

## CHAPTER 16

### REVOLVING FUND ACCOUNTING FOR SHOP AND FACILITY SERVICES

16-1. Purpose. This chapter prescribes the accounting policy and procedures for the operation of Shop and Facility Services.

16-2. General.

a. This category of work items (RF30 thru RF59) is used to record the operation of shops and yards, laboratories, garages, motor pool, survey parties, automation, centralized support centers, and other such facilities. Expenses charged to these work items include labor, materials and supplies, depreciation, equipment usage, insurance, acquisition of non-accountable tools, etc. Establishing these work items provides a means for analysis of work load efficiency of operation and surplus or deficit of each individual facility.

b. Reimbursement Policies. Income derived from shop and facility activities should cover all costs incurred in operation of the activity. When predetermined rates for cost distribution of shop and facility activities are used, such rates are set to obtain a zero balance in each shop or facility account. Except in those instances, in which specific distribution methods are mandated for specific work items/series of work items elsewhere in this chapter, subordinate commands may use any of the methods listed below to distribute the cost of shop and facility services. However, once a distribution method for a shop or facility is selected, it must be uniformly applied to all customers. Subordinate commands may not vary distribution methods for the same shop or facility service to accommodate customer desires or the customer's ability/willingness to pay for the service based on the established distribution method.

(1) Direct Charge Method. The direct charge method provides for automatic cost distribution where the direct costs charged to a revolving fund facility are simultaneously charged to the ultimate charge (civil, military, or other revolving fund) work item. The indirect costs of the facility or functional work item are distributed on a predetermined rate applied to direct labor charges. In this case the job records are accumulated only in the work item ultimately charged.

(2) Standard Rate Method. The standard rate method is a

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procedure where all operating expenses of a plant/facility work item are distributed (charged) to projects or customers on a standard (predetermined) rate basis. It involves the establishment of work units (mileage, hours, days, etc.) and a standard unit rate. Upon input of data and application of that rate to the usage or units reported, the extended dollar amounts will recoup total expenses of the operating work item. Rates are determined on an estimated basis and require frequent reviews of usage data, rates, and account balances to insure a near zero or nominal balance by year end.

(3) Job Order Method. The job order method is a procedure whereby costs are simultaneously recorded in the appropriate facility work item on the F&A data base and charged to the specific job order account established on a subsidiary file. When the billing option is exercised, system transactions are automatically created to distribute unbilled amounts from the subsidiary file. The Revolving Fund records contain a separate job record of costs independent of the account ultimately charged.

(4) Actual Cost Method. The actual cost method is a procedure whereby the cost of a given type of service (printing, CEAP-IA, GSA furnished supplies, consolidated procurements, etc.) is distributed to specific projects, programs, organization work items, and/or shops and facilities based on the actual cost shown on a consolidated invoice. Under this method, the total amount of a consolidated invoice is initially paid out of a single work item. After the invoice is paid, costs are distributed to specific projects, programs, organizational elements, shops and facilities at the actual cost of the items/services received as evidenced by the invoice, billing detail files/documents, purchase requests or other supporting documentation.

(5) Other. In those instances in which costs cannot be economically and/or effectively distributed using one of standard methods discussed above, any distribution method which meets the normal accounting standards for reasonableness, fairness, equality and consistency may be used to distribute shop and facility services unless a specific method of distribution is specified elsewhere in this chapter. However, all locally devised distribution methods must be approved by the budget review board during the operating budget review/approval process.

16-3. Pro-forma Entries - Shop & Facility Services.

- a. Distribution to Other Revolving Fund Accounts - Joint Cost Credits (JCC)
  - DR: 6% Operating Expenses
  - CR: 6100.30 JCC Intra Fund Sales
- b. Sale to Civil Works
  - DR: 1011.00 Funds Collected (no-check transfer)
  - CR: 5200.22 Sales SVC - Civil Works
- c. Sale to Military Appropriations
  - DR: 1311.11 Accounts Receivable - Intra District\_Curr
  - CR: 5200.23 Sales SVC - Other Army
- d. Inventory (Cupboard Stock) Transfer - (end of period)
  - DR: 1511.00 Operating Materials and Supplies Held for Use
  - CR: 6121.00 Supplies and Materials
  - CEFMS transaction type ASX, accounting phase code T2M
- e. Reversal of Cupboard Stock Transfer - (beginning of subsequent period)
  - DR: 6121.00 Supplies and Materials
  - CR: 1511.00 Operating Materials and Supplies Held for Use
  - CEFMS transaction type ASX, accounting phase code T2N

16-4. General Ledger Accounts.

a. GLAC 3318.10 - Results from Operations. Operating balances (expense less income) are closed into this account at the end of each fiscal year.

b. GLAC 5000 Series - Revenues. Represents income from sales of goods or services performed in the Revolving Fund.

- GLAC 5100.10 Revenue from Goods Sold - Public
- GLAC 5100.21 Revenue from Goods Sold - Intra-  
Revolving Fund
- GLAC 5100.22 Revenue from Goods Sold - Civil Works
- GLAC 5100.23 Revenue from Goods Sold - Other Army
- GLAC 5100.30 Revenue from Goods Sold - Government -  
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GLAC 5200.10 Revenue from Services Provided - Public  
GLAC 5200.21 Revenue from Services Provided - Intra-  
Revolving Fund  
GLAC 5200.22 Revenue from Services Provided - Civil  
Works  
GLAC 5200.23 Revenue from Services Provided - Other Army  
GLAC 5200.30 Revenue from Services Provided - Government  
- Non-Army

c. GLAC 6000 Series - Operating Expenses. Reflects the operating expenses and joint cost credits.

16-5. Subsidiary Work Items. Subsidiary work items for shops and facilities will be maintained as follows.

a. RF30 - Reserved.

b. RF31 - CEAP-IA Operations. This work item is used by HQUSACE to record and distribute all direct and indirect operating costs of the Corps' central, integrated, computer infrastructure (CEAP-IA). It includes the cost of running the two processing centers, the costs of operating the CEAP-IA program management/program support office, and amortization of initial acquisition and implementation costs. CEAP operating costs generated at the processing centers are initially recorded in RF3102 and billed to RF3101. CEHEC does the accounting for the HQUSACE central account and records the processing centers' billings along with CEAP cost originating at HQUSACE and the CEHEC in RF3101XX and then transfers these expenses to the reimbursable account (RF8126) for billing to CEAP customers. CEAP customers initially record these bills in the RF3902 work item to facilitate rapid payment of the billings and then distribute the billed costs to the users as discussed in paragraph 16-5j.

c. RF32 - Visual Information (VI). This work item is used to record and distribute costs related to the use of sound and visual material or processes to communicate information. This function includes the supervision of photographic, motion picture, television, audio, compact disk technology, graphic art (still photography, satellite final products, and Desk Top publishing), VI library, VI instruction, VI consulting, and presentation. Costs are also recorded for graphic arts and audiovisual productions.

d. RF33 - Reserved.

e. RF34 - GSA Rents - USACE Finance Center (CEFC) only. This work item is used to record and distribute the cost of GSA rents paid centrally by CEFC on behalf of all USACE Commands. Collections from USACE commands for GSA rental payments made on their behalf by CEFC are credited to this account. USACE commands will initially record rent costs billed to them by CEFC in the RF3901 to facilitate rapid payment of the billing and then distribute the costs to the occupants of the space in accordance with the provisions of Chapter 6.

f. RF35 - O&M Flat Rate S&A Clearing - USACE Finance Center (CEFC)only. This work item consolidates and clears the MSC/District month-end balances of the O&M Flat Rate S&A (RF66) work items. Revenues derived from the Corps-wide applied O&M S&A rate that exceed expenses will result in a credit to this work item. Expenses that exceed income/revenue will result in a debit to this work item.

g. RF36 - Reserved.

h. RF37 - HQUSACE Value Engineering Study Team (OVEST) - Savannah District Only.

(1) This work item is used as the OVEST facility account. It will be used to record all operating costs (including distribution of mobilization costs) and income of OVEST operations. Each study to be performed by OVEST must be approved by the HQUSACE Value Engineering Officer (CEMP-ZV). The Corps entity requesting the study will submit a customer order citing the funded value engineering work item. After the customer order is accepted, an ENG Form 3013 (Work Order/Completion Report) for the study will be prepared by OVEST. Estimated costs which cannot be identified to specific studies are submitted to Savannah in the yearly budget and applied to direct labor charges through an indirect cost distribution rate.

(2) The Savannah District will accumulate all OVEST operating costs, including distribution of Savannah District G&A overhead by work order. Savannah District will bill each requesting office monthly (by work order). Upon completion, OVEST will prepare a completion ENG Form 3013 and advise the Savannah District F&A officer so a final bill may be issued.

i. RF38 - Reserved.

j. RF39 - Invoice Clearing.

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(1) This series of work items is used to record and distribute costs of services that support multiple users (organizational elements, plant, shop, facilities, projects, or programs). To facilitate rapid payment of invoices for these types of services, invoice costs (e.g., a GSA rent bill from the USACE Finance Center) is recorded in this work item and then distributed to users based on an approved method of distribution.

The method of distribution must meet the normal accounting standards for reasonableness, fairness, equality and consistency and must be approved by the budget review board during the operating budget review/approval process. Since these work items act as clearing accounts, all recorded costs must be distributed in the accounting period in which they are incurred and a zero balance must be achieved by the end of each reporting period.

(2) Standard invoice clearing work items will be established and maintained in accordance with the following list. Additional invoice clearing work items may only be established by HQUSACE. Requests for establishment of additional invoice clearing work items should be forwarded to HQUSACE (CERM-F) for consideration in advance of actual need.

RF3901	GSA Rent Payments
RF3902	CEAP-IA Payments
RF3903	Corporate Software Site Licenses
RF3904	ITS User Charges
RF3905	Mandated Payments to GSA
RF3906	IMPAC Card Payments
RF3907	Child Care Center Payments
RF3908	Fitness Center Payments
RF3909	Commuter Subsidy Payments
RF3910	Administrative Services Contract (e.g., Payments to CASU for temporary employment services)
RF3911	Defense Printing Service Payments
RF3912	Late Payment Interest Penalties
RF3913	Reserved
RF3914	Reserved

k. RF40 - Shops and Yards Operations. This work item is used to record and distribute all costs associated with shop and yard operations. A separate work item will be maintained for each shop and yard work order; additions and betterments; general shop overhead, etc. A separate subfile or job order account will be established for each work request.

l. RF41 - Laboratory Operations. This work item is used to record and distribute all costs associated with the operation of

MSC laboratories. It is credited with costs of tests sold to the customer requesting the work. Partial billings are authorized. The work item (direct and indirect) will be maintained to disclose an analysis of the net operating income or loss. When more than one laboratory is operated, a separate work item will be maintained for each laboratory.

m. RF42 - Garage Operations. This work item is used to record and distribute all costs associated with garage operations. A similar accounting method will be used for garages as outlined above for shops and yards. The total of the subsidiary work item will agree with the appropriate cost control account. Charges applicable to vehicle operation and maintenance will be analyzed and applied in accordance with the RF213 work item structure.

n. RF43 - RESERVED

o. RF44 - Major Subordinate Command (MSC) Labor Clearing. This series of work items is used to identify the specific home RF work item to which an employee is assigned and is used primarily to facilitate automated labor costing.

p. RF45 - Revetment - CEMVM, CEMVN and CEMVK Only. This work item is used to record and distribute all costs associated with revetment operations. Typical types of costs which may be charged to and distributed from this work item include; but are not limited to; labor, travel and per diem, training, equipment ownership (depreciation, plant increment and insurance) charges, equipment operating expenses, expendable supplies and equipment, general and administrative overhead charges, shop and facility services, contractor support and all costs associated with the operation of base stations. Since the costs recorded in and distributed from this work item are all inclusive, plant operating (RF20 series) work items need not be established and maintained for the revetment equipment and other capital equipment used exclusively for revetment operations. All costs associated with this equipment may be charged directly to this work item as they are incurred. Separate work items will be established for each of the major elements of the revetment program as follows.

(1) RF 4510 - Revetment Operations. This work item will be used to record and distribute the cost of revetment operations. Typical types of cost recorded in this account include, but are not limited to, labor, travel and per diem, training, equipment

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ownership (depreciation, plant increment and insurance) charges, equipment operating expenses, expendable supplies and equipment, general and administrative overhead charges, shop and facility services, contractor support, issues from warehouse stock and all costs associated with the operation of base stations. Costs may be distributed to projects from this work item using any of the methods authorized in paragraph 16-2b. However, the same method must be used by all three of the USACE activities involved in the Revetment Program.

(2) RF4520 - Revetment Materials. This work item will be used to record all costs associated with the materials portion of the revetment program. Typical types of cost included in this work item include, but are not limited to, items drawn from the materials warehouse, contractor payments, operating materials and supplies, labor, travel, per diem, shipping and handling charges and shop and facility services. Material costs will be distributed to projects at a cost per square placed.

q. RF46 - Depreciation-Use-Free Permit Property. This work item is used to accumulate the depreciation and plant increment charges applicable to structures or portion of structures owned by the Revolving Fund which are utilized by other government agencies under use-free permits.

r. RF47 - RESERVED.

s. RF48 - Survey Parties. This work item is used to record and distribute all costs associated with survey party operations. Typical types of costs which may be charged to and distributed from this work item include but are not limited to: labor, travel, and per diem, training, equipment ownership (depreciation, plant increment and insurance) charges, equipment operating expenses, expendable supplies and equipment, general and administrative overhead charges, shop and facility services, contractor support and all costs associated with the operation of base stations. Since the costs recorded in and distributed from this work item are all inclusive, plant operating (RF20 series) work items need not be established and maintained for the floating plant and other capital equipment used exclusively by survey parties. All costs associated with this equipment may be charged directly to this work item as they are incurred.

t. RF49 - Core Drill Operations. This work item is used to record and distribute all costs associated with core drill operations. Typical types of costs which may be charged to and



distributed from the work item include but are not limited to: labor, travel and per diem, training, equipment ownership (depreciation, plant increment and insurance) charges, equipment operating expenses, expendable supplies and equipment, general and administrative overhead charges, shop and facility services, contractor support and all costs associated with the operation of base stations. Since the costs recorded in and distributed from this work item are all inclusive, plant operating (RF20 series) work items need not be established and maintained for the drill rigs and other capital equipment used exclusively in core drill operations. All costs associated with this equipment may be charged directly to this work item as they are incurred.

u. RF50 - Automation. This series of work items is used to record and distribute the cost of computer processing centers; information technology programs/operations; hardware/software installation, maintenance and repair; consolidated acquisitions; system software development, maintenance and enhancement; and direct project support. The cost of hardware/software installation and maintenance and repair should be distributed from this work item on a "fee for service" basis. All automation costs not specifically provided for in one of the work items presented below will be recorded in the indirect automation support work item (RF6011) and distributed as general and administrative overhead. The standard CEFMS work items for the RF50 and RF60 work items are presented in Appendix A. Use of this series of work items is optional for commands who receive automation support from another USACE command. Standard CEFMS work categories/work category elements for the RF6011 work item are presented in Appendix B. All automation facility account costs must be recorded and distributed in a timely, efficient and businesslike manner as provided below.

NOTE: LAN cost, according to its application, may be recorded either as automation or telecommunication cost. Cost occurring from processing and/or storing data applies to automation. If purchased electronic equipment is eventually used for both applications, the purpose at the time of purchase is the determining factor. If the equipment at the time of purchase is used for both applications then it defaults to automation.

(1) Computer Processing Centers (RF5010).

(a) This work item will be used to record and distribute the cost of recurring operations for non-CEAP-IA platforms. A separate work item will be maintained for each

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platform. In CEFMS the work item for the platform will be created as a child to the parent work item RF5010. Typical types of cost which may be charged to and distributed from this work item include, but are not limited to: hardware/software ownership (depreciation, insurance and plant increment) expenses; hardware/software maintenance; hardware repair; rent and utilities, software site licenses; expendable equipment, software and supplies; labor; travel and training.

NOTE: The cost of operations for CEAP-IA platforms operations will be recorded in and distributed from the RF31 series of work items.

(b) Computer processing center costs will be distributed to projects, programs and organizational/facility work items based on actual usage. Monthly distributions are mandatory for all activities. Activities operating non-CEAP-IA computers may use any of a wide variety of automated software programs designed to track actual usage and/or compute user billing amounts currently available on the commercial market or develop local programs to perform this function. These costs should be included and distributed as part of the user charges.

(2) Computer Aided Design & Drafting (CADD) Operations (RF5021).

(a) This work item will be used to record and distribute the cost of CADD operations, regardless of the organizational element (Information Management, Engineering, Operations, etc.) to which they are assigned. Typical types of cost which may be charged to and distributed from this work item include, but are not limited to: hardware/software ownership (depreciation, insurance and plant increment); hardware/software maintenance; hardware repair; software site licenses; expendable equipment; software and hardware/software ownership (depreciation, insurance and plant supplies; operations; labor; travel and training.

(b) The cost of CADD operations will be distributed to projects, programs and/or organizational/facility work items based on actual usage in all instances in which it is cost effective to do so. Activities operating CADD equipment/systems may use any of a wide variety of automated software programs designed to track actual usage and/or compute user billing amounts currently available on the commercial market or develop local programs to perform this function. These costs should be included in the CADD operating costs and distributed as part of

the user charges. In those instances in which it is not cost effective to distribute costs based on actual usage, subordinate commands may use any of the distribution methods authorized for use in paragraph 16-2b as long as the method is approved in advance by the budget review board. Monthly distributions are mandatory regardless of whether costs are distributed based on usage or using some other distribution method.

(3) Geographical Information System (GIS) Operations (RF5022).

(a) This work item will be used to record and distribute the cost of GIS operations. Typical types of cost which may be charged to and distributed from this work item include, but are not limited to: hardware/software ownership expenses (depreciation, insurance and plant increment); hardware/software maintenance; hardware repair; software site licenses; expendable equipment; software and supplies; labor; travel and training.

(b) The cost of GIS operations will be distributed to projects, programs and organizational/facility work items based on actual usage in all instances in which it is cost effective to do so. Activities operating GIS equipment/systems may use any of a wide variety of automated software programs designed to track actual usage and/or compute user billing amounts currently available on the commercial market or develop local programs to perform this function. These costs should be included in the GIS operating costs and distributed as part of the user charges. In those instances in which it is not cost effective to distribute costs based on actual usage, subordinate commands may use any of the distribution methods authorized for use in paragraph 16-2b as long as the method is approved in advance by the budget review board. Monthly distributions are mandatory regardless of whether costs are distributed based on usage or using some other distribution method.

(4) Water Control Data Systems (WCDS) Operations (RF5023).

(a) Except for those operations associated with Reservoir Control Centers which are appropriately charged to and distributed from the Consolidated Support Center RF55 work item, this work item will be used to record and distribute the cost of WCDS operations, regardless of the organizational element (Information Management, Engineering, Operations, etc.) to which they are assigned. Typical types of cost which may be charged to and distributed from this work item include, but are not limited

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to: hardware/software ownership (depreciation, insurance and plant increment) expenses; hardware/software maintenance; hardware repair; software site licenses; expendable equipment, software and supplies; operations; labor; travel and training.

(b) The cost of WCDS operations will be distributed to projects, programs and organizational/facility work items based on actual usage in all instances in which it is cost effective to do so. Activities operating WCDS equipment/systems may use any of a wide variety of automated software programs designed to track actual usage and/or compute user billing amounts currently available on the commercial market or develop local programs to perform this function. These costs should be included in the WCDS operating costs and distributed as part of the user charges.

In those instances in which it is not cost effective to distribute costs based on actual usage, subordinate commands may use any of the distribution methods authorized for use in paragraph 16-2b as long as the method is approved in advance by the budget review board. Monthly distributions are mandatory regardless of whether costs are distributed based on usage or using some other distribution method.

(5) Global Positioning System (GPS) Operations (RF5024).

(a) This work item will be used to record and distribute the cost of GPS operations, regardless of the organizational element (Information Management, Engineering, Operations, etc.) to which they are assigned. Typical types of cost which may be charged to and distributed from this work item include, but are not limited to: hardware/software ownership expenses (depreciation, insurance and plant increment); hardware/software maintenance; hardware repair; software site licenses; expendable equipment; software and supplies; operations; labor; travel and training.

(b) The cost of GPS operations will be distributed to projects, programs and organizational/facility work items based on actual usage in all instances in which it is cost effective to do so. Activities operating GPS equipment/systems may use any of a wide variety of automated software programs designed to track actual usage and/or compute user billing amounts currently available on the commercial market or develop local programs to perform this function. These costs should be included in the GPS operating costs and distributed as part of the user charges. In those instances in which it is not cost effective to distribute costs based on actual usage, subordinate commands may use any of the distribution methods authorized for use in paragraph 16-2b as

long as the method is approved in advance by the budget review board. Monthly distributions are mandatory regardless of whether costs are distributed based on usage or using some other distribution method.

(6) Optical Disk Imaging (ODI) Operations (RF5025).

(a) This work item will be used to record and distribute the cost of ODI operations. Typical types of cost which may be charged to and distributed from this work item include, but are not limited to: hardware/software ownership expenses (depreciation, insurance and plant increment); hardware/software maintenance; hardware repair; software site licenses; expendable equipment; software and supplies; labor; travel and training.

(b) The cost of ODI operations will be distributed to projects, programs and organizational/facility work items based on actual usage in all instances in which it is cost effective to do so. Activities operating ODI equipment/systems may use any of a wide variety of automated software programs designed to track actual usage and/or compute user billing amounts currently available on the commercial market or develop local programs to perform this function. These costs should be included in the ODI operating costs and distributed as part of the user charges. In those instances in which it is not cost effective to distribute costs based on actual usage, subordinate commands may use any of the distribution methods authorized for use in paragraph 16-2b as long as the method is approved in advance by the budget review board. Monthly distributions are mandatory regardless of whether costs are distributed based on usage or using some other distribution method.

(7) Contract Hardware/Software Installation, Maintenance and Repair Services (RF5031).

(a) This work item will be used to record and distribute end-user hardware/software installation, maintenance and repair costs by all commands who award a single contract for installation, maintenance and repair of hardware/software. These costs should be distributed throughout the command on a "fee for service" basis.

(b) Use of this work item is limited to actual contract costs and the cost of related help operations. Cost associated with consolidation of requirements and/or award/administration of the hardware/software installation, maintenance and repair

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services contracts will be charged to the RF6011 or MSC equivalent work item as indirect automation support and distributed as G&A Overhead. This work item may not be used to record and distribute the costs of contracts for hardware installation, maintenance and repairs awarded for the exclusive use of an individual project, program, organizational element, (area/resident office, engineering division, office of counsel, etc.) shop or facility. Such costs will be charged directly to the project or organizational/facility account of the specific activity that initiated the award of the contract.

(c) The costs recorded in this work item will be distributed to projects, programs, organizational elements, shops and facilities at the contract cost plus a factor for related help operations. The distributions will either be at a standard fixed price per installation, maintenance or repair service which includes related help operations or the actual cost of each installation, maintenance or repair service plus a predetermined factor for related help operations depending on the terms of the contract. Use of automated techniques to accomplish the distributions is encouraged but not mandatory.

(8) In-House Hardware/Software Installation, Maintenance, and Repair Services (RF5032).

(a) This work item will be used to record and distribute end-user hardware/software installation, maintenance and repair costs by all commands who perform these functions with in-house resources on a "fee for service" basis.

(b) The types of costs which may be recorded in and distributed from this work item include but are not limited to: labor; travel; training; tools; supplies; expendable equipment; equipment ownership expenses (depreciation, plant increment and insurance); rent and utilities; contract support; and all costs associated with related help operations. This work item may not, under any circumstances, be used to finance large inventories of spare/replacement parts. As a general rule, these parts will be acquired on an as needed basis from local vendors. However, this work item may be used to finance a small inventory of cupboard stock of hard-to-find items, items with a long acquisition lead time and items not available from local vendors.

(c) In order to simplify the accounting, budget and distribution processes; ensure a steady, predictable income stream; and adequately provide for recovery of unbillable time, the cost recorded in this work item will be distributed to

projects, programs, organizational elements, shops and facilities using standard fixed fees. The standard fees will be established by the facility manager as a part of the annual operating budget process and must be approved by the budget review board before being implemented.

(1) The standard fee for hardware/software maintenance and repair services will be computed by dividing the estimated annual cost to provide this service by the number of personal computers in use to arrive at the estimated annual cost per personal computer. The annual per computer cost will then be divided by 12 to arrive at a monthly fixed maintenance agreement fee.

(2) The standard fee for hardware/software installation services will be established by dividing the estimated annual cost to provide this service by the estimated number of installations to arrive at the standard fee.

(d) As a general rule, the standard fixed fees established at the beginning of each fiscal year will remain in effect throughout the fiscal year. The fees may, however, be increased or decreased when the incidence of repair, the number of computers in use and/or the number of installations increase or decrease so significantly that it will be impossible for the facility manager to achieve a nominal balance by year-end without adjusting the fees. All fee adjustments must be approved by the budget review board before being implemented.

(e) At the end of each month, the facility manager will compute the total amount to be distributed to each project, program, organizational element, shop and facility by (1) multiplying the number of installations by the standard price and (2) multiplying the number of computers in use in each location by the standard monthly maintenance fee. Use of automated techniques to accomplish the distributions is encouraged but not mandatory. The facility manager will ensure that all distributions are completed prior to the transaction cut off date for each accounting period.

(9) System Software Development (RF5040).

(a) This work item will be used to record and distribute costs associated with the development of local Information Technology Systems (ITS) which have program costs less than \$25,000 or do not meet the other criteria for funding as a part of the annual Plant Replacement and Improvement Program

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(PRIP). A separate work item will be established for each local system being developed. In order to facilitate continued command-wide tracking of the total cost of each local ITS in CEFMS, activities must (1) include the ITS ACRONYM listed in Appendix C in the title of the task level work item and (2) enter the appropriate ITS command indicator code from this appendix in the command indicator code field of the appropriate work item screen when establishing the task level work item for the ITS. Two command indicator codes will be assigned to each work item. One code will incorporate the ITS ID number for identifying specific information technology systems. The other command indicator code will identify the system's appropriate Life Cycle (i.e., PGM00=Program Cycle, OPS00=Operation & Support Cycle, ENHNC=Enhancements Cycle). The appropriate life cycle command indicator code for this account is PGM00. The program cycle consists of phase 0 thru phase III of an informational technology system's life cycle development. Typical types of costs which may be appropriately charged to this work item include, but are not limited to: labor, travel, computer usage charges, communication charges, contracts and expendable supplies and equipment. This account may not, under any circumstances, be used to record costs related to PRIP financed system development. Such costs must be recorded in the appropriate capital asset acquisition work item and employ the same previously described ITS identification process.

(b) Costs recorded in this work item will be distributed to the proponent project, program or organizational element(s) on an actual cost basis. All costs must be distributed to the system proponent prior to the end of each quarter of the fiscal year. However, monthly distributions may be made at the discretion of the facility manager. The facility manager must ensure that the distributions are completed prior to the transaction cut off date for each accounting period.

(10) Consolidated Hardware Acquisitions (RF5051).

(a) This work item will be used to record and distribute the cost of hardware acquisitions (including site licenses) in those instances in which the acquisition requirements of individual projects, programs and/or organizational elements are consolidated into a single acquisition (procurement action) to: (1) take advantage of volume/quantity prices or discounts or (2) to standardize the hardware being acquired within the command. This work item will only be used to record the actual contract cost of the items being acquired including shipping and/or delivery charges. The



cost of assembly and/or installation of the hardware acquired will be recorded in and distributed from the RF5031 and/or RF5032 work item as appropriate. Cost associated with the consolidation of requirements and the award/administration of the acquisition contract will be charged to the RF6011 or MSC equivalent work item as indirect automation support and distributed as general and administrative overhead.

(b) The costs recorded in this work item will be distributed to projects, programs and/or organizational elements based on the actual contract cost including shipping and/or delivery charges of the hardware they ordered and received. The costs recorded in this work item may not be distributed to projects, programs and/or organizational elements which did not order or receive any of the hardware included in the consolidated acquisition.

(11) Consolidated Software Acquisitions (RF5052).

(a) This work item will be used to record and distribute the cost of software acquisitions (including site licenses) in those instances in which the acquisition requirements of individual projects, programs and/or organizational elements are consolidated into a single acquisition (procurement action) to: (1) take advantage of volume/quantity prices or discounts or (2) to standardize the software being acquired within the command. This work item will only be used to record the actual contract cost of the items being acquired including shipping and/or delivery charges. The cost of assembly and/or installation of the software acquired will be recorded in and distributed from the RF5031 or RF5032 work item as appropriate. Costs associated with consolidation of requirements and award/administration of the acquisition contract will be charged to the RF6011 work item as indirect automation support and distributed as general and administrative overhead.

(b) The costs recorded in this work item will be distributed to projects, programs and/or organizational elements based on the actual contract cost including shipping and/or delivery charges of the software they ordered and received. The costs recorded in this work item may not be distributed to projects, programs and/or organizational elements which did not order or receive any of the software included in the consolidated acquisition.

(12) System Software Maintenance (RF5060).

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(a) This work item will be used to record and distribute costs associated with maintenance of local ITSs. Each ITS will have a separate work item established for each local system being maintained. In order to facilitate continued command-wide tracking of the total cost of each ITS, activities must (1) include the ITS ACRONYM listed in Appendix C in the title of the task level work item and (2) enter the appropriate indicator code from this appendix in the command indicator code field of the appropriate work item screen when establishing the task level work item for the ITS. Two command indicator codes will be assigned to each work item. One code will incorporate the ITS ID number for identifying specific Information Technology systems. The other command indicator code will identify the system's appropriate Life Cycle (i.e., PGM00=Program Cycle, OPS00=Operation & Support Cycle, (ENHNC=Enhancements). The appropriate life cycle command indicator code for this account is OPS00. The operations and support cycle consists of phase IV of an informational technology system's life cycle development. Typical types of costs which may be appropriately charged to this work item include, but are not limited to: labor, travel, computer usage charges, site licenses, fee for service, communication charges, contracts and expendable supplies, equipment, depreciation and plant increment.

(b) Costs recorded in this work item will be distributed to the proponent project, program or organizational element(s) on an actual cost basis. All costs must be distributed to the system proponent prior to the end of each quarter of the fiscal year. However, monthly distributions may be made at the discretion of the facility manager. The facility manager must ensure that the distributions are completed prior to the transaction cut off date for each accounting period.

(13) System Software Enhancement (RF5070).

(a) This work item will be used to record and distribute costs associated with the enhancement (additions, betterments, expansions, etc.) of local ITSs which do not meet the criteria for funding as a part of the annual Plant Replacement and Improvement Program (PRIP). A separate work item will be established for each local system being enhanced. In order to facilitate continued command-wide tracking of the total cost of each ITS, activities must (1) include the ITS ACRONYM listed in Appendix C in the title of the task level work item and (2) enter the appropriate indicator code from this appendix in the command indicator code field of the appropriate work item screen when establishing the task level work item for the ITS.

Two command indicator codes will be assigned to each work item. One code will incorporate the ITS ID number for identifying specific information technology systems. The other command indicator code will identify the system's appropriate Life Cycle (i.e., PGM00=Program Cycle, OPS00=Operation & Support Cycle, ENHNC=Enhancements). The appropriate life cycle command indicator code for this account is ENHNC. The enhancement cycle consists of phase IV improvements in an information technology system's life cycle development. Typical types of costs which may be appropriately charged to this work item include, but are not limited to: labor, travel, computer usage charges, communication charges, contracts and expendable supplies and equipment. This work item may not, under any circumstances, be used to record costs related to PRIP financed system development. Such costs must be recorded in the appropriate capital asset acquisition work item.

(b) Costs recorded in this work item will be distributed to the proponent project, program or organizational element(s) on an actual cost basis. All costs must be distributed to the system proponent prior to the end of each quarter of the fiscal year. However, monthly distributions may be made at the discretion of the facility manager. The facility manager must ensure that the distributions are completed prior to the transaction cut off date for each accounting period.

(14) Direct End User Support (RF5080).

(a) This work item will be used to record and distribute in-house costs incurred in direct support of a single project, program, organizational entity, shop or facility which (1) cannot properly be recorded in and distributed from one of the work items discussed above or (2) would either lose their identity as automation costs or distort FTE utilization if charged directly to the project, program, organizational entity, shop or facility. Separate work items will be established and maintained for each project and/or program. The work item for the project/program will be created as a child to the parent work item RF5080. Costs recorded in and distributed from this work item are most typically limited to labor and travel. However, any other type of cost incurred in direct support of a single project and/or program except those appropriately included in another work item may be recorded in and distributed from this work item.

(b) Distributions from this work item will be made on an actual cost basis. All costs incurred will be distributed to

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the project and/or program to which they are applicable at the end of each accounting period. All costs remaining in this work item at the end of September must be distributed to the projects and/or programs to which they apply prior to the year-end closeout.

v. RF51 - Communications. This series of work items will be used to record and distribute the cost of recurring telephone operations, cellular phone operations, Local Area Network (LAN) operations whose sole purpose is the transmitting of information, video teleconferencing operations, direct project support and radio operations. All other communication costs will be recorded in the RF6011 work item as indirect communication support and distributed as general and administrative overhead. Use of this series of work items is optional for those commands who receive communication support from another USACE command. Facility costs will be recorded and distributed in an efficient and businesslike manner as provided below. Standard CEFMS work items are presented in Appendix A. Standard CEFMS work categories/work category elements for the RF6011 work item are presented in Appendix B.

(1) Recurring Telephone Operations (RF5110).

(a) This work item will be used to record and distribute the cost of recurring telephone operations. Typical types of cost which may be charged to and distributed from this work item include, but are not limited to: expendable telephone equipment; equipment ownership expenses (depreciation, insurance and plant increment); equipment maintenance and/or repair expenses; leased line charges; monthly service/use charges; toll calls; expendable equipment and supplies; and all costs associated with the operation of telephone trouble/help lines.

(b) The actual cost of toll calls will be distributed to the project, program or organizational element which made the calls whenever it is cost effective to do so. All other costs will be distributed to organizational elements based on the number of telephone lines (including data lines) installed. The cost of toll calls may be included as part of these distributions in those instances in which it is not cost effective to distribute them to the project, program or organizational element on an actual cost basis. Monthly distributions of the costs recorded in this work item are mandatory.

(2) LAN Operations (RF5120).

(a) This work item will be used to record and distribute the cost of HQUSACE/MSD/District/Labs/FOAs Centralized/Consolidated LAN operations which were established for transmitting information and which service the entire command. Typical types of cost which may be charged to and distributed from this work item include, but are not limited to: equipment and software ownership expenses (depreciation, plant increment and insurance); equipment rental/use expenses, maintenance and/or repair expenses; the fully burdened salary of the LAN administrator who will also serve as the facility manager; expendable equipment (i.e., bridge/routers, hubs); software and supplies (i.e., infrastructure cabling); software site licenses; training and expenses associated with LAN communication help operations. This work item may not be used to record and distribute costs associated with the operation of a LAN used exclusively by a project office, area office or a single organizational entity or facility (Engineering Division, Resource Management Office, Central Payroll Office, etc.). Such costs should be costed directly to the project, program, or organizational account (area/resident office overhead, departmental overhead, G&A overhead, etc.). Also, this work item should not be used to record LAN automation cost. LAN cost applies to automation when the cost is incurred from the processing and/or storing of data. See paragraph on RF50 - Automation, for additional information.

(b) In order to simplify the accounting and budget process and help ensure a steady, predictable income and/or expense flow, LAN operating costs will be distributed to projects, programs and/or organizational elements using a fixed monthly use fee concept based on the number of end-user connections to the LAN. The fixed use fee will be established by the facility manager as a part of the annual operating budget formulation process. The monthly fee will be computed by simply dividing the proposed operating budget by the total number of end-user connections to arrive at an annual per user connection cost and then dividing the annual per user connection cost by 12.

(c) Once the operating budget and the user fee are approved, the facility manager will determine the monthly amounts to be distributed to each project, program or organizational/facility account during the fiscal year. The total amount to be distributed will be computed by multiplying the number of end-user connections within each project, program or organizational/facility account by the fixed fee. The fee established at the beginning of each fiscal year will remain in effect throughout the fiscal year unless the number of end-user

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connections and/or operating cost increases or decreases so significantly that it would be impossible for the facility manager to achieve a nominal balance by year-end unless the fee is adjusted. Fee adjustment must be justified and approved by the budget review board before being implemented.

(3) Video Teleconferencing Operations (RF5130).

(a) This work item will be used to record and distribute the costs of video teleconferencing operations. Typical types of cost which may be charged to and distributed from this work item include, but are not limited to: equipment and software ownership expenses (depreciation, plant increment and insurance); equipment rental/use expenses; maintenance and/or repair expenses; expendable equipment; software and supplies; software site licenses and training. Space costs (rent and utilities) may also be charged to this work item in those instances in which the room/facility in which the video teleconferencing equipment is installed is used exclusively for video teleconferences. Space costs may not be charged to this account if the room/facility in which the video teleconferencing equipment is installed is also used as a general purpose conference room or serves another purpose when not being used for video teleconferencing.

(b) As a general rule, video teleconferencing costs will be distributed to users at a fixed hourly rate which includes both fixed and variable costs. The fixed hourly rate will be computed by dividing the estimated annual operating expenses by the estimated hours of use. The rate will be reviewed no less frequently than once each quarter and adjusted as necessary to meet nominal balance requirements. Rate adjustments must be approved by the budget review board before being implemented.

(c) In those instances in which video teleconferencing facilities are used infrequently, fixed costs will be distributed from this work item as indirect telecommunication support. Variable costs associated with the operation of infrequently used video teleconferencing facilities may either be distributed to the users at actual cost or to the RF6011 or MSC level equivalent work item as indirect telecommunication support at the discretion of the local commander.

(4) Cellular Phone Operations (RF5140).

(a) This work item will be used to record and

distribute the cost of cellular phone operations. Typical types of cost which may be charged to and distributed from this work item include, but are not limited to: equipment expenses (depreciation, plant increment and insurance); equipment rental/use expenses; maintenance and/or repair expenses; expendable equipment, supplies; service carriers; licenses and training.

(b) Cellular phone operations will be distributed to users at a fixed monthly rate. The fixed rate will be computed by dividing the estimated annual operating expenses by the estimated number of cellular phones in use to arrive at the annual rate and then dividing the annual rate by 12 to determine the monthly rate. The rate will be reviewed no less frequently than once each quarter and adjusted as necessary to meet nominal balance requirements.

(5) Direct End User Support (RF5150).

(a) This work item will be used to record and distribute in-house costs incurred in direct support of a single project, program, organizational entity, shop or facility which (1) can not be properly recorded in and distributed from one of the four work items discussed above or (2) would either lose their identity as telecommunication costs or distort FTE utilization if charged directly to the project, program, organizational entity, shop or facility. Separate work items will be established and maintained for each project, program, organizational entity, shop or facility. Costs recorded in and distributed from this work item are most typically limited to labor and travel. However, any other type of cost incurred in direct support of a single project and/or program may be recorded in and distributed from this account.

(b) Distributions from this work item will be made on an actual cost basis. All costs incurred will be distributed to the project and/or program to which they are applicable at the end of each accounting period. All costs remaining in this account at the end of September must be distributed to the projects and/or programs to which they apply prior to the year-end closeout.

(6) Radio Operation Centers (RF5160).

(a) This work item will be used to record and distribute the cost of radio operation centers which service more than one project, program, organizational element, shop or

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facility. A separate work item will be established and maintained for each center. The cost of radio operation centers which service a single project, program, organizational element, shop or facility will be charged directly to the serviced project, program, organizational element, shop or facility. Typical types of costs which may be charged to this work item include, but are not limited to: labor, travel, training, rent and utilities, supplies, expendable equipment, equipment maintenance and repair, and equipment ownership expenses (depreciation, plant increment and insurance).

(b) Costs recorded in this work item that can be identified to specific projects, programs, organizational elements, shops or facilities will be distributed to those entities based on actual cost. Costs that cannot be identified to specific projects, programs, organizational elements, shop and facilities will be distributed at a fixed monthly fee based on the number of radios in use. The fixed monthly fee will be established by the facility manager during the formulation process. The fixed monthly fee will be computed by simply dividing the total estimated annual operating expenses by the number of radios in use to arrive at an annual fee and then dividing the annual fee by 12 to determine the monthly fixed fee. The fixed monthly fee must be approved by the budget review board prior to being implemented.

(c) As a general rule, the fixed monthly fee established at the beginning of each fiscal year will remain in effect throughout the fiscal year. However, the fee may be adjusted when operating cost or the number of radios in use increases or decreases so significantly that it would be impossible for the facility manager to achieve a nominal balance by year-end without a fee adjustment. Adjusted fees must be approved by the budget review board before being implemented.

(d) The amount to be distributed to each project, program, organizational element, shop or facility will be computed by multiplying the fixed monthly fee by the number of radios in use. The facility manager must ensure that all distributions are completed prior to the transaction cut off date for each accounting period.

(7) Other (Specify) (RF5170).

(a) This work item will be used to record and distribute other specific communication costs, as approved by CERM in coordination with CEIM, on an exception basis. Requests



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for authority to use this account should be forwarded by memorandum to HQUSACE (CERM-F) for joint CERM/CEIM review and approval.

(b) A distribution method will be established by

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HQUSACE at the time of approval and will depend on the nature of the costs to be recorded and distributed from this work item.

w. RF52 - Centers of Expertise. This work item will be used to record and distribute costs associated with the operation of USACE Centers of Expertise. Use of this work item is limited to those subordinate commands to which centers of expertise are assigned. In order to facilitate direct charging to projects and/or customer orders, this account functions in the same manner as the Departmental Overhead RF61 work item. Therefore, an indirect cost rate must be established for each center of expertise in the same manner that departmental overhead rates are established for departmental operations. Separate work items will be maintained for each center of expertise as follows:

RF5201	Marine Design Center (CENAP only)
RF5202	Hydropower Design Center (CENWP only)
RF5203	Seismic Design Center (CENWP only)
RF5204	Information Technology Center (CENWP only)
RF5205	HTRW Center (CENWO only)
RF5206	Transportation Systems Center (CENWO only)
RF5207	Readiness Support Center (CESPN only)
RF5208	Airborne Lidar Bathymetry Center (CESAM only)
RF5209	Waterborne Commerce Statistics Center (CEMVN, IWR)
RF5210	Hydrological Engineer Center (CESPK, IWR)
RF5211	Chemistry and Material Quality Assurance Laboratory (ERDC Only)
* RF5212	Protective Design Center (CENWO only)
RF5213	Installation Support Center of Expertise (CEHNC only)
RF5214	Medical Mandatory Center of Expertise (CEHNC only) *

The Marine Design Center will maintain Child work items under the RF5201 work item for each design project being performed by the Marine Design Division.

x. RF53 - Reserved.

y. RF54 - MILCON Construction S&A Clearing. (USACE Finance Center Only).

Consolidates the MSC/District month-end balances of the MILCON S&A (RF65) work items. Revenues derived from the Corps-wide applied MILCON S&A that exceed expenses will result in a credit to the RF54 account. Excess expenses over revenues generate a

debit.

z. RF55 - Consolidated Support Activities. As a general rule, this work item will be used to record and distribute costs incurred by all Consolidated Support Centers (activities which provide some type of recurring, continuous support to more than one USACE command) except Consolidated Automation Centers, Consolidated Communication Centers and Consolidated Contracting Activities. However exceptions may be granted by HQUSACE (CERM-F) on a case by case basis in unusual circumstances. The cost of Consolidated Automation and/or Communication Centers will be charged to and distributed from the RF50 and/or RF51 work item of the activity which provides the support service(s). Contracting Activities are quasi technical organizations which have the ability and are required by the provisions of paragraph 24-21 to direct charge labor to the specific projects, including reimbursable orders, on which they are working. Accordingly, commands who receive contracting support from another command should provide a reimbursable order to the Consolidated Contracting Activity for the services they expect to receive during each fiscal year. The Consolidated Contracting Activity should charge the labor associated with contracting services they provide to other commands directly to the reimbursable order(s) provided to them for this purpose.

(1) Except for costs associated with the operation of Consolidated Contracting Activities, the cost of Consolidated Support Centers will not, be initially charged to and distributed from the General and Administrative Overhead (RF60) work item of the activity who provides the service(s) (see sub-para (4) below). To do so will not only distort nominal balance tracking but overstate the cost of G&A Overhead expenses reflected in the Revolving Fund Financial Statements provided to Congress in support of the annual budget submission.

(2) Separate sub-work items will be maintained as follows:

- RF5501 - USACE Finance Center
- RF5502 - Finance and Accounting Centers
- RF5503 - Human Resource Centers
- RF5504 - Reservoir Control Centers
- RF5505 - CEAP-IA Support Centers
- RF5506 - Missouri River RCC (CENWD ONLY)
- RF5509 - Other Consolidated Support Centers

(3) The costs recorded in these work items will be distributed to all of the supported activities, including the

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activity at which the centers are located, in the manner specified in the support agreements prepared in accordance with the provisions of DFAS-IN 37-1. While actual cost is the most accurate distribution method, in most instances it is much more cost effective to distribute these costs based on a flat annual fee negotiated as part of the support agreement. Accordingly, this is the preferred distribution method. However, costs may be distributed on some other basis such as number of transactions processed at a fixed price per transaction or the number of documents processed at a fixed price per type of document in those instances in which it is cost/manpower effective to do so and the method is mutually agreed upon and incorporated into the support agreement. Documentation to support the determination and the support agreement must be retained and made available upon request.

(4) All activities, including the activities at which the centers are located, who receive support from consolidated centers will record the cost of the services provided to them by the centers in the General and Administrative Overhead (RF60 series) work item or equivalent in which the costs would be recorded if they performed the service(s) with in-house resources. For example, supported activities will record the cost of finance and accounting services provided to them by the USACE Finance Center in the RF6002 or equivalent work item. Similarly, supported activities will record the cost of human resource services provided by a Human Resource Center, Finance and Accounting Center and/or other Consolidated Support Centers in the RF6005, RF6002 and the appropriate RF6001, 6003, 6004, 6006 thru 6010 work item or equivalent, respectively.

aa. RF56 - Payroll Service Clearing (USACE Finance Center (CEFC) Only). The work items in this series are used by CEFC to record and distribute USACE payroll service charges billed by Defense Finance and Accounting Service, USACE per capita assessments, USACE VERA/VSIP assessments and other payroll related costs paid on behalf of USACE as a whole. To ensure detailed costing, RF5600 has been established as a header account which cannot be costed to or used as an ordering work item. Actual costs are recorded in and distributed from the following ordering work items.

- RF5601 - DFAS Payroll Service Charges
- RF5602 - Per Capita Assessment
- RF5603 - VERA/VSIP Assessment
- RF5609 - All Other

bb. RF57 - Corps of Engineers Automated Legal System.

cc. RF58 - RESERVED

dd. RF59 - Other Facility Services. This standard work item is used to record and distribute costs associated with the operation of unique/temporary shops and/or facilities not specifically provided for in the RF21-RF58 series of work items. A separate child work item must be established for each unique shop and/or facility. Advance HQUSACE (CERM-F) approval is required for each child work item. Requests for approval must contain a description of the child work item to be established, specific justification for use of the child work item, the expected duration of the work item and the method which will be used to distribute costs from the child work item. Each request will be evaluated on individual need and merit and will not constitute a precedent for similar child work items. As a general rule, approvals are indefinite in nature and remain in effect until withdrawn by HQUSACE. However, temporary approvals and approvals limited to specific period of time automatically expire at the end of the specified period. Specific approval to continue use of such work items beyond the specified date must be obtained from HQUSACE (CERM-F) prior to the expiration date of the original approval.

16-6. Fiscal Year Budget and Quarterly Reviews.

a. Commanders must prepare an operating Budget/Cost Schedule for each Revolving Fund shop and facility (RF30-59 work items) operated within their command. Use of Corps Operating Budget Module in CEFMS is encouraged but not mandatory. A sample budget schedule format is provided in Appendix F for those USACE Commands who have elected not to use CEFMS operating budget module or some other automated cost vs budget schedule/system. As the focal point for formulation of the overall operating budget, the local resource management official is responsible and accountable for the oversight of the budget formulation process and providing sound financial advice to individual shop and facility managers. Shop and facility managers are responsible and accountable for the actual budget formulation, rate setting, the day to day financial management of the shops and facilities and the achievement of a zero balance by the end of each fiscal year.

b. In order to ensure that all applicable statutory requirements are met, operating budgets must be constructed to achieve a fiscal year end balance of zero for each shop and facility and rates must be established accordingly. Budget

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execution plans must match expenses to projected income streams. Activities are encouraged to use CEFMS generated rates to the maximum extent possible.

c. In rare and unusual circumstances, HQUSACE may authorize construction of an operating budget aimed at achievement of a fiscal year-end balance other than zero for a particular shop or facility. Requests for authority should be forwarded to CERM-ZA for approval. Approvals remain in effect until withdrawn by HQUSACE. A file of HQUSACE approvals must be maintained by the local resource management office.

d. Expense/income studies will be conducted at least quarterly to determine whether or not the budget projections are on track and the existing rates are properly set. These reviews are essential to the effective financial management of shops and facilities as well as achievement of a zero balance at year end and must be completed in a timely manner. Commanders must ensure that all shop and facility managers take appropriate corrective action (reduce spending, surcharge, rebate, increase/decrease rates, etc.) based on the results of these reviews.

e. At the end of each fiscal year, each shop and facility work item will be analyzed to determine the degree of effectiveness with which it was managed and to ensure that all statutory requirements were met.

(1) With the exception of those few shop and facilities for which a special year end balance other than zero has been authorized by HQUSACE, the year end balance for each shop and facility should be zero. However, a balance for shops and facilities as a whole which falls within a nominal balance range of plus or minus (+ or -) one per cent (1%) of current year expenditures, exclusive of joint cost credits, meets current statutory requirements for achievement of zero balances and is acceptable although not desirable.

(2) Any amount in an individual shop or facility work item which falls outside a nominal balance range or exceeds a special year end balance approved by HQUSACE represents a possible statutory violation and, as a minimum, will be subject to censure by the local commander. Amounts which fall outside the nominal balance range for shops and facilities as a whole will, as a minimum, be subject to censure by the Chief of Engineers.