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Financial Management

BUDGET MANAGEMENT FOR OPERATIONS

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This instruction outlines and establishes responsibilities for the 45th Space Wing (45 SW) Resource Management System. It provides a framework of policies and procedures upon which the 45 SW formulates and executes operating budgets in accordance with AFI 65-601 Volume 2, *Budget Management for Operations*. It applies to all 45 SW activities responsible for the formulation, justification, review, and execution of operating budgets. It does not apply to tenant-financed budgets.

SUMMARY OF REVISIONS

This revision implements the 45th Space Wing AFI 65-601; Volume 2. It establishes the membership of the 45th Space Wing Financial Working Group (FWG) (paragraph **3.1.1.**); and the Financial Management Board (FMB) (paragraph **3.2.1.**). FWG/FMB membership is based on the resource management structure in **Attachment 1**, **Attachment 2** and **Attachment 3** are updated to reflect current program element and element of expense codes. All references to Financial Advisor (FA) are replaced by Resource Advisor. The term Resource Advisor is no longer to be used to describe Cost Center Managers (CCM) or Job Order Managers (JOM). The term Job Order Monitor is replaced with Job Order Manager. Changes 45 CPTS/FMA from recorder to Advisor. Requests Resource Advisor appointment in writing; and clarifies the voting membership of the FWG (paragraph **1.12.**). Office designations are updated within the FWG and FMB membership. 45 LG/LGP is added as a voting member of the FWG and FMB. Paragraph **3.3.** Resource Management System (RMS) Training is added. A bar (|) indicates material that has changed from the previous edition.

1. Terms Explained.

1.1. Operating Budget Authority (OBA). The approved annual financing issued to 45SW by HQ AFSPC.

1.2. Financial Plan (FP). An operating plan which includes expenses and changes in working capital for 45 SW programs financed by the 57-3400 (Operations and Maintenance (O&M) appropriation. This plan is activated by HQ AFSPC, who issues a single Operating Budget Authority document. This document provides authority to incur expenses and obligations to support all Budget Activity Codes (BACs) and Program Elements (PEs) active under the 45 SW management and financed by the O&M appropriation.

1.3. Direct Budget Authority (DBA). Such funding pertains to an installation's obligations and expenses for operating facilities, purchasing materials, and so forth, of unit missions and for which reimbursement is not received.

1.4. Reimbursable Budget Authority (RBA). Authority allowed an installation to incur expenses for goods or services on behalf of customers. When services are rendered, the reimbursement is earned and funds are collected from the customer.

1.5. Total Obligation Authority (TOA). The combined total of Direct and Reimbursable funding authority located at an installation for a given fiscal year.

1.6. Budget Activity Code (BAC). The broadest and most basic structural accounting elements used in the Resource Management System (RMS). There are four BACs currently used in the USAF. Each BAC is a broad aggregation of smaller or specific elements that either complement each other or are closely related. Reprogramming annual funds between BACs at Wing level is not authorized. BACs used by 45 SW are shown at [Attachment 2](#).

1.7. Program Elements (PEs). A combination of personnel, equipment, and facilities which constitutes an identifiable military capability or support activity. Program Elements used by 45SW are shown in [Attachment 2](#).

1.8. DoD and Air Force Element of Expense/Investment Codes (EEICs). Codes designed for the DOD and USAF financial management system to identify the nature of services and items acquired for immediate consumption (expenses) or capitalization (investments). (See [Attachment 3](#) for listing of selected EEICs.)

1.9. Responsibility Center (RC). An organization headed by a single person, Responsibility Center Manager (RCM) to whom financial management responsibility and legal accountability are assigned and who exercises a significant degree of control over resources acquired and consumed. At 45 SW this is the Wing Commander, Group Commanders and the Civil Engineer. This level is designated by the first two digits in the RC/CC. Subordinate to RCs are commanders of organizations, or chiefs of staff agencies, and are identified by the first four digits of the RC/CC code. Third level RCs are subordinate to second level RCs, and are identified by the third and fourth digits of the RC/CC code. All RCs are composed of one or more cost centers.

1.10. Cost Center (CC). A level of management in the organization usually equivalent to the working level and identified by the 5th digit of the RC/CC code. CCs are always subordinate to a RC who is subordinate to the RCM.

1.11. Cost Account (CA). A level of management in the organization representing the lowest level to which expenses are accumulated in the general accounting system. A CA is identified by the 6th digit of the RC/CC code. CAs are always subordinate to the CC identified by the fifth digit of their RC/CC code.

1.12. Resource Advisors (RAs). Individuals appointed by RCM's to manage the financial resources and lead in the preparation, revision, and execution of their operating budgets. RAs usually are full time appointments at the RC Level. Not an additional duty to the Cost Center or Job Order Manager positions. Resource Advisors at the Group/Staff agency level are appointed in writing by the Group Commander. RAs are the primary point of contact for budget, finance, and costing matters for their responsibility center. Deputy Commanders are the designated voting members of the FWG. However, RAs may be appointed as the voting member of the FWG, at the discretion of the RCM. In accordance with AFI 65-601, RAs are responsible for training alternate RAs and their Vice Commander, Cost Center Managers (CCMs) and Job Order Managers (JOMs) on the Resource Management System in compliance with AFI 65-601.

1.13. Cost Center Managers (CCM). The CC is the basic production organization in the chain of command. The CC Manager manages on a day-to-day basis the consumption of work hours, supplies, equipment, and services. Advises the RC Resource Advisor in allocating resources within their CC to ensure mission accomplishment.

1.14. Automated Reports. Monthly or as required financial reports produced by the Executive Financial Information System (EFIS) and BQ Select system reflect EEIC charges against specific RCs and CCs. These reports are primarily used by RC Managers and their Resource Advisors.

1.15. Commitment. A commitment is a specific amount of currently available funds reserved for specific obligations. It is based on firm requisitions, purchase requests, directives requiring actual procurement actions, or other authorized written evidence which indicate intention to incur obligations and which authorize the creation of an obligation without further action by the official responsible for certifying availability of funds.

1.16. Obligation. An obligation is support recordable with documentary evidence that reduces available funds by:

1.16.1. A binding written agreement between the parties involved for:

1.16.1.1. Specific goods to be delivered.

1.16.1.2. Real property to be purchased or leased.

1.16.1.3. Work or services to be performed.

1.16.2. A valid loan agreement showing amount of loan and terms of repayment.

1.16.3. An order required by law to be placed with a government agency.

1.16.4. A document evidencing any other legal liability of the U.S. against an appropriation or fund legally available.

1.17. Undelivered Orders Outstanding (UOO). An UOO is the value of a contract held in suspense until the related resource is received and the costs are charged to a customer. Normally, undelivered orders are recorded only in the contractual services area; however, they may exist in other areas.

1.18. Unfunded Requirements. A priority listing of valid priority requirements that are not funded at either the Wing or Group (RCM) level. These will be submitted to the Wing Financial Management Board as required or bi-annually to HQ AFSPC in the Budget Execution Reviews (BER).

2. Budget Formulation - Policy and Procedures. The budget formulation process primarily involves preparing a Financial Plan (FP) during Nov-Feb to build an executable budget for the next fiscal year and to identify unfunded requirements if required.

2.1. The Financial Analysis Section 45 CPTS/FMA, prepares a letter providing guidance for submission of the specific fund requirements by the RCMs. This includes specific details that include suspense dates, special schedules or exhibits, and general information for handling unfunded amounts.

2.2. RAs determine total funded and unfunded requirements for the RCM. CCMs provide financial support to the Resource Advisor and Deputy Commander and JOMS. These requirements are reviewed, approved, and signed by the RCMs or their Deputy and forwarded to 45 SW/FMA. The submission will include:

2.2.1. A consolidated summary by EEIC of total fund requirements.

2.2.2. A narrative justification of all fund requirements. This will include, as applicable, overall objectives, program authority and necessity of the requirement; assumptions and administrative policies; mission and activity changes and their effect on the Operating Budget; price changes and rates; status of inventories; basis of computing requirements; and other data required to adequately support fund requirements. In addition, a concise statement will be included outlining mission impact if the funds are not approved as requested.

2.2.3. Applicable schedules or exhibits (examples or guidance will be provided by 45 CPTS/FMA).

2.3. Budget Execution Review (BER). HQ AFSPC/FM issues a "call" for a Budget Execution Review. Specific dates are determined by Command depending on the timing of the overall budget review process among Department of Defense (DOD), Office of Management and Budget (OMB), Congressional committees and sub-committees, and assessments of economic conditions by the Congressional staff and the President's advisors, and so forth.

3. Resource Management System. The 45 CPTS/FMA Resource Management System will be administered primarily by the following:

3.1. Financial Working Group (FWG).

3.1.1. Consists of the Financial Analysis Officer as the Chairperson and incumbents of the following positions:

45CPTS/FMA	Chairperson
45CPTS/FMAB	Recorder
45SW/XP	Member
45LG/CD/LGP/CCB	Members
45SPTG/CD/CCB	Members
45CES/CD/CER	Members
45OG/CD/CCB	Members

JP/Deputy Director/CCM	Member
45MDG/CD	Member
45CONS/CD	Advisor
SquadronCCs	Advisor
45SW/JA	Advisor
45SW/SE	Advisor
45SPTG/Det1	Advisor

3.1.2. Meets at the call of the chairperson, but at least quarterly.

3.1.3. Encourages other organizational representatives, or tenants, to attend meetings as appropriate. Tenants of the 45 Space Wing are not members of the FWG. Requests for information go to the supporting JOM or appropriate Group Resource Advisor. Tenants may be invited to participate in the FWG on certain occasions when it is deemed appropriate to decision making.

3.1.4. Reviews and validates requirements submitted by 45 SW activities during the preparation and revision of the BER and Financial Plan.

3.1.5. Reviews and validates the distribution of annual OBAs to RCM levels.

3.1.6. Identifies programs that can be deferred, reduced, eliminated, or moved to the unfunded portion of the Operating Budget when new or increased requirements for funds create a need for reprogramming actions.

3.1.7. Evaluates and recommends priority of unfunded requirements for FMB approval. Unresolved FWG issues will be addressed to a special committee chaired by the Vice commander with RCMs as members. This will be accomplished before the FMB.

3.1.8. Recommends budgets and budget distribution revisions to the Financial Management Board (FMB).

3.1.9. Recommends changes to financial policy.

3.2. Financial Management Board (FMB).

3.2.1. Consists of 45th Space Wing Commander as Chairperson, and incumbents of the following Responsibility Center Manager positions:

45SW/CC	Chairperson
45SW/CV	Member
45OG/CC	Member
45SPTG/CC	Member
45CES/CE	Member
45MDG/CC	Member
45LG/CC	Member

45LG/CC/LGP	Member
JP/Director	Member
45SW/JA	Advisor
45CPTS/CC(FM)	Advisor
45SW/SE	Advisor
45CONS/CC	Advisor
Resource Advisors	Advisors
45CPTS/FMA	Advisor
45CPTS/FMAB	Recorder

3.2.2. Meets at the call of the chairperson, but at least quarterly.

3.2.3. Reviews and takes action on recommendations make by the FWG to ensure that funding requirements are valid, that they represent a balanced program, and that all known or anticipated program requirements have been considered in accordance with appropriate budget laws and directives.

3.2.4. Establishes local financial policy.

3.3. Resource Management System (RMS) Training.

3.3.1. In accordance with AFI 65-601, 45 CPTS/FM is responsible to provide and account for RMS training to Group Commanders and their Resource Advisors, with the training open to CCM's and JOM's.

4. Budget Execution - Policy and Procedures.

4.1. General. The Financial Analysis Officer, 45 CPTS/FMA, will administer overall Wing approved operating budgets to ensure effective management of financial resources and to ensure the accomplishment of missions within approved programs, priorities, and budgeted amounts. The Financial Analysis office is responsible for overall management of the financial process and assists the RCMs in their management of RCM level program funds. The Financial Analysis Officer will provide the FMB with periodic progress reports on the status of these objectives.

4.2. Distribution of Approved Operating Budgets.

4.2.1. Upon receipt of the HQ AFSPC approved Operating Budget, the Financial Analysis Section (45 CPTS/FMA) will prepare a proposed distribution by RCM of annual targets for presentation to the FWG.

4.2.2. The FWG will assess the 45 CPTS/FMA proposal; update it to conform to known changes in mission, funding policies, priorities, requirements, and so forth; and present a recommended, balanced program to the FMB for approval.

4.2.3. Upon approval of the FMB, the RAs provide their RCMs initial redistribution to 45 CPTS/FMAB within each PEC. 45 CPTS/FMAB will ensure that these approved programs are provided to the accounting system for "loading" into the appropriate computer systems in accordance with AFM 177-370, *USAF Standard Base-Level General Accounting and Finance System*.

4.2.4. Under normal circumstances, operating budget targets and limitations will not be distributed below the four-digit RC level.

4.3. Reprogramming of Approved Operating Budget Amounts.

4.3.1. HQ AFSPC/FM imposes O&M direct funding limitations and reprogramming authority, which must be passed on to the RCMs. These are:

4.3.1.1. Total expense and obligation requirements consist of direct and reimbursable targets. 45 CPTS/FMA controls reimbursable targets. Reimbursements earned in excess of programmed amounts supports increase direct fund availability to the 45 SW. All program amounts are locked into a fixed, total approved program, minus unearned reimbursements. RAs can justify adjustments to reimbursable targets as appropriate. Requests are sent to 45 CPTS/FMAB. Upon 45 CPTS/FMAB concurrence, reimbursable targets will be adjusted.

4.3.1.2. Within the Direct Operating Budget, the amounts for each Budget Activity Code (BAC) constitute limitations that cannot be exceeded or reprogrammed without HQ AFSPC approval.

4.3.1.3. The Direct Operating Budget and each of the subsidiary BACs are issued on a cumulative quarterly and annual basis. The annual programs can only be changed with HQ AFSPC approval. Quarterly funds may be reprogrammed between BACs without HQ AFSPC approval.

4.3.1.4. Specific limitations that may be imposed by higher headquarters.

4.3.1.5. Within each BAC, and other than the exceptions noted above, 45 SW/CC has complete flexibility to reprogram between PEs/EEICs.

4.3.2. Local reprogramming authorities and procedures:

4.3.2.1. The following basic principles are prescribed:

4.3.2.1.1. RC Resource Advisors may request redistribution, within their RCM, of amounts provided to specific EEICs and Program Element Codes (PEC).

4.3.2.1.2. Reprogramming actions between Responsibility Center Managers (RCMs) or major RCs/PEs may be accomplished with approval of the Financial Analysis Officer (45SW/FMA) and the RCM Resource Advisors involved.

4.3.2.2. The effects of revised reimbursable requirements upon the organizations' fund targets must be considered and addressed in the Advisor deficit and surplus briefings to the Financial Working Group. Adjustments to RA fund targets will be accomplished to the extent possible from existing DBA/RBA funds.

4.3.2.2.1. Although the Operating Budget is essentially an expense based management System, obligations are also controlled under Section 1341, 1342, and 1517 of Title 31 (3U.S.C. 665), and DFAS-DER 7200-1, *Administrative Control of Appropriations*. The difference between amounts expensed during an accounting period and the amount obligated in the same period is shown as undelivered orders outstanding (UOO). Each RC Resource Advisor must consider the total expenses and obligated amounts reflected in various financial reports when assessing the status of the financial program. Target amounts must cover both expense and or obligations. The latter is a statutory limitation.

4.3.2.2.2. UOO amounts normally apply only to contractual agreements. Usually, contracts less than \$1,000 will be expensed at the time of obligation, while others will be expensed at a monthly rate dependent upon the term of the contract, and so forth. Specific guidance is contained in DFAS-DER 177-102, *Commercial Transactions at Base Level (PA)*. This process will be accomplished by DFAS/DAO-DE. Both the Financial Resource Advisors and 45 CPTS/FMA must monitor accounting and management reports and note deviations in programmed versus actual expensed amounts.

4.4. Responsibility Center Manager (RCM). The RCM is responsible for:

- 4.4.1. Reviewing resource requirements of subordinate units.
- 4.4.2. Integrating requirements into a RC operating budget.
- 4.4.3. Justifying requirements before the FMB and the 45 SW/CC.
- 4.4.4. Determining the proper distribution of the organizational approved operating budget.
- 4.4.5. Analyzing the plans and performance of each subordinate CC quarterly. This analysis identifies imbalances in resource distribution and ensures resource consumption contributes effectively to mission accomplishment. During this review, causes of overages and shortages are identified. Alternative actions are discussed and decisions made to bring programs into line with previous forecasts.
- 4.4.6. Notifying 45 CPTS/FMA, in writing, when incumbents of Resource Advisor positions are changed in order for 45 CPTS/FMA to effect the Resource Management System (RMS) training as required in AFI 65-601.

4.5. Responsibility Center Resource Advisor (RA) Responsibilities. RAs are charged with managing and analyzing expenses applicable to their respective RC programs. They will:

- 4.5.1. Develop internal policies and procedures to obtain expense requirements from, distribute targets to, and control expenditures of, subordinate cost centers.
- 4.5.2. Notify subordinate cost center managers of their initial operating budget targets (quarterly and annually) and all changes to these targets as they occur.
- 4.5.3. Review the Comptroller Financial Information System (CFIS) and determine the overall status of each responsibility center's operating expense budget and manage/monitor expenses and obligations recorded against current operating budgets to ensure that approved targets are not exceeded.
- 4.5.4. Brief the status of the RC's approved program at FWG meetings and FMB meetings as required.
- 4.5.5. Develop budget requirement in formats required by the BER and Financial Plan calls issued by 45 CPTS/FMA.
- 4.5.6. Provide RMS training to all assigned Cost Center Managers as specified in AFI65-601.

4.6. Cost Center (CC) Manager. The CC Manager performs the following functions in the financial management system:

- 4.6.1. Serves as point of initial action in the building block process of Operating Budget development.

4.6.2. Develops resource requirements and justifications of inputs to the Operating Budget.

4.6.3. Manages resources consumed, work performed and products produced to provide the basis for resource alignments. CC Managers are expected to perform a positive, active role in the Resource Management System.

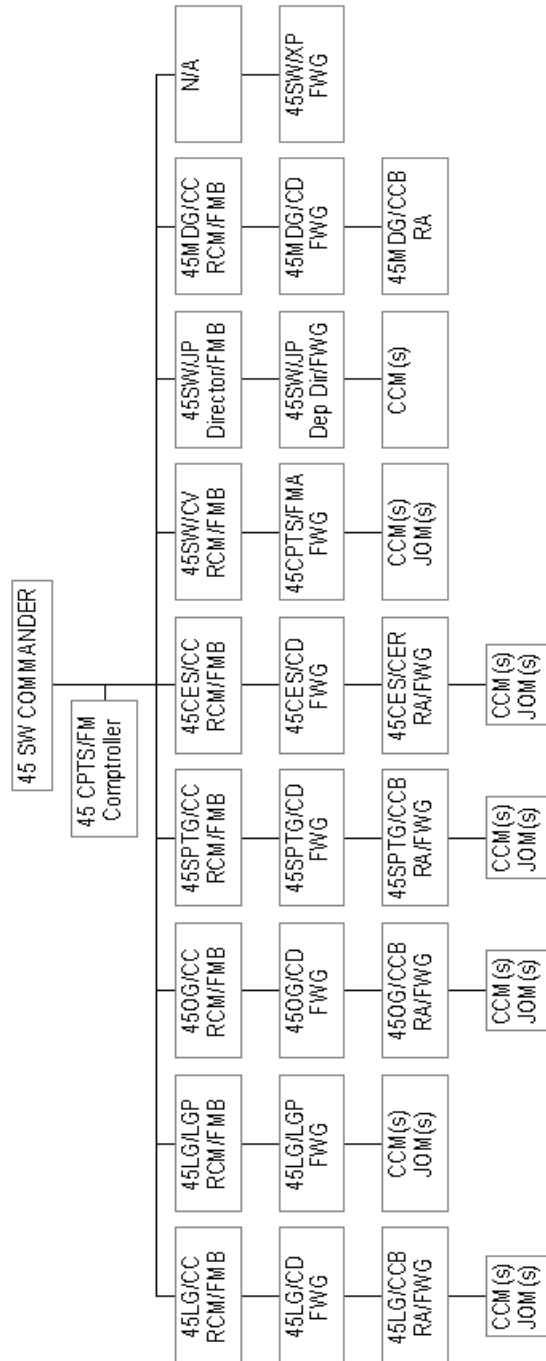
Ssameul R. Dick, Colonel, USAF
Vice Commander

Attachment 1

45 SW RESOURCE MANAGEMENT STRUCTURE

Figure A1.1. 45 SW Resource Management Structure.

45 SW RESOURCE MANAGEMENT STRUCTURE



NOTE: RAs serving as voting members on the FWG do so in lieu of Deputy Commanders.

Attachment 2**45 SW/FMA BUDGET ACTIVITY CODES (BAC) AND PROGRAM ELEMENT CODES (PECS)**

BAC 01	OPERATING FORCES
11213F	GUARDIAN CHALLENGE/TIGER
27588F	AIR BASE GROUND DEFENSE
27593F	CHEMICAL/BIOLOGICAL DEFENSE PROGRAM
28047F	ANTI-TERRORISM
31378F	FACILITIES SUSTAINMENT
31476F	RESTORATION & MODERNIZATION
33605F	MILSATCOM
35111F	WEATHER SERVICES
35114F	AIR TRAFFIC CONTROL
35119F	SPACEBOOSTER
35138F	INERTIAL UPPERSTAGE
35144F	TITAN
35182F	MISSION SUPPORT
35853F	ENVIRONMENTAL CONSERVATION (RCCC264497)
35854F	POLLUTION PREVENTION
35856F	ENVIRONMENTAL RESTORATION
35876F	MINOR CONSTRUCTION (RPM)-OTHER PROGRAM
35878F	MAINTENANCE & REPAIR
35879F	REAL PROPERTY SERVICES
35890F	AUDIO VISUAL ACTIVITIES
35893F	DEMOLITION/DISPOSAL
35895F	COMMUNICATIONS
35896F	BASE OPERATIONS SUPPORT
35914F	ENGINEERING & INSTALLATION SUPPORT
35919F	CHILD DEVELOPMENT CENTER
35920F	FAMILY SUPPORT CENTER
35953F	EVOLVED EXPENDABLE LAUNCH VEHICLES (EELV)
BAC03	TRAINING AND RECRUITING
84751F	PROFESSIONAL MILITARY EDUCATION

89732F OFF DUTY/VOLUNTARY EDUCATION PROGRAM

BAC04 FORCE MGT & SERVICEWIDE ACTIVITIES

33133F HIGH FREQUENCY RADIO SYSTEMS

35145F TREATY COMPLIANCE

78008F ENVIRONMENTAL RESTORATION

88716F OTHER PERSONNEL ACTIVITIES

88723F SUBSTANCE ABUSE

88789F DRUG ABUSE PREVENTION

91515F OTHER SUPPORT ACTIVITIES

Attachment 3

SELECTED ELEMENT OF EXPENSE/INVESTMENT CODES (EEICS)

DODEE	AFEEIC	TITLE
01	3XX	CIVILIAN PERSONNEL
02	409	AIR FORCE TDY EXPENSES
	421	CIVILIAN PCS EXPENSES
	43X	RENTAL OF PASSENGER VEHICLES
03	46XXX	TRANSPORTATION OF THINGS
05	471XX	LEASED SPACE
	473XX	RENTAL OF OTHER EQUIPMENT
	48XXX	UTILITIES
06	49XXX	COMMUNICATIONS
09	568	PURCHASED MAINT GOVT OWNED IT EQUIP
	569XX	PURCHASED MAINT OF OTHER EQUIPMENT
13	514	MOBILE EQUIPMENT RENTAL
	52XXX	FACILITY PROJECTS
	53XXX	CE SERVICES
	551XX	AIR FORCE PERSONNEL EDUCATION SERVICES
	553XX	EDUCATION SERVICES
	55431	CIV PAY OFFSET
	554R0	RANGE TECHNICAL SUPPORT CONTRACT (RTSC)
	554S0	SAFETY SUPPORT CONTRACT (SSC)
	554V0	VISUAL INFORMATION AND TECHNICAL CONTRACT (VITC)
	555J0	JOINT-BASE OPERATING SUPPORT CONTRACT (J-BOSC)
	555L0	LAUNCH OPERATIONS & SUPPORT CONTRACT (LO&SC)
	570	CONTRACTOR OPER
	582	CONTRACT IT SERVICES
	591XX	REIMBURSEMENT TO OTHER SERVICES
	592XX	MISC CONTRACT SERVICES
	597XX	REIMB COSTS INCURRED FOR WORK SUBLET TO OTHER
	598	MILITARY AWARDS
	59923	OVERHEAD COST ALLOCATION - OTHER
16	602-609	OTHER SUPPLIES

DODEE	AFEIC	TITLE
	619XX	OTHER SUPPLIES & MATERIALS, NON-SF
	641/642	GROUND FUELS/UTILITY FUEL (FUEL OIL)
	645	REPARABLE SUPPORT DIVISION (NON-FLYING) AFSF
	693	AV POL OTHER THAN FLYING REQUIREMENTS
17	624	MEDICAL, DENTAL DIV, AFSF, ISSUES/TURNINS
	627	IT PURCHASE DEFENSE BUSINESS OPERATING FUND
	628	GENERAL SUPPORT DIV, AFSF, ISSUES/TURNINS
	637XX	INFO PROCESS EQUIP NAFSF
18	672	CLAIMS – NON-CONTRACTUAL
	682XX	INTEREST PENALTY
	683XX	ENVIRONMENTAL PERMITS AND FEES