.

Table 9-1. International Military Headquarter and Related Agencies and Administrative Agents Responsible for Their Support and for Support to U.S. Elements

Headquarters or Agency	Administrative Agent
A. NATO	
1. NATO Headquarters	
a. International Military Staff (IMS) (Brussels, Belgium (BE))	Army
b. U.S. Delegation to the Military Committee (USDELMC) (Brussels, BE)	Army
c. Canada-US Regional Planning Group (Brussels, BE)	Army
2. Allied Command Operations (ACO)	
a. Supreme Headquarters Allied Powers Europe (SHAPE) (Mons, BE)	Army
b. HQ Allied Joint Force Command Brunssum (HQ JFCBS) (Brunssum, Netherlands (NL))	Army
c. HQ Allied Maritime Command (HQ MARCOM) (Northwood, United Kingdom (UK))	Air Force
d. HQ Allied Air Command (HQ AIRCOM) (Ramstein, Germany (GE))	Air Force
(1) Allied Combined Air Operations Center Uedem (CAOC UE) (Kalkar/Uedem, GE)	Air Force
(2) Allied Combined Air Operations Center Torrejon (CAOC TJ) (Torrejon, Spain(SP))	Navy
(3) Allied Deployable Air Command and Control Center (DACCC) (Poggio Renatico, Italy(IT))	Army
(4) Combined Air Operations Center #5 (Poggio Renatico, IT)	Army

Table 9-1. International Military Headquarter and Related Agencies and Administrative Agents Responsible for Their Support and for Support to U.S. Elements

Table 9-1. International Military Headquarter and Related Agencies and Administrative Agents Responsible for Their Support and for Support to U.S. Elements (cont'd)

Headquarters or Agency	Administrative Agent
(5) Combined Air Operations Center #7 (Larissa, Greece (GR))	Navy
e. HQ Allied Land Command (HQ LANDCOM) Izmir, Turkey (TU)	Air Force
f. HQ NATO Communication and Information Systems Group (HQ NCISG) (Mons, BE)	Army
(1) 1st NATO Signal Battalion (NSB 1) (Wesel, GE)	Army
(2) 2nd NATO Signal Battalion (NSB 2) (Naples, IT)	Navy
g. HQ Allied Joint Force Command Naples (HQ JFCNP) (Naples, IT)	Navy
h. Other Staff and Commands Responsible to Supreme Allied Commander Europe (SACEUR)	
(1) Immediate Response Force (Maritime)	
(a) Standing NATO Maritime Group 1 (SNMG 1) (Northwood, UK)	Navy
(b) Standing NATO Maritime Group 2 (SNMG 2) (Naples, IT)	Navy
(2) HQ Allied Command Counter-Intelligence (HQ ACCI) (Mons, BE)	Army
(3) Intelligence Fusion Centre (IFC) (Molesworth, UK)	Air Force
(4) NATO Airborne Early Warning and Control (NAEW&C) Force Command (Mons, BE)	Army

Table 9-1. International Military Headquarter and Related Agencies and Administrative Agents Responsible for Their Support and for Support to U.S. Elements (cont'd)

Table 9-1. International Military Headquarter and Related Agencies and Administrative Agents Responsible for Their Support and for Support to U.S. Elements (cont'd)

Headquarters or Agency	Administrative Agent
(5) NATO Airborne Early Warning and Control (NAEW&C) E-3A Component (Geilenkirchen, GE)	Air Force
i. Component Command – Air HQ Izmir (Izmur, TU)	Air Force
j. Force Command – HQ Heidelberg (Heidelberg, GE)	Army
k. Force Command – HQ Madrid (Madrid, SP)	Navy
l. Joint Force Command (JFC) HQ Lisbon (Lisbon, Portugal (PO))	Navy
m. Maritime Command HQ Naples (Naples, IT)	Navy
3. Allied Command Transformation (ACT)	
a. Headquarters, Supreme Allied Command Transformation (SACT) (Norfolk, VA)	Navy
b. ACT Staff Element Europe (SEE) (Mons, BE)	Army
c. Joint Warfare Center (JWC) (Stavanger, Norway(NO))	Air Force
d. Joint Analysis and Lessons Learned Center (JALLC) (Monsanto, Portugal (PO))	Navy
e. Joint Force Training Center (JFTC) (Bydgoszcz, Poland (PL))	Army
4. NATO Memorandum of Understanding (MOU) Organizations	
a. High Readiness Force (Maritime) UK (HRF(M)-UK) (Portsmouth, UK)	Air Force

Table 9-1. International Military Headquarter and Related Agencies and Administrative Agents Responsible for Their Support and for Support to U.S. Elements (cont'd)

Table 9-1. International Military Headquarter and Related Agencies and Administrative Agents Responsible for Their Support and for Support to U.S. Elements (cont'd)

Headquarters or Agency	Administrative Agent
b. High Readiness Force (Maritime) IT (HRF(M)-IT) (Taranto, IT)	Navy
c. HQ High Readiness Force (Maritime) – FR (HQ HRF(M)-FR) (Toulon, France(FR))	Navy
d. High Readiness Force (Maritime) SP (HRF(M)-SP) (Rota, SP)	Navy
e. HQ NATO Naval Striking and Support Forces (HQ STRIKFORNATO), Lisbon, PO	Navy
f. HQ Multinational Corps Northeast (MNC-NE) (Szczecin, PL)	Army
g. HQ Allied Rapid Reaction Corps (HQ ARRC) (Gloucester, UK)	Air Force
h. NATO Rapid Deployable Corps - GE/NL (NRDC-GNL) (Munster, GE)	Army
i. HQ NATO Rapid Deployable Corps – TU (NRDC-T) (Istanbul, TU)	Air Force
j. HQ NATO Rapid Deployable Corps – IT (HQ NRDC-IT) (Milan, IT)	Army
k. HQ NATO Rapid Deployable Corps – SP (NRDC-S)(Valencia, SP)	Navy
l. HQ Allied Submarine Command (ASC) Norfolk, Virginia (VA)	Navy
m. NATO SOF Headquarters (NSHQ) (Mons, BE)	Army
n. NATO Joint Electronic Warfare Core Staff (JEWCS) (Royal Air Force Station Yeovilton, UK)	Air Force

Table 9-1. International Military Headquarter and Related Agencies and Administrative Agents Responsible for Their Support and for Support to U.S. Elements (cont'd)

Table 9-1. International Military Headquarter and Related Agencies and Administrative Agents Responsible for Their Support and for Support to U.S. Elements (cont'd)

Headquarters or Agency	Administrative Agency
o. European Corps (EUROCORPS) HQ (Strasbourg, FR)	Army
p. HQ Rapid Reaction Corps (RRC) – France (HQ RRC-FR) (Lille, FR)	Army
q. Maritime Air Allied Naval Forces Naples (MARAIRNAPLES) (Naples, IT)	Navy
r. Submarines Allied Naval Forces South (SUBSOUTH) (Naples, IT)	Navy
5. NATO Centers of Excellence	
a. Joint Air Power Competence Center (JAPCC) (Kalkar, GE)	Air Force
b. Center of Excellence - Defense Against Terrorism (COE DAT) (Ankara, TU)	Air Force
c. Center of Excellence – Command and Control (C2 COE) (Ultrecht, NL)	Army
d. Center of Excellence - Military Engineering (MILENG COE) (Ingolstadt, GE)	Army
e. Center of Excellence – Human Intelligence (HUMINT COE) (Oradea, Romania)	Army
f. Center of Excellence – Cooperative Cyber Defense (CCD COE) Tallinn, Estonia	Navy
g. Center of Excellence – Counter Improvised Explosive Devices (C-IED COE) (Madrid, SP)	Navy
h. Center of Excellence -- Explosive Ordnance Disposal (EOD COE) (Trencin, Slovakia)	Army

Table 9-1. International Military Headquarter and Related Agencies and Administrative Agents Responsible for Their Support and for Support to U.S. Elements (cont'd)

Table 9-1. International Military Headquarter and Related Agencies and Administrative Agents Responsible for Their Support and for Support to U.S. Elements (cont'd)

Headquarters or Agency	Administrative Agent
i. Center of Excellence -- Joint Chemical, Biological, Radiological and Nuclear Defense (JCBRN COE) (Vyskov, Czech Republic)	Army
j. Center of Excellence for Military Medicine (MILMED COE) (Budapest, HU)	Air Force
k. Combined Joint Operations from the Sea Center of Excellence (CJOS COE) (Norfolk, VA)	Navy
l. Modeling and Simulation Center of Excellence (M&S COE) (Rome, IT)	Navy
6. Other NATO Command and Staff Organizations/Agencies	
a. NATO Support Agency (NSPA) (Capellen, LU)	Army
(1) NATO Airlift Management Program (Papa, HU)	Air Force
(2) NATO Hawk Management Office (Ruell-Malmaison, FR)	Army
b. NATO Science and Technology Organization (STO)	
(1) Collaboration Support Office (CSO) (Paris, FR)	Air Force
(2) Center for Maritime Research and Experimentation (CMRE) (La Spezia, IT)	Navy
c. NATO Airborne Early Warning and Control Program Management Organization (NAPMO) (BRUNSSUM, NL)	Army
d. NATO Standardization Agency (NSA) (Brussels, BE)	Army

Table 9-1. International Military Headquarter and Related Agencies and Administrative Agents Responsible for Their Support and for Support to U.S. Elements (cont'd)
Table 9-1. International Military Headquarter and Related Agencies and Administrative

Agents Responsible for Their Support and for Support to U.S. Elements (cont'd)

Headquarters or Agency	Administrative Agent
e. NATO Defense College (NADEFCOL) (Rome, IT)	Navy
f. NATO School Oberammergau (NSO) (Oberammergau, GE)	Army
g. U.S. Mission to NATO (USNATO) (Brussels, BE)	Army
h. United States National Military Representative (USNMR) to SHAPE (Mons, BE)	Army
7. NATO Communications and Information Agency (NCIA)	
a. NATO Communications and Information System (CIS) Services Agency (Mons, BE)	Army
b. Sector Mons (Mons, BE)	Army
(1) Squadron Stavanger Stavanger, NO	Air Force
(2) Squadron Northwood Northwood, UK	Air Force
c. Sector Brunssum Brunssum, NL)	Army
(1) Squadron Heidelberg (Heidelberg, GE)	Army
(2) Squadron Ramstein (Ramstein, GE)	Air Force
(3) Detachment Uedem (Kalkar/Uedem, GE)	Air Force

Table 9-1. International Military Headquarter and Related Agencies and Administrative Agents Responsible for Their Support and for Support to U.S. Elements (cont'd)
Table 9-1. International Military Headquarter and Related Agencies and Administrative

Agents Responsible for Their Support and for Support to U.S. Elements (cont'd)

Headquarters or Agency	Administrative Agent
d. Sector Naples (Naples, IT)	Navy
(1) Squadron Izmir (Izmir, TU)	Air Force
(2) Detachment Poggio Renatico (Poggio Renatico, IT	Army
e. Sector Lisbon (Lisbon, PO)	Navy
(1) Squadron Madrid (Madrid, SP)	Navy
f. Sector Norfolk (Norfolk, VA)	Navy
g. NSCA CIS Logistics Depot (CLD) (Brunssum, NL)	Army
h. NATO Signal Regiment (Brunssum, NL)	Army
i. NATO Programming Center (NPC) (Glons, BE)	Army
j. NATO Communication and Information Systems School (NCISS) (Latina, IT)	Navy
k. NATO Communications, Command and Control Agency (NC3A) (Brussels, BE)	Army
l. NATO Air Command and Control System Management Agency (NACMA) (Brussels, BE)	Army
B. Inter-American Defense Board (IADB)	Army

Table 9-1. International Military Headquarter and Related Agencies and Administrative Agents Responsible for Their Support and for Support to U.S. Elements (cont'd)
Table 9-1. International Military Headquarter and Related Agencies and Administrative

Agents Responsible for Their Support and for Support to U.S. Elements (cont'd)

Headquarters or Agency	Administrative Agent
C. Joint Mexican-United States Defense Commission (JMUSDC)	Army
D. Permanent Joint Board on Defense, Canada-United States (PJBD)	Air Force
E. U.S.-Spanish Combined Military Coordination and Planning Staff (CMCPS)	Air Force
F. Republic of Korea/United States Combined Forces Command (ROK/US)	Army

Table 9-1. International Military Headquarter and Related Agencies and Administrative Agents Responsible for Their Support and for Support to U.S. Elements (cont'd)

VOLUME 11A, CHAPTER 10: "UNIT EXCHANGE OF TRAINING AND RELATED SUPPORT BETWEEN THE UNITED STATES AND FOREIGN COUNTRIES"

SUMMARY OF MAJOR CHANGES

All changes are denoted by blue font.

Substantive revisions are denoted by an * symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

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PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
Various	Updated references and hyperlinks.	Update

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CHAPTER 10

UNIT EXCHANGE OF TRAINING AND RELATED SUPPORT BETWEEN THE UNITED STATES AND FOREIGN COUNTRIES

1001 OVERVIEW

100101. Purpose

This chapter provides the financial policy that implements ***Title 22, United States Code, section 2770a,*** which authorizes the reciprocal unit exchange of training and related support between the United States and friendly foreign countries or international organizations.

100102. General

A. ***22 U.S.C. 2770a*** authorizes the President to enter into agreements for reciprocal unit exchange of training and related support between the United States and friendly foreign countries or international organizations. Chapter 10 of the Defense Security Cooperation Agency 5105.38-M, "Security Assistance Management Manual", ***SAMM***, provides general implementing program guidance for the conduct of exchanges. Unit exchanges shall be arranged only as part of an international agreement, as defined in ***DoD Directive 5530.3***, International Agreements. Before entering into negotiations for an international agreement or conducting a specific exchange thereunder, the initiating authority shall seek the approval of the cognizant Geographic Combatant Commander in whose area of responsibility the foreign nation or international organization is located or in which the training is to be conducted. Generally, the Secretary of a Military Department, or designee, is the approving authority for implementing arrangements, entered into under authority of the agreement, which provide for the exchange of specific units. However, implementing arrangements of significant political-military importance or operationally sensitive exchanges require approval by the Under Secretary of Defense (Policy).

B. The provisions of ***22 U.S.C. 2770a*** apply only to established military units, not to ad hoc units or individual members of units. Therefore, to qualify as a unit exchange, the organization receiving the training must include substantially all individuals assigned to an established unit. A unit exchange of training and related support may include transportation, food services, health services, logistics, and the use of facilities and equipment provided to military and civilian defense personnel. Training performed pursuant to unit exchange agreements shall be on an exchange basis. If an exchange of training does not commence within 12 months, the training shall be converted to a reimbursable transaction.

1002 POLICY AND PROCEDURES

100201. Pricing Reciprocal Exchanges or Related Support

A Military Department participating in a reciprocal unit exchange or related support arrangement shall use the following pricing guidelines:

A. The Military Department official delegated authority under DoD Directive 5530.3 to negotiate agreements under ***22 U.S.C. 2770a*** shall perform a price analysis based on prior experience and/or current supporting data. The price determined for the unit exchange of training or related support shall be fair and reasonable, taking into consideration all applicable circumstances. If the determination under subparagraph 100202.A. cannot be made, the training may not be performed and the related support may not be exchanged.

* B. Reciprocal unit exchanges of any training or related support by the United States shall be subject to the pricing provisions of Volume 15, Chapter 7,"Pricing." The estimated actual cost of the reciprocal unit exchange to be provided and the value of the unit to be received (using an appropriate price analysis) shall be computed and documented by the Military Department designated resource management function. The documented estimated actual cost is the basis for reporting costs incurred and for reimbursement purposes in the event exchanges are not reciprocated.

100202. Liquidation of Credits and Liabilities

Compensation for the acquisition or transfer of a unit exchange of training and related support shall be accomplished through either of the following methods:

A. Reciprocal Exchange. Training or related support that is to be exchanged requires a written determination by the approving U.S. organization that the reciprocal unit exchange of training or related support has a substantially comparable value. Comparable value received is the sum of those monetary (i.e., estimated actual cost that the U.S. would have had to pay for training received) and nonmonetary (i.e., benefits or cost avoidance) values that comprise the total exchange value. Methodologies depicting comparable value, both monetary and nonmonetary, shall be retained and available for audit.

B. Reimbursable. Payments for training and related support are to be in the currency of the supplying nation and shall be provided in the event reciprocity is not achieved within 12 months from the date the training began.

100203. Conversion to Reimbursable Training

The servicing accounting and finance office shall take the following actions when reciprocal training or related support is not provided or not received:

A. Actions to be Taken When the United States Does Not Provide Reciprocal Training or Related Support. When the United States does not provide reciprocal training and related support within 12 months after such training or support begins, the exchange transaction shall be converted to a reimbursable transaction and an obligation recorded. The obligation shall be recorded against the appropriation current at the time the determination is made that reciprocal training will not be provided or 12 months from the date the training began, whichever occurs first. The resulting accounts payable is to be paid 30 days from the date established. The accompanying documentation shall fully explain the reasons for not providing reciprocal training or related support during the preceding 12 months.

B. Actions to be Taken When the United States Does Not Receive Reciprocal Training or Related Support. When the United States does not receive reciprocal training or related support within 12 months after such training or support begins for a foreign country, the exchange transaction shall be converted to an accounts receivable. The accounts receivable shall be established against miscellaneous receipt account 3210, "General Fund Proprietary Receipts, Defense Military, Not Otherwise Classified." See Volume 6A, Chapter 12, "Collecting and Reporting of Foreign Indebtedness within the Department of Defense" for procedures for billing foreign countries.

1003 REPORTING RESPONSIBILITIES

100301. Secretaries of the Military Departments

The Secretaries of the Military Departments, or designees, shall submit to the Director, Defense Security Cooperation Agency (DSCA) information on each reciprocal exchange or reimbursement that was in effect during the prior fiscal year.

100302. Director, Defense Security Cooperation Agency

The Director, DSCA shall:

A. Provide the Military Departments with the reporting format for reciprocal exchange or reimbursement of training and related support as part of the data call for the annual "Foreign Military Training Report." The timelines for reporting training data to DSCA are provided in Chapter 10 of the ***SAMM***.

B. Consolidate the input and transmit the report for receipt by the Congress not later than February 1 of each year.

VOLUME 11A, CHAPTER 11: "SPECIAL OR TECHNICAL SERVICES TO STATE AND LOCAL GOVERNMENTS"

SUMMARY OF MAJOR CHANGES

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PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
110201.C	Update title for Assistant Secretary of Defense (Logistics and Materiel Readiness)	Update
Multiple	Update hyperlinks throughout the chapter.	Update

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CHAPTER 11

SPECIAL OR TECHNICAL SERVICES TO STATE AND LOCAL GOVERNMENTS

1101 OVERVIEW

110101. Purpose

This chapter provides the financial policy for sale of special or technical services to both state and local governments, as authorized by ***Title 31, United States Code, section 6505*** and further delineated in Office of Management and Budget ***(OMB) Circular No. A-97***, "Rules and Regulations Permitting Federal Agencies to Provide Specialized or Technical Services to State and Local Units of Government under Title III of the Intergovernmental Cooperation Act of 1968." The chapter provides guidance on the amounts that shall be recouped when the DoD Components perform special or technical services for either state or local governments. This chapter does not provide legal authority to sell to state or local governments. Specific legal authority must be identified to make such sales. This guidance supplements the standards for financial accounting for receivables, and budgetary accounting for reimbursements, discussed respectively in Volume 4, Chapter 3 and Volume 3, Chapter 15.

110102. General

It is the policy of the Department to cooperate to the maximum extent possible with state and local governments to provide specialized or technical services. Such services generally shall supplement and not supplant any services provided under other authority.

A. Pricing. Specialized or technical services to state and local governments shall be priced as a sale to private parties at the full costs to the Department. General rules on determining amounts to be reimbursed are found in Chapter 1.

B. Disposition of Proceeds. Payments received by DoD Components for providing service shall be deposited to the credit of the appropriation or account from which the costs of providing the services have been paid or are to be charged. Unfunded portions of the costs of such services shall be deposited to the U.S. Treasury as miscellaneous receipts.

1102 POLICY AND PROCEDURES

110201. Types of Services

A. The following are specialized or technical services that may be provided.

1. Any existing statistical or other studies and compilations, results of technical tests and evaluations, technical information, surveys, reports, documents, and any such materials which may be developed or prepared in the future to meet the needs of the federal government or to carry out a DoD Component's normal responsibilities.

2. Preparation of statistical or other studies and compilations, technical tests and evaluations, technical information, surveys, reports, documents, and assistance in the conduct of such activities, and in the preparation of such materials, provided they are similar to those that the DoD Component is authorized by law to conduct or prepare.

3. Training of the type that the DoD Components are authorized by law to conduct for DoD personnel.

4. Technical aid in the preparation of proposals for developmental and other projects, for which the DoD Components provide grants-in-aid or other assistance, provided such aid primarily develops recipients' capability to prepare their own proposals.

5. Technical information, data processing, communications and personnel management systems services, and technical advice on improving logistical and management services that the DoD Components normally provide the DoD for themselves or others under existing authorities.

B. Any of the above listed specialized or technical services provided by a DoD Component to states and their political subdivisions under other authorities also may be provided under the authority of ***OMB Circular No. A-97***.

C. If a DoD Component receives a request for specialized or technical services that is not covered above, but that is consistent with the ***OMB Circular No. A-97***, and which the Component has a special competence to provide, the Component shall forward the request to the Assistant Secretary of Defense (Logistics and Materiel Readiness) (ASD(L & MR)) for submission to OMB for review. If there is doubt whether the service requested is covered, the Component should forward the request to the ASD(L & MR) for review.

110202. Conditions Under Which Services May Be Provided

Specialized or technical services covered under ***OMB Circular No. A-97*** may be provided at the discretion of the DoD Component head only under the following conditions:

A. Such services shall be provided only to states, their political subdivisions, and combinations or associations of such governments, their agencies, and instrumentalities.

B. Such services shall be provided only upon the written request of a state or its political subdivision. Requests normally shall be made by the chief executive of such entities and shall be addressed to the head of the DoD Component involved.

C. Such services may not be provided unless the servicing DoD Component maintains similar services for its own use under the policies and procedures set forth in ***OMB Circular No. A-76***, "Performance of Commercial Activities", and subsequent changes thereto. In addition, in accordance with the policies set forth in ***OMB Circular No. A-97***, the requesting entity shall certify that such services cannot be procured reasonably and quickly through ordinary business channels.

D. Such services may not be offered if they require any staff additions or involve expenditures for additional equipment or other facilities solely for the purpose of providing such services, except when the costs of such services are charged to the user.

E. Such services shall be provided only upon payment or arrangement for reimbursement to the DoD Component involved by the unit of government making the request. This includes salaries and all other identifiable direct and indirect costs of performing such services.

F. Technical information provided in accordance with this chapter may not be disseminated further to third party governmental entities or associations, unless expressly authorized by the originating DoD Component.

G. If a request for a service is denied, the DoD Component shall furnish a statement to the entity making the request indicating the reasons for the denial.

VOLUME 11A, CHAPTER 12 "MAJOR RANGE AND TEST FACILITIES (MRTF)"

SUMMARY OF MAJOR CHANGES

All changes are denoted by blue font.

Substantive revisions are denoted by a * preceding the section, paragraph, table, or figure that includes the revision.

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PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
All	Updated references, terminology, and hyperlinks.	Update
120101	Clarified that the Director, Test Resource Management Center publishes the composition list for Major Range and Test Facility Base (MRTFB) activities.	Update
120101	Added two chapter names for clarity.	Update
120203.B.1.a.(2)	Replaced DoD Directive reference (3200.11) with DoD Instruction (DoDI) 3200.18, "Management of the Major Range and Test Facility." DoDI 3200.18 establishes procedures for changing the composition of the MRTFB.	Update

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CHAPTER 12

MAJOR RANGE AND TEST FACILITIES

1201 OVERVIEW

120101. Purpose

* This chapter provides reimbursable policy for specific Department of Defense (DoD) test and evaluation (T & E) ranges and facilities, hereafter referred to as a Major Range and Test Facility Base (MRTFB). The Director, Test Resource Management Center publishes a list of organizations managing MRTFB activities available at: ***http://www.acq.osd.mil/dte-trmc/Documents/MRTFBCompositionList.pdf.*** This chapter does not apply to the commercial space launch activities of the 30th and 45th Space Wings. Reimbursable policy for these activities is contained in Chapter 13, "DoD Support to United States Commercial Space Activities." Additionally, this chapter does not apply to the sale of samples, drawings, information, equipment, and certain services as authorized by Title 10, United States Code, ***section 2539(b)*** per Chapter 14, "Sales of Samples, Drawings, Information, Equipment, and Certain Services By A Government Laboratory, Center, Range, or Testing Facility."

120102. General

MRTFB is a national asset which is sized, operated, and maintained primarily for DoD test and evaluation support missions, but also is available to non-DoD users having a valid requirement for its capabilities.

1202 POLICY AND PROCEDURES

120201. Funding

Funding of MRTFB activities is designed to: (1) assure the most cost effective development and testing of materiel, and (2) provide for inter-service compatibility, efficiency, and equity without influencing technical testing decisions or inhibiting legitimate and valid testing. MRTFB activities shall be funded in a uniform manner. The categories of goods and services charged to the MRTFB customers shall be applied consistently among all the MRTFB activities. All costs incurred by MRTFB activities shall be billed to one of the following sources: (1) MRTFB customers (users), (2) direct appropriations of the managing activity, or (3) other sources as directed by DoD. All indirect costs associated with operation and maintenance of MRTFB activities shall be funded as part of the appropriations of the responsible Component. All direct costs identified to a specific customer for the use of MRTFB activities are to be charged to the customer or user.

120202. Accounting

The job order cost accounting system described in Volume 4, Chapter 20, "Job Order Costing," is the minimum requirement to support financial management and funding policies at MRTFB activities. The cost accounting system shall be used to determine charges under agreements entered into pursuant to ***DoD Instruction (DoDI) 4000.19***, "Support Agreements."

120203. Reimbursements for MRTFB Activity Usage

Users shall be billed in accordance with the following reimbursement policy. Users also shall be charged for direct costs incurred for aborted or cancelled tests.

A. Working Capital Fund Activities. Working Capital Fund activities shall charge customers at standard rates, in accordance with established pricing policies contained in Volume 11B.

B. Non-Working Capital Fund Activities

1. DoD Component Users

a. Direct Costs. DoD Component users shall reimburse MRTFB activities for direct costs readily identifiable with a particular program. Direct costs are those costs that are directly attributable to the use of the facility or resource for testing under a particular program, over and above the institutional and overhead costs with respect to the facility or resource. Chargeable direct costs include labor, contract labor (which includes a portion of general and administrative (G&A) expense and overhead), material, minor construction, utilities, equipment, supplies, items damaged or consumed during testing, and any resource or item maintained for a particular program. Direct costs billed shall be in accordance with Chapter 1, "General Reimbursement Procedures and Supporting Documentation," and shall be identified to a job or function served in support of a customer order.

(1) By mutual agreement, investments in new or existing T&E facilities may be funded, in whole or in part, by one or more DoD customers of an MRTFB activity. This agreement must delineate responsibilities for funding, staffing, operating, and maintaining the facility and must be approved by all parties prior to obligation of any funds for the project.

(2) Investments made under subparagraph 120203.B.1.a that change the composition of the MRTFB must conform to ***DoDI 3200.18***, "Management and Operation of the Major Range and Test Facility Base (MRTFB)."

b. Indirect Costs. Indirect costs are overhead costs of the MRTFB activities and are not to be charged to the DoD Component users. Indirect costs are defined as the costs of maintaining, operating, upgrading, and modernizing the facility or resource. Indirect costs do not include any incremental costs of operating the facility or resource that are directly attributable to the use of the facility or resource for specific testing under a

particular program. The following are examples of types of indirect costs, although the list is not all inclusive.

(1) Preventative and usage maintenance.

(2) Cost of leases, except when the cost of the lease can be directly associated with a specific customer and the appropriation is available to fund the leases.

(3) Upgrade or modernization of an MRTFB facility, not expressly needed for testing for a specific customer.

(4) Routine calibration of instruments.

(5) Maintenance and repair of shop machinery.

(6) Replacement of obsolete equipment.

c. Military Personnel Costs. Labor costs associated with military personnel incurred by activities not funded by DoD Working Capital Funds in support of tests for other DoD Components are not chargeable costs to the users.

* 2. Non DoD Component Users. This includes federal, state, or local government agencies; allied foreign governments; defense contractors; commercial entities (see ***DoDI 3200.18***) and private organizations, when authorized.

a. Direct Costs. MRTFB commanders shall charge all direct costs associated with a customer order.

(1) Chargeable direct costs include labor, material, facilities, minor construction specifically performed for the customer, utilities, equipment, supplies, and other resources damaged or consumed during testing or maintained for a particular user.

(2) Chargeable direct costs incurred by non-Working Capital Fund activities for other than DoD Components shall include all military personnel costs associated with a customer order. Military personnel costs shall be priced at the composite standard military pay rate (see reimbursable rates page of the Office of the Under Secretary of Defense (Comptroller) website ***http://comptroller.defense.gov/rates/***).

b. Indirect Costs. MRTFB commanders may charge non-DoD customers indirect costs at their discretion. Any indirect costs incurred, but not billed to a customer, shall be billed to the activity's institutional/appropriated funds. Institutional funding levels, however, shall not be increased to finance any additional indirect cost incurred due to sales to non-DoD activities.

3. Foreign Military Sales. Foreign Military Sales customers shall reimburse MRTFB activities in accordance with Volume 15, Chapter 7, "Security Assistance Policy and Procedures." This chapter does not, and shall not, be construed to permit foreign customer countries or foreign commercial entities to purchase services from MRTFB activities through other than Foreign Military Sales procedures authorized under the Arms Export Control Act.

4. Government-Furnished Services. When the use of an MRTFB activity has been included in a contractual agreement as government-furnished services, the user shall be charged based on the category of the contracting government agency (see subparagraphs 120203.B.1. or 120203.B.2.).

C. Disposition of Collections. For disposition of collections, see Chapter 1, paragraph 010201.

VOLUME 11A, CHAPTER 13: "DoD SUPPORT TO UNITED STATES COMMERCIAL SPACE ACTIVITIES"

SUMMARY OF MAJOR CHANGES

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Hyperlinks are denoted by ***bold, italic, blue, and underlined font*.**

The previous version dated November 2008 is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
All	Updated statutory references, terminology, and hyperlinks.	Update
1302	Renumbered Title 49, United States Code, sections 70101 to 70105a, 70106 to 70109a, and 70110 to 70121 (49 U.S.C. 070101 - 070121) to 51 U.S.C. 50901 - 50923.	Update
1302	Renumbered 15 U.S.C. 5807 as 51 U.S.C. 50504.	Update
130401	Clarified the definition of "direct costs" per 51 U.S.C. 50504.	Update
130402.B.	Clarified the definition of "launch services" per 51 U.S.C. 50902(6) and DoD Directive 3230.3, "DoD Support for Commercial Space Launch Activities.	Update
130403	Added Volume 11B, Chapter 15 reference for charging Defense Working Capital Fund standard prices/stabilized rates.	Update

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CHAPTER 13

DoD SUPPORT TO UNITED STATES COMMERCIAL SPACE ACTIVITIES

1301 PURPOSE

This chapter provides reimbursable policy and procedures for the sale of DoD support to United States (U.S.) commercial space activities.

*1302 BACKGROUND

Title 51, United States Code, sections 50901 - 50923, Commercial Space Launch Activities; ***Title 51, U.S.C., section 50504***, Commercial Space Competitiveness, Use of Government Facilities; and Department of Defense Directive, ***(DoDD) 3230.3,*** DoD Support for Commercial Space Launch Activities, encourage cooperation with the U.S. private sector in the development of commercial space launch operations and other related commercial space activities. Public Law 107-314, ***Section 232***, Objective for Institutional Funding of Test and Evaluation Facilities, defines direct and indirect costs with respect to a facility or resource within the Major Range and Test Facility Base (MRTFB).

1303 APPLICABILITY

This chapter applies to DoD organizations that provide support to U.S. commercial space activities, including support provided by MRTFB activities. (See Volume 11A, Chapter 12, Major Range and Test Facilities, for access to a list of these activities.)

1304 PRICING

*130401. General Pricing

51 U.S.C. 50504 authorizes DoD to allow commercial activities to use its space related facilities provided that DoD is reimbursed for its direct costs accrued in supporting the commercial space activities. The term commercial means having private capital at risk, with primary financial and management responsibility for the activity residing with the private sector. Direct costs are those actual costs (including salaries of U.S. civilian and contractor personnel) incurred by the United States as a result of use of the facility by the private sector. The term "direct costs" means the actual costs that are directly attributable to the use of the facility or resource for support provided to a particular commercial space program or customer over and above the indirect costs with respect to the facility or resource, and they are reflective of costs that would not be borne by the U.S. Government in the absence of such use. Indirect costs are defined as the costs of maintaining, operating, upgrading and modernizing the facility or resource. Indirect costs are overhead costs of the MRTFB activities and are not to be charged to commercial space customers.

*130402. Pricing of Space Launch Property and Services

Pricing of Space Launch Property and Services to U.S. Private Sector Launch Vehicle Operators and Other Commercial Space Activities

A. Space Launch Property. Space launch property consists of items built for, or used to perform launch or space recovery activities.

1. By Sale or Transfer. Space launch property that is excess or otherwise not needed for public use may be sold or transferred in lieu of sale to U.S. private sector launch vehicle operators and other commercial space activities (e.g., payload retrieval services, payload processing services).

2. By Lease/License. Space launch property that is excess or otherwise not needed for public use may be leased/licensed to U.S. private sector launch vehicle operators and other commercial space activities. The transaction shall be priced to recover direct costs, as defined in paragraph 130401. In addition to the costs identified in paragraph 130401, direct costs include specific wear and tear and property damage incurred by the Department as related to the launch property acquisition. Property damage costs represent the costs necessary to replace or restore the property, or site, to its condition before the lease/license.

B. Space Launch Services. As defined under ***51 U.S.C. 50902 (6)*** and ***DoDD 3230.3***, space launch services are those activities involved in the preparation of a launch vehicle, its payload for launch, crew (including crew training), or space flight participation for launch; and the conduct of a launch. For space launch services, including utilities, otherwise not needed for public use, the acquisition price represents an amount equal to the direct costs, including the basic pay of Government civilians and total costs of contractor personnel (including salaries, General and Administrative costs, and overhead), incurred as a result of the acquisition.

*130403. Articles and Services Provided from Defense Working Capital Fund Activities

Generally, standard prices/stabilized rates shall be charged for articles and services provided by activities operating under a Defense Working Capital Fund (DWCF). Refer to Volume 11B, Chapter 15, paragraphs 150301-150302, for additional details and exceptions.

130404. Upgrades or Modifications to DoD Owned Property

Upgrades or modifications to DoD owned property, facilities or equipment for commercial space activities shall be reimbursed in accordance with the provisions contained in Chapter 1. Such upgrades or modifications must have documented approval from the parent DoD organization in accordance with ***DoDD 3230.3***.

130405. Government-owned Production Facilities

Government-owned production facilities or related equipment used to support the production of a private sector commercial launch vehicle or a commercial launch process shall be provided on a direct cost basis, with terms and conditions established by a standard contract for DoD support to United States commercial space activities.

130406. Test and Evaluation

Commercial operators performing test and evaluation activities related to commercial space launch efforts using DoD facilities shall be charged on a direct cost basis in accordance with paragraph 130401.

130407. Fixed Price Estimates

Commercial space launch contractors may be offered fixed price quotes for the sale of launch services based on reasonable estimates of direct costs only when there is: (a) a well defined contractor requirement and (b) a reliable cost history of similar previous sales.

1305 BILLING

Invoices for support provided shall be completed and transmitted to the commercial space activity within 30 calendar days after the month in which performance occurred. The payment due date shall be no more than 30 days from the date of the invoice. See Chapter 1 for further discussion on invoicing and bill payment.

1306 DISPOSITION OF COLLECTIONS

130601. Proceeds from DWCF Activities

Proceeds from the sale of articles and services from DWCF activities shall be deposited to the DWCF.

130602. Proceeds from Non-DWCF Activities

Proceeds from the sale of launch property by other than a DWCF activity shall be:

A. Credited to the general fund of the Treasury as miscellaneous receipts when the launch property is not to be replaced.

B. Deposited to the DoD appropriation account or fund, currently available for the procurement of the launch property, if the launch property is to be replaced.

130603. Proceeds Deposits for License of Launch Property and Leases

Proceeds from the license of launch property shall be deposited to the DoD appropriation account or fund currently available for financing the direct costs incurred. Proceeds from leases shall be deposited to the Miscellaneous Receipts Account of the U.S. Treasury.

130604. Proceeds Deposits from the Sale of Launch Services

Proceeds from the sale of launch services shall be deposited to the DoD appropriation account or fund that financed the provisioning of those launch services. These proceeds must be credited to the fiscal year in which the DoD Component provided the services.

VOLUME 11A, CHAPTER 14: "SALES OF SAMPLES, DRAWINGS, INFORMATION, EQUIPMENT, AND CERTAIN SERVICES BY A GOVERNMENT LABORATORY, CENTER, RANGE, OR TESTING FACILITY"

SUMMARY OF MAJOR CHANGES

All changes are denoted by blue font.

Substantive revisions are denoted by an * symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by ***bold, italic, blue and underlined font*.**

The previous version dated November 2008 is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
Multiple	Added hyperlinks and format to comply with current guidance.	Update

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CHAPTER 14

SALE OF SAMPLES, DRAWINGS, INFORMATION, EQUIPMENT, AND CERTAIN SERVICES BY A GOVERNMENT LABORATORY, CENTER, RANGE, OR TESTING FACILITY

1401 OVERVIEW

140101. Purpose

This chapter provides the reimbursable policy for sales of samples, drawings, information, equipment, and certain services to non-Department of Defense (DoD) persons or entities, as authorized by ***Title 10, United States Code, section 2539(b).*** This chapter does not apply to facilities and ranges of the Major Range and Test Facility Base (MRTFB) (see Chapter 12 of this volume for guidance on the use of MRTFB). This chapter also does not apply to any DoD Working Capital Fund activities (see Volume 11B of this Regulation for guidance on DoD Working Capital Fund activities).

140102. General

It is the policy of the DoD to promote research and development within the commercial sector of the U.S. economy and the transfer of technology from the military to the commercial sector. These policies strengthen national security by promoting the development of a national industrial and technological base from which to sustain military technological superiority, while enhancing production capabilities for the nation overall. Furthermore, these policies provide the guidance for the commercial use of defense laboratories and test facilities, equipment, materials, drawings, and manufacturing or other information.

1402 POLICY AND PROCEDURES

140201. Authorization to Sell, Rent, Lend, or Give

A. Under ***10 U.S.C.2539(b)***, the Secretary of Defense, the Secretaries of the Military Departments, Directors of Defense Agencies, or their designees, when determined by appropriate authority to be in the interest of national defense, are authorized to:

1. Sell, rent, lend, or give samples, drawings, and manufacturing or other information (subject to rights of third parties) to any person or entity;

2. Sell, rent or lend government equipment or material to any person or entity for use in independent research and development programs, subject to the condition that such equipment or material be used exclusively for such research and development, or for use in demonstrations to a friendly foreign government;

3. Make available to any person or entity, at a prescribed fee, the services of any Department laboratory, center or other testing facility for the testing of materials, equipment, models, computer software, and other items; and

4. Make available to any person or entity, through leases, contracts, or other appropriate arrangements, facilities, services, and equipment of any government laboratory, research center, or range, if the facilities, services, and equipment provided will not be in direct competition with the domestic private sector.

B. Classified information shall not be sold, loaned or given pursuant to this authority unless such a release of information is in accordance with ***DoD 5200.1-R***, "Information Security Program." Unclassified, but sensitive, material shall be handled in accordance with ***DoD Directive 5230.25***, "Withholding of Classified Technical Data From Public Disclosure."

140202. Government Equipment or Materials

In determining whether to sell, rent or loan government equipment or materials, consideration shall include, but not be limited to:

A. The current or probable future need of the government item;

B. The residual value of the item;

C. Expense incident to handling and storage of the item;

D. The probable cost of reproduction of the item in the event of future procurement; and

E. Whether the sale, rent or loan furthers the transfer of technology to the commercial sector.

140203. Government Facility Resources

A. Ordinarily, the testing of materiel and other items not owned by the government shall not cause government personnel or other government resources to be diverted from scheduled tests of government materiel or otherwise interfere with government mission requirements.

B. The laboratory director or activity commander with immediate authority over the government testing facility shall determine the priority of use of such facility for testing of materiel and other items not owned by the government. In so determining, the director or activity commander shall consider the degree to which the proposed test furthers the policies set forth in subparagraph 140201.A. The director or activity commander may revise established test schedules in order to accommodate tests of materiel and other items not owned by the government.

C. The results of tests performed in government test facilities under subparagraph 140201.A.3. are confidential and may not be released outside the Federal Government without the consent of the persons for whom the tests are performed. See ***10 U.S.C.2539b (b)***.

1403 FEES

140301. Fees for Sale, Rent, or Loan

A. Fees for sales, rents or loans authorized by subparagraphs 140201.A.1. and 140201.A.2. shall include all direct and indirect costs to recover the total cost to the government.

B. Internal management controls (see DoD Instruction ***(DoDI) 5010.40***, "Managers' Internal Control Program Procedures") must be established to ensure that fees are developed and adjusted, using current, accurate, and complete data, to provide reimbursement conforming to these requirements. The policies in this volume, Volume 5 of this Regulation, and ***DoDI 5010.40***, shall be used in accounting, controlling, and managing cash and debt collections.

140302. Services of Government Facilities

A. When government services are made available under subparagraph 140201.A.3. or facilities, services, and equipment provided under subparagraph 140201.A.4., a fee generally shall be imposed to recoup the total cost incurred by the government in providing the service. When approved by the laboratory/facility director/activity commander, prior to providing the service, all or a portion of the indirect costs may be eliminated from the fees or charges. Direct costs, at a minimum, must be charged. Sales of services at less than the total cost are permitted only when:

1. There is a compelling reason to provide the service at less than the total cost;

2. The service is in the interest of the national defense;

3. There will be no competition with the private sector; and

4. The service does not involve expansion of the capabilities and capacities of the laboratory/facility providing the service, even if the customer agrees to finance the expansion.

B. Special consideration as to recovery of less than full cost may be given when:

1. The recipient of the benefit is engaged in a nonprofit activity designed for public safety, health or welfare;

2. Payment of the full fee by a state, local government or nonprofit activity would not be in the government's best interest; or

3. Laboratory/facility directors/activity commanders have determined that the incremental cost of collecting the fees would be an unduly large part of the receipts from the activity.

C. When less than full cost is charged, laboratory/facility directors/activity commanders shall maintain adequate documentation that justifies and supports each decision. Such documentation should address the above criteria and be available for review by higher authorities or any audits or inspections.

D. Under no circumstances may fees exceed the amount necessary to recoup the total costs incurred.

E. Specific guidance pertaining to the calculation of fees is provided in Chapter 4, section 0404 of this volume.

140303. Collection of Fees

A. All fees from private parties or agencies outside the U.S. Government must be collected in advance of the service being provided.

B. Specific guidance pertaining to the collection of fees is provided in Chapter 4, section 0405 of this volume.

140304. Disposition of Fees Received

A. Fees received from sales or loans under subparagraphs 140201.A.1. and 140201.A.2. shall be deposited into the miscellaneous receipts account of the U.S. Treasury.

B. Fees received under subparagraphs 140201.A.3. and 140201.A.4. shall be credited to the appropriation, fund or account that finances the activity making such services available.

140305. Warranties and Liability

All transfers of goods or services of whatever nature made pursuant to this Regulation shall be without any express or implied warranty. The government shall accept no liability for any damages whether direct or consequential. Furthermore, the recipient of the goods or services shall agree to indemnify and hold harmless the U.S. Government for any loss, claim, damage, or liability of any kind arising out of or in connection with goods or services so provided.

140306. Liability for Loss and Damage on Loan to a Private Party

Liability for Loss and Damage of U.S. Government Property on Loan to a Private Party. The agreement with the individual, company, corporation, or organization shall include a clause stating that the U.S. Government will be reimbursed for any losses or damages arising out of or in conjunction with the use of government property. See Federal Acquisition Regulation, ***Subpart 46.8***.

1404 DEFINITIONS

A. Drawing. A diagram, plan or list that shows in detail the fabrication or assembly of structural elements, or the installation of materials and equipment. A drawing details the characteristics, or outlines the parts or operation of a product or item.

B. Equipment or Materials. Property, including machinery, devices, apparatus, and components of such items.

C. Friendly Foreign Government. Those countries for which a Presidential Determination has been provided under ***Section 3(a)(1) of the Arms Export Control Act***, and to which transfer has not been prohibited by the Department of State under the International Traffic in Arms Regulation ***(22 Code Federal Regulation Part 120)***.

D. Independent Research and Development (IR&D) Programs. A research and development effort that is not sponsored by, or required in performance of a government contract, or grant for: (1) basic research, (2) applied research, (3) development, and (4) systems and other concept formulation studies. IR&D programs do not include technical efforts expended in developing and preparing technical data specifically to support submitting a bid or proposal.

E. Manufacturing or Other Information. Any blueprints, drawings, plans, instructions, documentation, or other technical information that can be used or adopted for use to design, engineer, produce, manufacture, operate, repair, overhaul, or reproduce any equipment or material.

F. Person or Entity. An individual or firm, labor organization, partnership, association, corporation, a university or not-for-profit center, or a governmental unit of the United States or its territories.

G. Sample. A unit or units of a product drawn from a lot or batch that is representative of the product and is constructed in conformance with the requirements and complies with specifications of the product.

H. Laboratory. A facility or group of facilities owned, leased or otherwise used by a Federal Agency, a substantial purpose of which is the performance of research, development, engineering, test, and evaluation, or otherwise developing or maintaining technology.

VOLUME 11A, CHAPTER 15: "TRAINING OF SPECIAL OPERATIONS FORCES WITH FRIENDLY FOREIGN FORCES"

SUMMARY OF MAJOR CHANGES

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PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
Multiple	Updated references, terminology and hyperlinks.	Update
150102.C	Added "incremental expense" definition exception.	Add
150203	Clarified that the Office of the Secretary of Defense (Policy) will submit the required annual report to Congress.	Update

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CHAPTER 15

TRAINING OF SPECIAL OPERATIONS FORCES WITH FRIENDLY FOREIGN FORCES

1501 OVERVIEW

150101. Purpose

This chapter provides accounting and reporting procedures to implement provisions of ***Title 10, United States Code, section 2011*** that are related to training of special operations forces with friendly foreign forces.

150102. Authority for Payment of Training Expenses

10 U.S.C. 2011, authorizes, the Commander, United States Special Operations Command and the commander of any other unified or specified combatant command to pay, or authorize payment for, any of the following expenses:

A. Expenses of overseas training of U.S. special operations forces, to include civil affairs forces and military information support operations forces, assigned to the combatant commander in conjunction with training, and training with, armed forces and other security forces of a friendly foreign country.

B. Expenses of deploying such special operations forces, to include civil affairs forces and military information support operations forces, for that training.

C. Incremental expenses incurred, in the case of training in conjunction with a friendly developing country, by that country as the direct result of such training. The term, "incremental expenses," with respect to a developing country, means the reasonable and proper costs of rations, fuel, training ammunition, transportation (except to and from the continental United States or from one country to another country), and other goods and services consumed by such country, except that the term does not include pay, allowances, and other normal costs of such country's personnel.

150103. Purpose of Training

For the authority cited in paragraph 150102 to apply, the primary purpose of the overseas training activities must be the training of special operations forces of the combatant commands. Training of foreign forces may not be the primary purpose.

1502 POLICY AND PROCEDURES

150201. Accounting Procedures

Departmental funds expended to facilitate the participation of friendly foreign forces training with U.S. special operations forces shall be incurred and reported under the following guidelines.

A. Funding for training of U.S. personnel may include amounts for training expenses authorized in ***10 U.S.C. 2011***. The funding source for these proposed payments shall be funds made available to the applicable DoD Component for these purposes.

B. Prior to commencement of the training, agreement on implementing arrangements should be reached in terms of the types and scope of non-financial support and financial contributions to be provided by the United States to a foreign country and/or by a foreign country to the United States. In order to protect the interests of the United States, the essential terms of the arrangement normally shall be documented in writing and a copy of the document provided to the foreign country. In addition, the arrangement should request that each participating country identify both physical and financial contributions to the training effort and the amount of expenses paid related thereto. Formal foreign agreements, under the provisions of DoD Directive ***(DoDD) 5530.3***, "International Agreements," are not required with respect to these implementing arrangements.

C. In the event that the participating country is unable to identify its expenses in time to meet reporting requirements prescribed below, knowledgeable U.S. personnel will estimate that participant's contributions, and the value of expenses paid in U.S. dollar equivalents at the exchange rate in effect at the time of the training. Estimates of a participating country's contributions may be calculated using relative factors of comparable costs for similar U.S. training activities.

D. Arrangements with a friendly developing country may provide for financial or in-kind payment to the developing country by the United States for incremental expenses incurred by that country as a direct result of such training. "Incremental expenses" are defined in subparagraph 150102.C.

E. Arrangements with a friendly country also may provide for payment to that country by the United States for the costs of support provided to U.S. personnel by the host country. Expenses that may be paid under the terms of an arrangement with a friendly country for support provided to U.S. personnel by that country are limited to those types of expenses included in the definition of incremental expenses described in subparagraph 150102.C.

F. For expenses that are to be paid to a friendly country, either incremental costs incurred by a developing country or support provided by a host country to U.S. personnel, the arrangement shall stipulate that the host country provides, in advance of payment, appropriate documentation to support the payment. This documentation shall include dates, quantities, units and costs so that the senior U.S. official can determine the reasonableness and propriety of such

costs, in U.S. dollar equivalents at current exchange rates, for the various types of authorized expenses incurred.

G. The following procedures shall be followed to substantiate payments for reasonable incremental expenses incurred by a developing country.

1. The senior foreign official participating in the training shall certify that the documentation provided to support the claim for payment reflects reasonable and proper expenses incurred during the training.

2. The senior U.S. official participating in the training shall include a statement that, in his or her judgment, the documentation reflects reasonable and proper expenses.

3. If the senior U.S. official participating in the training questions the propriety or reasonableness of any expense claimed by the foreign country, resolution of those questions shall occur before the payment is made.

H. The following procedures shall be followed to substantiate payments for reasonable expenses to support U.S. personnel.

1. The U.S. official accepting the goods and/or services on behalf of the United States Government shall certify receipt and acceptance for the United States Government. The acceptance shall include documentation of the dates, quantities, units, and costs of the various types of support received.

2. The host country shall submit a claim for payment that includes documentation of the dates, quantities, units, and costs, in U.S. dollar equivalents at current exchange rates, of the various types of support provided.

I. The annual report (described in paragraph 150202) requires a determination of both financial and non-financial contributions to the training effort and the amount of related expenses paid by the participants in such training. Financial and non-financial contributions include all costs that are incurred because of the training. The accounting records from which the contributions are reported shall include the separate identification of all the costs incurred, such as:

1. Rations, fuel, and training ammunition.

2. Personnel (including lodging, and/or per diem costs) for other than normal pay and allowances.

3. Costs associated with training areas, firing ranges, storage sites, and other similar items and facilities used during the training. These costs must be attributable directly to such training.

4. All transportation of personnel, equipment and supplies to and from the training area.

J. The operations and maintenance funds expensed under ***10 U.S.C. 2011***, are not to be used to supplement other accounts, to circumvent budget ceilings established for other accounts, or to assume the mission of programs funded from other accounts.

K. 10 U.S.C. 2011 authorizes the Department to program and expend operation and maintenance funds to train U.S. special operations forces, to include civil affairs forces and military information support operations forces, with friendly foreign nations. It does not provide authority to conduct any type of training activity that the Department otherwise cannot legally conduct. Any training activity funded under this statutory authority must be conducted in accordance with DoD directives, regulations and instructions, and all other applicable interagency procedures.

150202. Annual Report by U.S. Unified Combatant Commands

Funds expended under the authority of 10 U.S.C. 2011, shall be reported by the appropriate combatant commands on a fiscal year basis to the Assistant Secretary of Defense (Special Operations/Low Intensity Conflict (ASD(SO/LIC)) to arrive not later than January 1 of each year. Each fiscal year report submitted by the combatant commands shall be organized by theater and presented for each country in alphabetical order with each joint combined exchange training (JCET) deployment listed in chronological order. The reporting of classified training activities, if any, shall be properly classified and the classification prominently identified. Each report shall specify the following:

A. All countries in which training was conducted.

B. The type of training conducted in each country for each JCET, including whether such training was related to counter-narcotics or counter-terrorism activities; the date and duration of that training; the number of U.S. military personnel involved; and the total expenses paid by the United States. Total expenses paid by the United States shall be the total of (1) amounts paid for deploying and training U.S. special operations forces, including the costs listed in subparagraph 150201.I; (2) amounts paid to a foreign country for support provided to U.S. personnel, as described in subparagraph 0150201.H; and (3) financial payments to a developing foreign country for incremental expenses, as described in subparagraph 150201.G.

C. The extent of participation by foreign military forces, including the number and service affiliation of foreign military personnel involved and the physical and financial contribution of each host nation to the training effort.

D. The relationship of that training to other overseas training programs conducted by U.S. Armed Forces, such as military exercise programs sponsored by the Joint Chiefs of Staff, military exercise programs sponsored by a U.S. unified combatant command, and military training activities sponsored by a Military Department (including deployments for training, short duration exercises and other similar unit training events).

150203. Annual Report by the Secretary of Defense

A. The ASD(SO/LIC) shall receive reports from the combatant command, as described in this chapter, and compile those reports into a single document and forward it to the Under Secretary of Defense (Policy (USD(P)).

B. The USD(P) shall, not later than April l of each year, submit on behalf of the Secretary of Defense the required annual report to the Armed Services and Foreign Relations Committees of the Senate and the National Security and Foreign Affairs Committees of the House of Representatives.

C. The annual report shall cover training during the preceding fiscal year for which expenses were paid under ***10 U.S.C. 2011.***

VOLUME 11A, CHAPTER 16: "ACCOUNTING FOR PRODUCTION AND SALE OF FOREST PRODUCTS"

SUMMARY OF MAJOR CHANGES

All changes are denoted by blue font.

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PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
160102.A	Inserts reference to Army Annex.	Update
160102.A	Inserts reference to Marine Corps Financial Execution Standard Operating Procedures Manual (P7300.21)	Update
Army Annex	Incorporates Defense Finance and Accounting Service Indianapolis Regulation 37-1, Chapter 14, "Sales and Revenues"	Incorporate Guidance

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CHAPTER 16

ACCOUNTING FOR PRODUCTION AND SALE OF FOREST PRODUCTS

1601 OVERVIEW

160101. Purpose

This chapter establishes the policy and procedures used to account for the production and sale of forest products (see Figure 16-1). This chapter also assigns responsibility for Department of Defense (DoD) reimbursement and for the entitlement of a state to a share in the net proceeds (see Figure 16-1) derived from forest products sold from military installations or facilities.

160102. Applicability and Scope

The policies and procedures established by this chapter:

* A. Apply to the Office of the Secretary of Defense (OSD) and to the Military Departments (including their Reserve Components). The term "Military Services," as used herein, refers to the Army, Navy, Air Force, and Marine Corps. Policies and procedures specific to the Army are included in the Army Annex. The policies and procedures applicable within the Department of the Navy are in Appendix L of the Marine Corps Financial Execution Standard Operating Procedures Manual (P7300.21).

B. Cover forest products production and sales programs on military installations or facilities in the United States.

C. Do not apply to forestry activities within the civil programs of the U.S. Army Corps of Engineers or to the state-owned National Guard installations.

1602 POLICY AND PROCEDURES

160201. DoD Appropriations To Incur Obligations to Fund the Production and Sale of Forest Products

DoD appropriations that incur obligations to fund the production and sale of forest products shall be reimbursed from collections made as a result of the sale of those products. Remaining collections shall be disposed of as follows:

A. Forty percent of installation net proceeds shall be distributed to the state that includes the military installation or facility from which forest products were sold during a fiscal year. If the installation or facility is located in more than one state, each state shall share the proceeds in a manner proportional to the area of such installation or facility in each state. (See paragraph 160206 and Figure 16-1) Entitlement to the states applies to forest products sold after September 30, 1984.

B. When the disbursement to each state has been made, any remaining amount shall be transferred to the reserve account. (See paragraph 160203, below.) To the extent that collections from the sale of forest products are inadequate, obligations for the production and sale of those products may be financed either from the appropriation accounts, or from transfers from the reserve account when other sources of funds are not available in a timely manner.

160202. DoD Reserve Account

A DoD reserve account shall be established. The balance in this account may be used for:

A. Improvements of forest lands,

B. Unanticipated contingencies in the administration of forest lands and the production of forest products for which other sources of funds are not available in a timely manner, and

C. Natural resource management that implements approved plans and agreements.

The balance shall not exceed $4 million on December 31 of any calendar year. Unobligated balances exceeding $4 million on that date shall be deposited in the U.S. Treasury General Fund Miscellaneous Receipts Account. (See paragraph 160205.C., below.)

160203. Operating Procedures for Program Obligations

A. Program obligations shall be related directly to the economic production and sale of forest products in the following functions:

1. Forest Improvement. Obligations incurred to improve an existing timber stand or forest, whether it is planted, seeded, or natural, to include thinning, pruning, and controlling undesirable vegetative growth.

2. Reforestation. Obligations incurred for natural or artificial regeneration including planting, purchasing of seeds or seedlings, preparing sites, and controlling insects, diseases, vegetation, and animals.

3. Forest Protection. Obligations incurred to protect a forest capable of economic production of forest products from damage by fire, insects, diseases, animals, floods, and erosion.

4. Forest Access Roads. Obligations incurred for construction, reconstruction, repair and maintenance of forest access roads and trails, and for repair of other roads as a result of forest production and harvest operations.

5. Sales. Obligations incurred to facilitate sales and preparation for sales of forest products including appraising, cruising, marking, scaling, advertising, and escorting prospective bidders, as well as preparing, administering, and enforcing compliance with sales contracts.

6. Management. Obligations incurred to manage of the functions listed in subparagraphs 160204.A.1 through 160204.A.5, above, including supervising, planning, programming, conducting field surveys and inventories, training, and attending professional meetings.

7. Forestry Equipment. Obligations incurred to purchase vehicles, minor equipment, and heavy equipment used exclusively in forest management (purchased, as appropriate, by O&M or procurement appropriations under reimbursable program authority).

B. To the extent that an installation receives applicable program support from a function or activity above the installation level, costs shall be prorated based on the level of effort among all applicable military installations or facilities involved in the program.

C. Program obligations do not include amounts incurred for operations that, while related to the land and forest, are for other purposes such as the military mission, recreation, general area improvement, wildlife management, and beautification. Do not include amounts for the protection of forests that are incapable of economic production of timber products. Program obligations at all organizational levels shall be categorized according to the functions listed in subparagraphs 160204.A.1 through 160204.A.7, above.

D. Reimbursable program obligations under Title 10, United States Code (U.S.C.), section 2665(d) include all program costs except those cited in subparagraph 160204.C, above. Acquisition of equipment shall be justified on an economic basis. When general equipment is used in forestry program operations, obligations incurred by DoD appropriations for that use shall be included as program costs.

160204. Accounting and Reimbursements

A. Proceeds collected from forestry sales shall be turned over to the supporting DoD disbursing officer. These proceeds shall be deposited without delay to the Treasury General Fund Receipt Clearing Account **F3875, “Budget Clearing Account (Suspense).” (The applicable agency code will be shown instead of asterisks.) That portion of the proceeds used to finance reimbursable expenses shall be transferred to the funding O&M or procurement appropriation in accordance with annual budget guidance. Table 16-1 illustrates the applicable United States (U.S.) Treasury account symbols.

Table 16-1 TREASURY ACCOUNT SYMBOLS

	O&M	Procurement
(1)	Army - 21(FY)2020	21(FY)2035
(2)	Navy - 17(FY)1804	17(FY)1810
(3)	Air Force - 57(FY)3400	57(FY)3080
(4)	Marine Corps - 17(FY)1106	17(FY)1109

B. At the end of the fiscal year, estimate the amount of each state's entitlement and transfer that amount from **F3875 to deposit account **X6875, "Suspense." After the states' entitlements are computed (see subparagraph 160201.A, above, and paragraph 160208, below), adjust the estimate to record applicable refunds to **F3875 or additional transfers to **X6875. Make payments to the states from **X6875. After the states have been paid and appropriation accounts reimbursed, transfer any remaining balance in **F3875 to 21*5285, "Department of Defense, Forest Products Program, Army."

C. On December 31 of each year, the Deputy Under Secretary of Defense (Environmental Security), Office of the Under Secretary of Defense for Acquisition, Technology and Logistics (OUSD(AT&L)) (or designee) shall review the balance in 21X5285 and direct the transfer of any amount in excess of $4 million to U.S. Treasury account **3210, "General Fund Proprietary Receipts, Defense Military, Not Otherwise Classified."

160205. Compute Entitlements

Compute entitlements to each state in accordance with 10 U.S.C. 2665(e). Determine these entitlements based on a separate calculation for each military installation or facility from which forest products were sold in that fiscal year.

A. Maintain records for each military installation or facility concerned in order to effect sales proceeds and reimbursable program obligations by fiscal year. If a military installation or facility is located in more than one state, make payments to each state involved in a manner proportional to the area of the installation or facility situated in each state. If an installation or facility is located in more than one county within a state, a description of the areas (acres) of the installation or facility situated in each county may accompany that state's entitlement.

B. Disburse states' entitlements within 90 days after the end of the fiscal year. These payments shall be made by electronic funds transfer.

160206. Distribute Net Proceeds

As directed by the USD(AT&L) or designee, in coordination with the Office of the Under Secretary of Defense (Comptroller) (OUSD(C)), distribute net proceeds among the Military Services to meet the overall funding requirements of the DoD forestry program.

160207. Chapter Provisions

These OUSD(C) provisions govern the recording of sales revenue, program obligations, entitlement payments to states, and all other accounting for this program.

160208. Coordinating and Reporting Requirements

Figure 16-2 contains USD(AT&L) coordinating and reporting requirements. The Forest Products Sales Program report has been assigned Report Control Symbol DD-A&T(Q&A)1649. See subparagraph 160302.A, below, and figures 16-3, 16-4 and 16.5

1603 RESPONSIBILITIES

160301. The USD(AT&L) or Designee Shall:

A. Issue and monitor policy on forest management of DoD lands in accordance with DoD Directive 4700.4, "Natural Resources Management Program."

B. Advise the Military Services of potential downward adjustments in funding for the program during the year if timely receipt of anticipated proceeds becomes doubtful.

160302. The Secretaries of the Military Departments shall:

A. Prepare annual forestry program budgets for the coming fiscal year that include anticipated sales revenue, program obligations, states' entitlements, unfinanced requirements, and transfers. See Figure 16-2, below "Coordination and Reporting Requirements" for due date and other reporting information.

B. Ensure that all proposed obligations are related directly to the economical production and sale of forest products, consistent with DoD Directive 4700.4.

C. Ensure that no unplanned program obligations are incurred simply to "use up" proceeds.

D. Adjust the program downward during the year by reducing planned obligations if actual proceeds do not materialize at anticipated levels and sufficient funding cannot be obtained from the reserve account.

E. Ensure that all program obligations are accumulated in DoD appropriation accounts and that reimbursements and distributions to States and the use of funds from the DoD Reserve Account conform to paragraph 160203, above.

F. Comply with requirements stated in paragraph 160205, above.

G. Coordinate approved budgets with the USD(AT&L) or designee to assist in planning and trade-off analysis and to ensure effective and efficient functioning of the overall DoD program.

H. Review the cumulative total obligations incurred, estimated program obligations, cumulative revenue, and realistic estimates of future revenue to determine whether DoD forests remain capable of economic production.

I. Identify to the DoD Executive Agent (see subparagraph 160303.A, below) the official who is authorized to transfer surplus funds (see Figure 16-1) and accept reserve funds.

160303. The Secretary of the Army shall:

A. Act as DoD Executive Agent to monitor and coordinate financial management of the DoD forest products program.

B. Coordinate the transfers of surplus and reserve funds.

C. Maintain the DoD Reserve Account (21*5285) and make transfers in accordance with the instructions from the USD(AT&L) or designee. (Replace asterisk with fiscal year designator.)

Exhibit 16-1 DEFINITIONS

1. Forest Products. Those items produced from a forest such as sawtimber, veneer logs, poles, piles, posts, pulpwood, pine straw, stumpwood, bark, and other mulch, cones, seeds, mistletoe, firewood, and wood chips.

2. Net Proceeds. The amount received by the United States during a fiscal year (FY) as proceeds from the sale of forest products produced on a military installation or facility, minus the amount reimbursed to the Department of Defense, under 10 U.S.C. 2665, for program costs incurred by that installation or facility. Program costs include obligations for current operating expenses and for the purchase of capital equipment required to operate the program.

3. Reserve Funds. A reserve account authorized under 10 U.S.C. 2665 and administered by the Department of Defense. The amount is held in the U.S. Treasury Special Fund Account 21*5285, Department of Defense, Forest Products Program, Army. (Replace asterisk with fiscal year designate.)

4. Surplus Funds. The amount expected to be available during the year within the Department of Defense after providing for the reimbursements under this Instruction. These funds represent the amounts to be transferred to the DoD Reserve Funds Account.

Exhibit 16-2 COORDINATION AND REPORTING REQUIREMENTS
Annual Coordination of DoD Forest Products Program

1. Purpose. To coordinate forestry obligations and revenues of the Military Services to ensure that overall DoD revenue is sufficient to reimburse all authorized obligations for the production and sale of forest products.

2. Authority. Title 10, United States Code (U.S.C.), section 2665

3. Schedule

a. December 15. Each Military Service disburses funds to the various states. Each disbursement shall be accompanied by identification of the generating installation(s) and amount generated by each installation.

b. December 30. Each Military Service deposits funds from the F3875 clearing account to the DoD Reserve Account (21*5285). (Replace asterisk with fiscal year designation.)

c. January 2. Each Military Service transmits the "Actual Revenue and Obligations Report" to the Executive Agent (EA) and the Office of the Deputy Under Secretary of Defense (Environmental Security) (OUSD(AT&L)). See Figure 16-3.

d. February 15. Each Military Service transmits to the EA and the USD(AT&L) a report of cumulative program revenue and obligations through December 31 of the current fiscal year and any planned changes. See Figure 16-4.

e. May 15. Each Military Service transmits to the EA and the USD(AT&L) a report of cumulative program revenue and obligations through March 31 of the current fiscal year and any planned changes. See Figure 16-4.

f. August 15. Each Military Service transmits to the EA and the USD(AT&L) a report of cumulative revenue and obligations through June 30 of the current fiscal year and any planned changes. See Figure 16-4.

g. September 1. Each Military Service transmits to the EA and the USD(AT&L) its planned forest products revenue and expenses, by appropriation, for the coming fiscal year. See Figure 16-5. This plan shall reflect no deficit in the program; however, a description of unfinanced needs may accompany the plan.

Figure 16-2

Exhibit 16-3 Sample Report RCS: DD-A&T(Q&A) 1649

ACTUAL REVENUE AND OBLIGATIONS
RCS: DD-A&T(Q&A)1649

(Due January 2)
For FY _____

Military Service _____

		(Other) Procurement	O&M	Total
I.	PROGRAM RESERVE AND OBLIGATIONS			
A.	Revenue (actual deposits to F3875 account)			$
B.	Distributions (from F3875 account)	$	$	($)
C	Reimbursable Obligations	($)	($)	
D.	Unobligated Balance Remaining and Returned to F3875	$	$	$
E.	Subtotal			$
F.	States' Entitlements (note 1)			($)
G.	Transfer to Reserve Account			($)
H.	Total			$ -0-
II.	UTILIZATION OF RESERVE FUND			
A.	Transfer In	$	$	
B.	Obligations (note 2)	$	$	
C.	Unobligated Balances Returned to Reserve Fund	$	$	$

NOTES:

1. Furnish by installation, state, and amount.

2. Briefly describe the forestry projects and/or activities funded from reserve funds.

Exhibit 16-4 Sample Report RCS: DD-A&T(Q&A) 1649

QUARTERLY FOREST PRODUCTS PROGRAM
RCS: DD-A&T(Q&A)1649

(Due February 15, May 15, August 15)

Military Service _____

Date _____

FY _____

A. Planned Revenue this Fiscal Year (FY)	$ _____
B. Planned Obligations this FY	$ _____
C. Cumulative Actual Revenue this FY	$ _____
D. Cumulative Actual Obligations this FY	$ _____
E. Net Proceeds this FY (Item C minus Item D)	$ _____
F. Current Estimate of States Entitlements this FY	$ _____
G. Current Unfinanced Needs for this FY (describe below)	$ _____

Exhibit 16-5 Sample Report RCS: DD-A&T(Q&A) 1649

ANNUAL FOREST PRODUCTS PROGRAM BUDGET
RCS: DD-A&T(Q&A)1649

(Due September 1)
For FY _____

Military Service _____

	(Other) Procurement	O&M	Total
A. Planned FY Revenue		$_____	
B. Planned FY Distribution	$_____	$_____	$_____
C. Planned FY Obligations	$_____	$_____	$_____
D. Planned Net (note)		$_____	
E. Planned Payments to States		$_____	
F. Unfinanced Needs (describe below)	$_____	$_____	$_____

NOTE: Total of item A. minus total of item C
.

ARMY ANNEX

ARMY POLICIES AND PROCEDURES FOR PRODUCTION AND SALE OF FOREST PRODUCTS

A. The Reimbursable Forestry Program

1. General. This chapter and annex prescribes the policies and procedures for budgeting, accounting and reporting of proceeds and obligations associated with the production and sale of forest products at Army installations or facilities (see Title 10, United States Code (U.S.C.), section 2665). Determine eligibility for participation within this program using the provisions of Army Regulation (AR) 200-3. The objectives of the Army's reimbursable forestry program are to support mission operations, support conservation compliance, and execute natural resources stewardship.

2. Responsibilities. Headquarters, Department of the Army (HQDA), through the Office of the Director of Environmental Programs (ODEP) along with the United States (U.S.) Army Environmental Center (USAEC), major Army commands (MACOMs), and Army installations, is responsible for the execution of the Army's reimbursable forestry program. The ODEP, as the program manager, in coordination with other Army Staff (ARSTAF) offices, shall monitor all proceeds received and recommend targets for reimbursable authority to the Director of Environmental Programs (DEP).

3. Budgeting. Include authority to execute reimbursable work on the Funding Authorization Document (FAD). Automatic reimbursable authority may be used for operation and maintenance, minor construction, purchase of forestry equipment, and other obligations directly related to the reimbursable forestry program. The ODEP shall annually determine targets for the MACOMs' forest products reimbursable authority based on the anticipated proceeds, obligations, and states' entitlements. Issue these targets to the MACOMs separately memorandum from the ODEP.

4. Proceeds. Deposit proceeds from the sale of forest products into General Fund Budget Clearing Account, 21F3875.3960. Report proceeds on the Accelerated Reporting of Receipt and Outlay (Expenditure) Data-Statement of Accountability Report (RCS CSCFA-302A). This includes proceeds from forest products disposed of by the Defense Reutilization and Marketing Service. Forest products include, but are not limited to, veneer logs, timber, pine straw, stumpwood, bark, mulch, cones, seeds, mistletoe, firewood, Christmas trees, sawlogs, chips, poles, piles, posts, and pulpwood. The products can be dead and down or designated standing timber. When forest products are removed from Army lands by any means other than a commercial sale (for example, generating energy on the installation), a dollar amount equal to the fair market value shall be deposited in the Army Forestry Account by the proponent of the activity removing the forest products. The only exception is that forest products may be removed or used directly to assist the military mission without payment. Deposit advances from contractors as unearned revenue in the same account as the unfilled orders to which the advance

applies. Monthly, each activity's accounting office shall transfer current month earnings from the unearned revenue to the deposit fund account.

5. Expenses. Program expenses incurred by HQDA, installations or facilities and the District Engineer Offices shall be related directly to the integrated management, production and sale of forest products, and associated program management costs for personnel at all levels (i.e., installation, MACOM, district, division, field operating activity (FOA), ARSTAF and auxiliary staff) whose primary duties are to administer the forestry reimbursable program. Program expenses shall be categorized according to the functions listed below.

a. Forestry Equipment. Include purchase, over the Capital Expenditure Limit (currently $100,000) only, of forestry equipment (for example, vehicles, or heavy equipment) used exclusively in reimbursable forest management.

b. Forest Fire Protection. Include the protection of forests on land in forestry reimbursable programs. Include equipment costing less than the Capital Expenditure Limit.

c. Forest Management. Include reimbursable forest management functions. Include supervision, planning, programming, and conducting field surveys and inventories, training, and attending professional meetings. Include improvements of existing forest stands, whether they are planted, seeded, or natural, including natural resources projects in direct support of the reimbursable forestry program. This includes controlling undesirable vegetative growth, prescribed burning, precommercial thinning, and pruning. Include the protection of reimbursable forests from insect, disease, animal, flood, and erosion damage. Include the sale and preparation for sale of forest products. Include appraising, cruising, marking, scaling, preparing sales contracts, escorting prospective bidders, advertising, sales administration, and contract compliance inspections. Include equipment costing less than the Capital Expenditure Limit.

d. Forest Access Roads. Include construction, repair, and maintenance of reimbursable forest access roads and trails. Include the repair of other roads resulting from the production and harvest operations. Include equipment costing less than the Capital Expenditure Limit.

e. Reforestation. Include natural or artificial regeneration, including planting, purchasing of seeds or seedlings, and preparing sites. Include equipment costing less than the Capital Expenditure Limit.

f. Forestry Support. Include Phase I archaeological surveys, threatened and endangered species surveys, and military mission coordination efforts driven only by forestry activities (for example, planting and harvesting).

6. Reporting and Review

a. Report proceeds on the RCS CSCFA-302 report. ("Report obligations incurred as automatic reimbursable obligations on the RCS CSCFA-218 (Status of Approved Resources Report"). Report obligations incurred for items of equipment purchased with

procurement appropriation funds on the RCS CSCFA-112 ("Status of Reimbursements Report"). See Volume 6 of this Regulation for reporting instructions.

b. Report reimbursements earned on the RCS CSCFA-112 report as "Transferred for Collection" in the "Reimbursement Collected-Automatic" column. Identify the amounts transferred by detail reimbursement source code. Identify the amount of reimbursements "Transferred for Collection" as a separate footnote on the RCS CSCFA-112 report. Report reimbursements for items of equipment financed with procurement funds on the RCS CSCFA-112 report. Bill and collect according to procedures outlined in Chapter 12 of this volume. See Volume 6A or 6B of this Regulation for reporting instructions

c. HQDA, MACOMs, installations, district engineering offices, Defense Finance and Accounting Service (DFAS) sites, and Field Accounting Offices (FAOs) shall submit quarterly analysis of actual proceeds and obligations to become part of the RCS CSCFA-218 report. The U.S. Army Corps of Engineers (USACE) districts shall report proceeds and obligations separated by installation to the DFAS-Indianapolis (Sustaining Forces).

d. The DFAS-Indianapolis (Sustaining Forces) shall provide a quarterly Consolidated Analysis of Department of the Army (DA) Forest Products, based on USACE and installation input, to USAEC within 30 days after the end of each quarter. The USAEC, the MACOMs, and the USACE jointly shall review the Army's commercial forestry program utilizing this report. The USAEC shall maintain a 7-year historical data record of annual proceeds and obligations.

e. Within 90 days after the conclusion of each fiscal year, the DFAS-Indianapolis (Sustaining Forces) shall compute the concluding fiscal year's unfilled forestry orders (transferring excess to or removing required funds from that fiscal year's Lumber/Timber account 21F3875.3960), compute and provide 40 percent of the net proceeds per installation to the appropriate States, and deposit the remaining net proceeds into the Forest and Wildlife Conservation, Military Reservations Account (21R5285, DFAS-Indianapolis Manual 37-100-FY). Before issuing states' entitlements, the DFAS-Indianapolis (Sustaining Forces) shall confirm figures with the USAEC. States' entitlements and transfers to 21R5285 shall not be made until monies are set aside, if necessary, to cover unfilled forestry orders.

f. States entitlements shall be issued to state treasurers with sufficient explanation to include reason for the issuance, itemization by installations and counties, and the DFAS point of contact (POC) phone number(s). A copy of this information shall be furnished to the USAEC.

g. The USACE determines and updates, as required, the total acreage by county and state for all Army installations or facilities participating in the DoD Forest Products Program. The USACE provides this data to the DFAS-Indianapolis (Sustaining Forces). The DFAS shall update its files for determining states' entitlements. Acreage by county is the total acreage of the installation or facility, not just the acreage applicable to the forest products program.

B. The Forestry Reserve Account

1. General. The Forest and Wildlife Conservation, Military Reservations Account (The Forestry Reserve Account (21X5285)) is sustained with the calendar year end transfers from each of the Services' Forestry Program Deposit Fund accounts (**F3875).

2. Responsibilities. The Army is the DoD executive agent for this account. Balances in this account shall be used in accordance with paragraph 160203 of this chapter.

3. Project Approval Process. The project approval, funding and accounting processes for forestry reserve account projects at Army installations or facilities are outlined below.

a. Annually, the ODEP shall request the MACOMs, based on installation input, to submit proposed projects to the Commander, USAEC, ATTN: SFIM-AEC-EQN, Aberdeen Proving Grounds, MD 21010-5401. The USAEC shall consolidate the proposals and provide them to ODEP. In coordination with other concerned ARSTAF offices and the Office of the Deputy Assistant Secretary of the Army, Environmental Safety and Occupational Health (ODASA-ESOH), the ODEP initially shall rank the proposals and submit them to the Assistant Chief of Staff for Installation Management for consideration and official submittal to the DASA-ESOH. The DASA-ESOH forwards Army's official submittal to the Department of Defense for funding.

b. The DFAS-Indianapolis (Sustaining Forces) shall transfer the total approved Army projects from 21X5285 when the Deputy Under Secretary of Defense (Environmental Security) approval memorandum and appropriate accounting classification are received from USAEC.

c. Based on the approved project list, the USAEC shall prepare a Military Interdepartmental Purchase Request (MIPR) (DD Form 448) citing Economy Act orders and forward a copy to the requesting/performing activity.

d. The requesting/performing activity shall accept the MIPR and forward signed copies to the USAEC.

e. Any remaining funds, after completion of the project, shall be returned to the USAEC. At no time shall the performing activity incur expenses in excess of the accepted MIPR.

4. Fund Transfers from 21X5285. The DFAS-Indianapolis (Sustaining Forces) shall transfer funds for approved Army projects from this account to USAEC using a "no check drawn" SF 1080. The DFAS-Indianapolis (Sustaining Forces) shall handle the transaction as a reverse collection.

a. Funds for approved projects at other DoD agencies shall be transferred by the DFAS-Indianapolis (Sustaining Forces) via an On-Line Payment and Collection (OPAC) transaction.

b. Collection and disbursement of funds from this account are limited to the DFAS-Indianapolis (Sustaining Forces).

5. Calendar-Year End

a. The DFAS shall deposit unobligated balances exceeding $4 million on December 31 to a U.S. Treasury General Fund Miscellaneous Receipts Account in accordance with subparagraph 160203 of this chapter.

b. Deposits to the account of proceeds from the preceding fiscal year shall not be made until after January 1 to allow sufficient time to manage new deposits efficiently.

c. The DFAS-Indianapolis (Sustaining Forces) shall report to the USAEC on the activity and balance of this account within 30 days after the end of each quarter.

C. Equipment Purchases

1. General. Equipment purchased shall be for commercial forest management use when purchased with forestry automatic reimbursable authority and for natural resources uses when purchased with DoD Forestry Reserve Account or Agricultural/Grazing automatic reimbursable authority. (See Volume 12, Chapter 14.) Equipment purchases shall be coordinated fully with the organization equipment manager or equivalent.

2. Equipment Acquisition Process. Each purchase of equipment shall begin with an internal review of contract/buy/lease options, funding availability, and the potential for use of multipurpose equipment. The reimbursable authority is intended only to supplement routine procurement sources. Programmed equipment authority, such as Other Procurement, Army (OPA), shall be used for equipment. If the internal review justifies the need to purchase new equipment, then the general procedures outlined below shall be utilized.

a. The installation shall assure authority exists in the Table of Distribution and Allowances (TDA) or Common Table of Allowance (CTA).

b. The installation shall determine whether the equipment to be purchased is centrally managed by the Tank and Automotive Command (TACOM). The installation Property Book Officer (PBO) can make this determination by checking the equipment Line Item Number (LIN) against the Supply Bulletin 700-20. If the equipment is not centrally managed and is less than the Capital Expenditure Limit, then the equipment may be purchased locally or through the GSA schedule.

c. If the equipment is centrally managed, then the TACOM shall conduct the purchase unless a waiver for local procurement is granted.

d. If the estimated cost of the equipment is greater than the capital expenditure limit, centrally managed or not, do not use OMA (Agricultural/Grazing, Forestry, or Forestry Reserve Account). The TACOM shall use equipment purchase authority, reimbursing OPA. The purchase may be finalized at the TACOM, or the authority may be returned to the installation for a local procurement with a local procurement waiver.

VOLUME 11A, CHAPTER 17: "OFFSETTING RECEIPTS"

SUMMARY OF MAJOR CHANGES

All changes are denoted by blue font.

Substantive revisions are denoted by an * symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by ***bold, italic, blue and underlined font*.**

The previous version dated March 1997 is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
Page 17-2	Add a Table of Contents.	Add
1702	Replace paragraph previously titled 1702 GENERAL with 1703 DEFINITIONS to expand definitions of offsetting receipts.	Incorporate
170201.A	Add subparagraph to clarify distributed and undistributed.	Update
170201.B	Incorporate Federal Account Symbols and Titles (FAST) Book for ease of referencing list of receipt accounts.	Add
170201.E	Add new language to identify the four types of undistributed receipts deducted from budget totals.	Update
170302	Insert chart on Budget Classification of Offsetting Receipts.	Add
170401.G	Add reference to Volume 6A guidance on the Report on Budget Execution and Budgetary Resources SF133.	Update
170405.A	Change Volume 3 Chapter 9 to read Volume 3 Chapter 15.	Correction
170501	Rename reference from Volume 2 Budget Formulation to Volume 2A and Volume 2B Budget Formulation and Presentation.	Update
Multiple	Truncate paragraph numbers throughout to accommodate new paragraphs.	Update
Multiple	Establish hyperlink references throughout the chapter.	Add

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CHAPTER 17

OFFSETTING RECEIPTS

1701 OVERVIEW

*170101. GENERAL

This chapter prescribes standard procedures for accounting and reporting offsetting receipts throughout the Department of Defense (DoD).

*1702 DEFINITIONS

170201. Offsetting Receipts

Offsetting receipts are collections within the Department of Defense that result from proprietary or business like transactions (such as rents, sales of services and products, patent fees, sale of property, etc.) and from Intragovernmental transactions such as deposits between Federal and trust funds or payments within the same fund group.

A. Offsetting receipts are recorded as offsets to gross outlays and may be distributed or undistributed. Distributed offsetting receipts offset outlays of DoD as the agency that conducts the activity generating the receipts. Undistributed offsetting receipts offset government wide outlays.

B. Offsetting receipts are credited to general fund, special fund, or trust fund receipt accounts and offset gross outlays. Standard receipt accounts are prescribed by the Department of the Treasury in its ***Federal Account Symbols and Titles (FAST) Book***. Offsetting receipts are deposited with the Department of the Treasury Financial Management Service (FMS) using receipt accounts symbols and reported monthly on the FMS Form 1220, "Statement of Transactions According to Appropriations, Funds and Receipt Accounts" as prescribed in Volume 6A Chapter 3.

C. Offsetting receipts are deducted from budget authority and outlays at agency (Component) levels. Actual offsetting receipts are reported on the Statement of Budgetary Resources and in budget submissions by DoD Components as described in Volume 6B Chapter 7.

D. Receipts collected by DoD Components shall be classified according to (1) the source of the receipt, (2) the authority for the collection and the nature of the transaction, and (3) whether the receipt offsets agency (Component) or government-wide totals. Receipts also are classified into fund groups in accordance with the ***Treasury FAST Book*** (i.e., general funds (0000-3799); clearing accounts (3800-3899); special funds (5000-5999); and trust funds (8000-8999)). In this section of the FAST Book, distributed offsetting receipts, as described in the Office of Management and Budget ***(OMB) Circular No. A-136*** "Financial Reporting Requirements" are identified with the check √ symbol before the account title.

* E. Most offsetting receipts are offset (deducted) against the function that contains the outlays which give rise to the receipts, i.e., the function of the account collecting the money. In such cases, these offsetting receipts are deducted at the agency and sub-functional level before reaching functional budget authority or outlay totals, and are referred to as *"distributed"* to the functions. However, there are several categories of offsetting receipts that cannot be offset properly against any specific function. These collections are deducted at government-wide totals and are referred to as *"undistributed offsetting receipts."* Such receipts are either intrabudgetary (a payment from one Federal agency to another, such as agency payments to the retirement trust funds) or proprietary (a payment from the public for some type of business transaction with the government). There are four (4) types of receipts that are deducted from budget totals as undistributed offsetting receipts:

1. Agency payments (including payments by off-budget Federal entities) as employers into employees' retirement funds;

2. Interest received by trust funds;

3. Rents and royalties on the Outer Continental Shelf lands; and

4. Other interest such as that collected on Outer Continental Shelf money in deposit funds when such money is transferred into the budget.

*1703 GENERAL STANDARDS

*170301. Contents

Contents of this chapter shall be used in addition to the accounting principles, standards, and procedures established in the chapters that follow.

A. Volume 4 - Accounting Policy and Procedures

1. Chapter 2 "Accounting for Cash and Fund Balance with Treasury"

2. Chapter 16 "Revenues and Other Financial Sources, Expense, Gains and Losses"

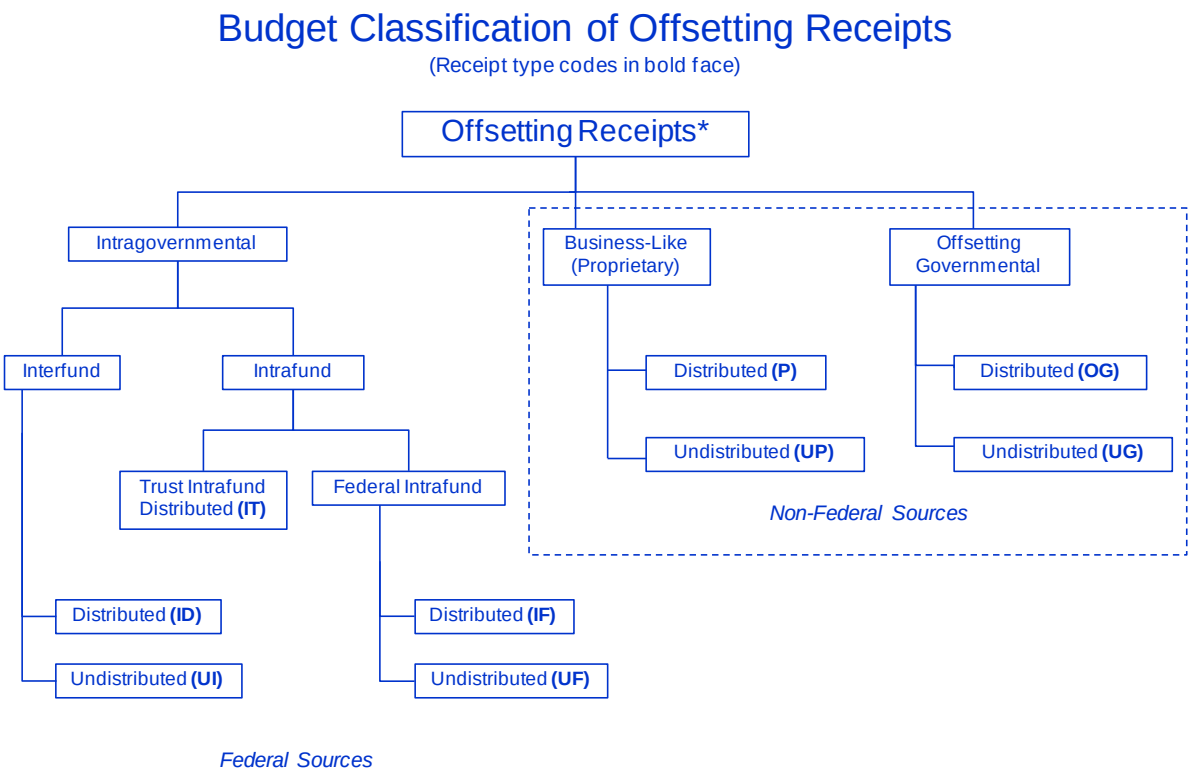
3. Chapter 19 "Managerial Cost Accounting"

B. Volume 6A – Reporting Policy and Procedures: Chapter 4 "Appropriation and Fund Status Reports"

C. Volume 12 - Special Accounts Policy and Procedures: Chapter 1 "Funds"

*170302. Budgeting Standards

Budgeting standards for offsetting receipts are prescribed by the Office of Management and Budget ***(OMB) Circular No. A-11***, Preparation, Submission, and Execution of the Budget.



Preparation of budget justification requirements are also prescribed in Volume 2B Chapter 11, "Budget Formulation and Presentation." OMB adopted a single format to present like information in the ***SF 132, SF-133, and Schedule P***. The realignment employs three common data sections—Budgetary Resources; Change in Obligated Balance; and Budget Authority and Outlays, Net. The SF-133, Schedule P and Statement of Budgetary Resources will use all three of the sections, and the SF 132 will use the common Budgetary Resources.

*1704 ACCOUNTING AND REPORTING STANDARDS FOR OFFSETTING RECEIPTS

*170401. Offsetting Receipts

Offsetting receipts within the Department are collections from the public that result from business-like transactions such as sales of property, rental fees or sales of services. These miscellaneous proprietary receipts are recorded using receipt account symbols prescribed by the ***Treasury FAST Book***. Offsetting receipt account symbols normally used within the Department are:

A. Account 1435. General fund proprietary interest, not otherwise classified. This account shall be used only for Defense civil functions. Account 1435 shall not be used for Defense military functions. Deposits of interest on loans, investments, and other equities shall be deposited in account 3210 to ensure that the Department receives credit for the offsetting receipt.

B. Account 1840. Proprietary receipts for rent of equipment and other personal property. This account shall be used exclusively by the Military Departments. Defense Agencies shall deposit rent receipts into Account 3210.

C. Account 2462. Proprietary receipts for survivor annuity benefits. This account shall be used exclusively by the Military Departments. Defense Agencies shall deposit receipts into Account 3210.

D. Account 2641. Proprietary receipts for the sale of ordinance material within the Department. All DoD Components may use this account.

E. Account 2651. Proprietary receipts for the sale of scrap and salvage materials within the Department. All DoD Components may use this account, but the Military Services must cite 97 2651.

F. Account 3019. Proprietary receipts for recoveries for government property lost or damaged, not otherwise classified. This account shall be used exclusively by the Military Departments. Defense Agencies shall deposit such recoveries into Account 3210.

* G. Account 3041. Proprietary receipts for recoveries under the Foreign Military Sales Program. This account shall be used by all DoD Components. Receipts in this account shall be sub-categorized and reported to the Office of the Under Secretary of Defense, Comptroller (OUSD(C)) on the SF-133, in accordance with the guidance contained in Volume 6A Chapter 4. The sub-categories are:

1. Nonrecurring Research, Development, Test and Evaluation (RDT&E) and production costs.

2. Sale of principal and/or major items from stock that do not require replacement.

3. Sale of excess stock fund and procurement of secondary items from stock.

4. Charges for unfunded civilian retirement costs.

H. Account 3210. General fund proprietary receipts, not otherwise classified. The Military Departments shall use this account for proprietary receipts not otherwise classified (as cited above). Defense Agencies shall use this account for proprietary receipts not allowed to be reported as indicated in subparagraphs 170501.A through G. Receipts in this account shall be maintained and reported for budget purposes in sub-categories as follows:

1. Freedom of Information Act charges.

2. Sales of surplus real property (excluding Account 2621).

3. Sales of materials, equipment, and other personal property (excluding Account 2641).

4. Interest on loans.

5. Repayment of loans.

6. Royalties on patents, trademarks, and copyrights.

7. Rent of real property.

8. Rent of equipment and other personal property (excluding Account 1840).

9. Sale of power and utilities.

10. For Defense Agencies:

a. Sale of publications and reproductions, not otherwise classified (similar to Account 2259).

b. Fees and other charges for communications and transportation services, not otherwise classified (similar to Account 2429).

c. Proceeds from sale of equipment and other personal property, not otherwise classified.

d. Recoveries for government property, lost or damaged, not otherwise classified (similar to Account 3019).

*170402. Budget Clearing Account (Suspense)

Offsetting receipts that are not readily classified into established categories shall be temporarily accounted for in the Budget Clearing Account (suspense), F3875. All efforts shall be made to identify and clear out suspense accounts and record these receipts properly into the applicable categories listed above within 60 calendar days as discussed in Volume 5 Chapter 11 and Volume 5 Chapter 24.

*170403. Depositing Offsetting Receipts

All offsetting receipts shall be recorded immediately upon receipt and deposited with the Department of the Treasury as soon as practicable. Any delays in borrowing or deposit preclude

use of the funds by the Treasury Department to benefit the U.S. Government through the avoidance of interest expense.

*170404. Reporting Offsetting Receipts

Offsetting receipt amounts reported by DoD Components shall agree with the collections credited to receipt accounts maintained by the Department of the Treasury. Those DoD Components that prepare consolidated reports shall obtain the required information from applicable organizations and assure that the amounts reported are in agreement with balances reflected by the Department of the Treasury.

A. FMS Form 1220. Actual offsetting receipts shall be reported on a monthly basis on FMS Form 1220 , "Statement of Transactions According to Appropriations, Funds and *Receipt Accounts" (SOT) consistent with requirements of the OUSD(C) Program/Budget (P/B),* Program and Financial Control (P&FC) Directorate as prescribed in Volume 6A Chapter 3.

B. SF-133 Report. Do not submit SF133 reports for receipt accounts (including clearing accounts and suspense accounts) unless required by OMB. Distributed offsetting receipts credited to Components shall be included in the SBR. Undistributed offsetting receipts credited to the government-wide outlay totals should not be included in the SBR. In November 2010, OMB adopted a single format to present like information in the SF 132, SF-133, and Schedule P. The realignment employs three common data sections - Budgetary Resources; Change in Obligated Balance; and Budget Authority and Outlays, Net. The ***single format SF-133, Schedule P and SBR*** will use all three of the sections. Procedures on monthly budget execution reporting are prescribed in Volume 6A Chapter 4, "Reporting Policy and Procedures." These reports shall be submitted on a monthly basis to the Director for OUSD(C) (P/B). Specific requirements are prescribed in Volume 6A Chapter 4. Offsetting receipt amounts reported on these reports shall equal the amounts deposited with the U.S. Treasury.

1. A separate SF-133 report for each group of offsetting receipt accounts shall be submitted as part of the basic appropriation report. Separate SF-133 reports are required for Federal funds and trust funds under each of the functional groups: "Military Functions," "Civil Functions" and "Military Assistance."

2. Separate SF-133 reports are required within any of the foregoing groups in the event that the receipts consist of more than one of the following categories:

a. Proprietary receipts from the public (P).

b. Interfund receipts (ID).

c. Federal intrafund receipts (IF) including those receipts in Budget Clearing Account (suspense), **F3885.

*170405. Proprietary and Budgetary General Ledgers

Offsetting receipts shall be recorded in the proprietary and budgetary general ledgers.

*A. Volume 3 "Budget Execution," Chapter 15 and Volume 4 "Accounting Policy and Procedures" Chapters 2, 16, and 19 prescribe the general ledger accounts to be used in recording offsetting receipts.

B. Source documents for the general ledger entries include cash collection vouchers, sales slip, rental receipts, and journal vouchers.

*1705 USE OF ACCOUNTING DATA FOR BUDGET SUBMISSIONS

*170501. Budgeting Requirements

Budgeting requirements are established by ***OMB Circular No. A-11*** and Volume 2A and Volume 2B, "Budget Formulation and Presentation."

*170502. Receipt Accounts

Offsetting receipts deposited in receipt accounts are deducted as offsets to outlays and against budget authority at sub-function and agency levels. For instance, sub-function 051, "Department of Defense, Military," is the level at which proprietary receipts from the public are deducted from the Department's budget authority and outlays in arriving at total DoD Federal Funds in the budget.

*170503. Accuracy and Timeliness

The accuracy and timeliness of recording and reporting offsetting receipts are critical in the budget preparation process. Actual receipts for the prior year are reported in the budget submissions and are used as the basis for projecting estimates for the budget outyears.

*REFERENCES

(a) Office of Management and Budget Circular No. A-11 – Preparation, Submission, and Execution of the Budget

(b) Office of Management and Budget Circular No. A-136 – Financial Reporting Requirements

(c) Treasury Federal Account Symbols and Titles Book I

(d) Treasury Federal Account Symbols and Titles Book II

VOLUME 11A, CHAPTER 18: "NON-ECONOMY ACT ORDERS"

SUMMARY OF MAJOR CHANGES

All changes are denoted by blue font.

Substantive revisions are denoted by an * symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by ***bold, italic, blue and underlined font*.**

The previous version dated August 2008 is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
Page 18-2	Add page numbers for primary paragraphs at the 4-digit level.	Update
180101	Reference statute 31 U.S.C. 1535 for Economy Act.	Add
180203F	Modify and italicize text to add emphasis on quoted text required on funding documents for severable services.	Update
180203G	Modify and italicize text to add emphasis on quoted text required on funding documents for goods.	Update
180208	Insert language to emphasize that Non-Economy Act reimbursable orders are subject to obligational standards used for Economy Act reimbursable orders	Add
180302B	DoD organizations placing orders with a non-DoD agency may use fiscal year appropriations for requirements for non-severable services under the limits set forth in 10 U.S.C. 2410(a).	Update
Figure 2	Change the word "Contract (POC)" to "Contact (POC)"	Correction
Multiple	Establish hyperlinks throughout.	Update

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CHAPTER 18

NON-ECONOMY ACT ORDERS

1801 GENERAL

*180101. Purpose

This chapter prescribes policies and procedures applicable to transactions where goods or services are procured from Non-Department of Defense (DoD) agencies under statutory authorities other than the Economy Act, ***Title 31, United States Code, section 1535***. Chapter 1 shall be referenced for overall guidance and discussion of general reimbursement procedures and supporting documentation.

180102. Overview

Non-Economy Act orders are for intra-governmental support, where a DoD activity needing goods and services (requesting DoD agency/customer) obtains them from a Non-DoD agency (assisting/servicing agency/performer). Specific statutory authority is required to place an order with a Non-DoD agency for goods or services, and to pay the associated cost. If specific statutory authority does not exist, the default will be the Economy Act which is discussed in Volume 11A Chapter 3. The more commonly used non-Economy Act authorities include, but are not limited to:

A. Acquisition Services Fund. The Acquisition Service Fund was established by the ***General Service Administration Modernization Act*** that merged the General Supply Fund and the Information Technology Fund to carry out functions related to the uses of the Acquisition Services Fund including any functions previously carried out by the Federal Supply Service and the Federal Technology Service managed by the General Service Administration.

*B. Franchise Funds. Franchise Funds were first established by the ***Government Management Reform Act of 1994*** to provide common administrative support services on a competitive and fee basis. Franchise fund programs originated within the Environmental Protection Agency, Department of Commerce, Department of Veterans Affairs, Department of Health and Human Services, Department of Interior, and Department of the Treasury.

1802 INITIATING A NON-ECONOMY ACT ORDER

180201. Simplified Acquisition Threshold

Non-Economy Act orders in excess of the simplified acquisition threshold shall comply with ***Federal Acquisition Regulation (FAR) Part 7***, "Acquisition Planning," and DoD Components' procedures for the "Proper Use of Non-DoD Contracts." Use of the "Non-Economy Act Acquisition Package Checklist" at Figure 1 and the list of "Requesting Official

Responsibilities" at Figure 2 will assist in ensuring that statute, policy, and regulation are complied with under non-Economy Act orders.

*180202. Justification

Non-Economy Act orders may be placed with a non-DoD agency for goods or services if:

A. Proper funds are available;

B. The order does not conflict with another agency's designated responsibilities (e.g., real property lease agreements with GSA);

C. The requesting agency or unit determines the order is in the best interest of the Department; and

D. The performing agency is able and authorized to provide the ordered goods or services.

180203. Order

Non-Economy Act orders for work and services outside the DoD should be executed by issuance of a ***DD Form 448***, "Military Interdepartmental Purchase Request (MIPR)" and accepted using ***DD Form 448-2***, "Acceptance of MIPR." If an alternative execution document is used, it must provide information consistent with the MIPR to include the purchase request number and the DoD Activity Address Code (DODAAC). A non-Economy Act order shall comply with the documentation standards in Volume 11A Chapter 1, and supported with the items identified in Figure 1. Non-Economy Act orders must include:

A. A firm, clear, specific, and complete description of the goods or services ordered. The use of generic descriptions is not acceptable;

B. Specific performance or delivery requirements;

C. A proper fund citation;

D. Payment terms and conditions (*e.g.*, direct cite or reimbursement, and specific appropriation or law authorizing advanced payments);

E. A specific non-Economy Act statutory authority citation such as those referenced in paragraph 180102;

* F. The following statement on funding documents for severable services: "These funds are available for severable service requirements crossing fiscal years for a period not to exceed one year, where the period of any resultant contract for services commences this fiscal year. All funds not placed on contract this fiscal year shall be returned promptly to the

ordering activity, but no later than one year after the acceptance of the order or upon completion of the order, which ever is earlier.";

* G. The following statement on funding documents for goods or non-severable services: "I certify that the goods or non-severable services to be acquired under this agreement are necessary expense of the appropriation charged, and represent a bona fide need of the fiscal year in which these funds are obligated."; and

H. DoD Activity Address Code (DODAAC).

180204. Best Interest Determination

Each requirement must be evaluated in accordance with DoD Components' procedures to ensure that non-Economy Act orders are in the best interest of DoD. Factors to consider include:

A. Satisfying customer requirements;

B. Schedule, performance, and delivery requirements;

C. Cost effectiveness, taking into account the discounts and fees; and

D. Contract administration, to include oversight.

180205. Specific, Definite and Certain

For non-Economy Act orders in excess of the simplified acquisition threshold, the requesting official must provide:

A. Evidence of market research and acquisition planning;

B. A statement of work that is specific, definite, and certain both as to the work encompassed by the order and the terms of the order itself; and

C. Unique terms, conditions, and requirements to comply with applicable DoD-unique statues, regulations, directives, and other requirements.

180206. Contracting Officer Review

All non-Economy Act orders greater than $500,000 shall be reviewed by a DoD warranted contracting officer prior to sending the order to the funds certifier or issuing the MIPR to the Non-DoD activity. In addition to the review by the contracting officer, the requesting official shall further review the acquisition package to ensure compliance with the FAR Part 7, and the DoD Component's procedures.

180207. Certification of Funds.

Non-Economy Act orders are subject to the same fiscal limitations that are contained within the appropriation from which they are funded. Because the performing entity may not be aware of all the appropriation limitations, the DoD certifying official must certify that the funds cited on the order are available, meet time limitations, and are for the purpose designated by the appropriation.

*180208. Bona Fide Need

The bona-fide needs rule ***Title 31, United States Code, section 1502*** provides that an appropriation or fund limited for obligation to a definite period is available only for payment of expenses properly incurred during the period of availability or to complete contracts properly made within that period of availability. Non-Economy Act reimbursable orders of DoD Components for supplies, material, services or equipment placed with non-DoD agencies are subject to policies that, in practical effect, make them subject to obligational standards used for Economy Act reimbursable orders. Non-Economy Act orders citing an annual or multiyear appropriation must serve a bona fide need arising, or existing, in the fiscal year (or years) for which the appropriation is available for new obligations. Otherwise, a valid obligation is not accomplished. An interagency agreement may not be used in the last days of the fiscal year solely to prevent funds from expiring or to keep them available for a requirement arising in the following fiscal year. Bona fide need generally is a determination of the requesting activity and not that of the servicing activity. A servicing activity can, however, refuse to accept a non-Economy Act order if it is obvious that the order does not serve a need existing in the fiscal year for which the appropriation is available.

180209. Payment Procedures

Payment shall be made promptly upon the written request (or billing) of the performing agency. The payment due date shall not be more than 30 calendar days from the date of the invoice. Unless the DoD Component is specifically authorized by law, legislative action or Presidential authorization, funds are not to be advanced to non-DoD federal entities, or be used to pay for advance billings without the receipt of goods or services. Volume 4 Chapter 5 covers the conditions and requirements related to advances and prepayments. For those few exceptions where DoD is specifically authorized by a specific appropriation or law to advance funds, the specific appropriation or law authorizing the advance must be cited on the obligating and/or interagency agreement documents and orders, and any unused amounts of the advance shall be collected from the performing agency immediately and returned to the fund from which originally made.

*A. The requesting official must be fully aware of the non-DoD federal agency's billing practices and methods. The official must also take appropriate action to ensure DoD funds are not disbursed in advance of contract performance. Additionally, Components must work with their servicing disbursement sites to ensure trading partner agreements restrict other federal agencies' ability to withdraw funds prior to the delivery of goods or performance of services. .

B. Payments made for services rendered or goods furnished may be credited to the appropriation or fund of the agency performing the reimbursable work.

1803 FISCAL POLICY

180301. Obligation

The provisions of 31 U.S.C. 1501 govern the recording of the obligation. An amount shall be recorded as an obligation only when supported by documentary evidence of an order required by law to be placed with an agency or upon meeting all the following criteria:

A. Binding agreement (funding vehicle) between an agency and another person (including an agency);

B. Agreement is in writing;

C. For a purpose authorized by law;

D. Serves a bona fide need arising, or existing, in the fiscal year or years for which the appropriation is available for obligation;

E. Executed before the end of the period of availability for new obligation of the appropriation or fund used; and

F. Provides for specific goods to be delivered, real property to be bought or leased, or specific services to be supplied.

*180302. Deobligation

Funding under non-Economy Act orders shall be deobligated as outlined below.

A. Goods. Funds provided to a performing agency for ordered goods where the funds period of availability thereafter has expired shall be deobligated and returned by the performing agency unless the request for goods was made during the period of availability of the funds and the item(s) could not be delivered within the funds period of availability because of delivery, production or manufacturing lead time, or unforeseen delays that are out of the control and not previously contemplated by the contracting parties at the time of contracting.

1. Where materials cannot be obtained in the same fiscal year in which they are needed and contracted for, provisions for delivery in the subsequent fiscal year do not violate the bona fide need rule as long as the time intervening between contracting and delivery is not excessive and the procurement is not for standard commercial off the shelf (COTS) items readily available from other sources.

2. The delivery of goods may not be specified to occur in the year subsequent to funds availability unless delivery meets the exceptions cited above and a justifiable bona fide need exists in the year funds are available for obligation.

* B. Severable Services. An agreement for severable services that are continuing and recurring in nature and provide the Department a benefit each time the service is performed (e.g., maintenance and repair services, scientific, engineering, and technical services) is based on statutory authority other than the Economy Act. Title 10, United States Code, ***section 2410a*** permits the performance of severable services to begin in one fiscal year and end in the next provided the period of performance does not exceed one year. A non-DoD federal agency may rely on this authority to fill a DoD order funded with fiscal year appropriations to issue a contract for severable services that crosses fiscal years as long as the contract period commences during the period of availability of the DoD customer appropriation. Obligating funds for placing a non-Economy act order with a non-DoD federal agency, where the resultant fixed-length severable services contract awarded by the non-DoD federal agency will exceed the 1-year limit set forth in 10 U.S.C. §2410(a), or which is not to commence until a subsequent fiscal year, may result in an Anti-Deficiency violation under Title 31, United States Code, ***section 1341*.**

1. The performance of severable services must begin during funds period of availability and may not exceed one year.

2. Annual appropriations provided to a performing agency that have expired shall be deobligated unless the performance of the services requested began during the funds period of availability and the period of performance does not exceed one year.

3. The annual appropriation from the earlier fiscal year may be used to fund the entire cost of the one-year period of performance; however, annual appropriations may not be used to enter into a severable services agreement where the period of performance for services requested is entirely in the following fiscal year.

* 4. In no instance may the period of performance extend beyond September 30 of the subsequent year for services funded with annual appropriations.

C. Non-Severable Services. Non-severable services contracts must be funded entirely with appropriations available for new obligations at the time the contract is awarded, and the period of performance may extend across fiscal years. Funds provided to a performing agency that become excess shall be deobligated as identified.

D. Excess or Expired Funds. Activities shall reconcile all obligations and remaining funds available for orders. The purpose of this reconciliation is to ensure the proper use of funds and to identify and coordinate the return of expired or excess funds. Excess or expired funds must be returned by the performing agency and deobligated by the requesting agency to the extent that the performing agency or unit filling the order has not (1) provided the goods or services (or incurred actual expenses in providing the goods or services), or (2) entered into a contract with another entity to provide the requested goods or services. Expired funds shall not be available for new obligations.

180303. Prohibitions

Non-Economy Act orders may not be used to violate provisions of law, nor may they be used to circumvent conditions and limitations imposed on the use of funds to include extending the period of availability of the cited funds.

1804 NON-ECONOMY ACT ORDER FOLLOW-UP PROCEDURES

180401. Non-Economy Act Order Oversight

The requesting official must establish quality surveillance plans, for non-Economy Act orders in excess of the simplified acquisition threshold, and ensure execution that would facilitate the oversight of the goods provided or services performed by the performing agency. The plans should include:

A. Contract administration oversight in accordance with the surveillance plan;

B. Processes for receipt and review of receiving reports and invoices from the performing agency;

C. Reconciliation of receiving reports and invoices; and

D. Requirements for documenting acceptance of the goods received or services performed.

180402. Monitor Fund Status

The requesting official must monitor fund status to:

A. Monitor balances with the performing agency;

B. Conduct triannual reviews of non-Economy Act orders in accordance with the Financial Management Regulation, Volume 3, Chapter 8, Section 0804, "Triannual Reviews of Commitments and Obligations" and include a specific attestation on the triannual review certification that all existing interagency agreements are consistent with DoD policy;

C. Confirm open balances with the performing agency;

D. Coordinate the return of funds from the Non-DoD performing agency in accordance with paragraph 180302 above; and

E. Coordinate with the accounting office to ensure timely deobligation of funds.

180403. Non-Economy Act Order Close-Out

All non-Economy Act orders shall be reviewed by the requesting official to determine if they are complete. Completed orders shall be fiscally closed out. The requesting official shall reconcile funds and coordinate the return of excess or expired funds held by the performing agency. As part of this review, the requesting official will:

A. Identify and determine if there are outstanding invoices;

B. Identify and determine the existence of excess or expired funds;

C. Coordinate the return of funds from the non-DoD performing agency in accordance with paragraph 180302 above; and

D. Coordinate with the accounting office to ensure the deobligation of funds.

Figure 1: NON-ECONOMY ACT ACQUISITION PACKAGE CHECKLIST

A. Documented evidence of market research and acquisition planning performed.

B. Package includes a specific, definite, and concise statement of work documenting a bona fide need in the fiscal year that the funds are available for new obligations.

C. Package includes specific performance and/or delivery requirements.

D. Package identifies the statutory authority permitting the performing agency to support the DoD Component for the goods/services required.

E. Package includes the purchase request number and the DoD Activity Address Code (DODAAC).

F. Package includes written justification for the Non Economy Act order in accordance with DFARS Part 217.78 and the DoD Components' procedures.

G. Package documents review of fees/surcharges/contract administration/discounts to ensure the cost is reasonable and consistent with task to be accomplished by performing agency.

H. Package includes specific statutory authority authorizing advance payment or billing.

I. Package documents evidence that DoD competition requirements were followed in accordance with DFARS.

J. Order identifies DoD unique terms & conditions to the performing agency.

K. Order identifies unique reporting requirements not otherwise specified to the performing agency.

Figure 2: * REQUESTING OFFICIAL RESPONSIBILITIES

A. Market Research

B. Acquisition Planning

C. Independent Government Cost Estimate (IGCE)

D. Statement of Work (SOW) to include evaluation criteria.

E. Ensure receipt and compliance of MIPR acceptance.

F. Assist in Technical Evaluation.

G. Quality Assurance Plan
1. Contracting Officer Representative (COR), Contracting Officer Technical Representative (COTR) (Receiving Reports/Invoices - Inspection & Acceptance)
2. Contract Data Requirements List (CDRL) Procedural/Required Reports/Deliverables Report/Contract Performance
3. Property/Equipment Management
4. Perform Contract Oversight

H. Funds Management/Record Keeping
1. Draw Down
2. Contract Reconciliation
3. Initiate Deobligation
4. Oversight of Billing/Reporting

* I. Update all Points of Contact (POCs) as necessary throughout acquisition.