

DEPARTMENT OF THE ARMY
U.S. Army Corps of Engineers
Washington, D.C. 20314-1000

ER 37-3-22

CERM-BA

Regulation
No. 37-3-22

1 December 2003

Financial Administration
CARRYOVER SUPERVISION AND ADMINISTRATION (S&A)

1. Purpose. This regulation promulgates policy and procedures by which U.S. Army Corps of Engineers (USACE) activities will perform some reimbursable work under the "Carryover S&A Authority". This authority is enacted as a recurring general provision in the annual Department of Defense (DoD) Appropriations Act.
2. Applicability. This regulation applies to all HQUSACE elements and USACE commands.
3. Distribution. Approved for public release; distribution is unlimited. Commanders may provide copies of this regulation to their customers. Click the highlighted link at <http://www.usace.army.mil/inet/usace-docs/eng-regulations/er-rm.html>.
4. References.
 - a. Annual DoD Appropriations Acts
 - b. Economy Act (31 U.S. Code 1535)
 - c. Army Regulation 420-10
 - d. ER 415-1-16, Construction Fiscal Management
 - e. DFAS-IN 37-1, Finance & Accounting Policy
5. Background. In FY 2004, the Defense Appropriation Act Carryover S&A authorization provision was modified from previous years. Public Law 108-87, section 8071, states that: "*Funds appropriated in title II of this Act and for the Defense Health Program in title VI of this Act for supervision and administration costs for facilities maintenance and repair, minor construction, or design*

This regulation supercedes ER 37-3-22, 2 January 2003.

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projects, or any planning studies, environmental assessments, or similar activities [related to installation support functions], may be obligated at the time the reimbursable order is accepted by the performing activity: Provided, That for the purpose of this section, supervision and administration costs includes all in-house Government cost." This section, as amended, commonly called "Carryover S&A authority," has been a recurring feature of the Defense Appropriations Acts since FY 97. The pertinent authorities for the past fiscal years are listed in the previous DoD Appropriations Acts and can be found on the Internet at <http://thomas.loc.gov/home/approp/appover.html>.

6. Policy. It is USACE policy that upon the receipt of the reimbursable order, the full estimated amount of in-house costs to be incurred over the life of the reimbursable order be certified for obligation to insure these funds are identified as eligible for carryover. In-house costs include: performance of design by in-house forces; preparation of Request for Proposals for non-design studies as well as for design-build, design-bid-build, or other construction procurement methods; supervision and review of A-E design and studies; supervision and administration of construction through warranty; Planning Studies to include natural and cultural resources surveys; economic analyses; hazardous, toxic, and radiological waste investigations; facility utilization studies; noise analysis; air quality investigations; Master Planning; Environmental Assessments, Environmental Impact Statements (EIS); Environmental Baseline Surveys (EBS); Integrated Natural Resource Management Plans; Integrated Cultural Resource Management Plans, Coordination with Native American Organizations and similar activities. Funds not certified for carryover will be returned to the customer. The benefits of having this carryover authority are apparent: commanders are not placed in a position at the start of a fiscal year of incurring in-house costs without the customer's funds, and customers do not need new obligation authority at the start of a fiscal year for those projects that began in a previous year. Therefore, the intent of this policy is to assure that estimated supervision, administration and other in-

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house costs assigned against a reimbursable order could be retained by the performing activity regardless of crossing fiscal years. Current higher headquarters policy does not permit carryover funds certified for obligation to be reported for an expired appropriation and requires all unobligated funds of expiring appropriations to be returned to the customer before fiscal year end. Until policy permits carryover funds certified for obligation to be reported, funds will be carried over based on the procedures outlined in Appendix A of this regulation.

7. Limitations. The authority granted in paragraph 5 of this regulation shall only be exercised in situations where **all** of the following conditions are met:

a. The order is being issued and accepted under the terms of the Economy Act (31 USC 1535).

b. The amount of funds on the order is sufficient to cover all estimated costs (i.e., contract, in-house and contingencies) necessary to complete the work ordered. The contract need not be awarded by the District performing the S&A or S&R services, but must be awarded prior to FY end. When the contract is awarded by direct fund cite, a separate reimbursable order must be received for all in-house costs.

c. The customer (ordering activity) is citing one of the following current fiscal year appropriations. Unless otherwise noted, the cited appropriation expires for new obligation purposes at the end of the current fiscal year.

- Operation and Maintenance, Army
- Operation and Maintenance, Navy
- Operation and Maintenance, Marine Corps
- Operation and Maintenance, Air Force
- Operation and Maintenance, Defense-Wide
- Operation and Maintenance, Army Reserve
- Operation and Maintenance, Navy Reserve
- Operation and Maintenance, Marine Corps Reserve
- Operation and Maintenance, Air Force Reserve
- Operation and Maintenance, Army National Guard
- Operation and Maintenance, Air National Guard

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U.S. Court of Appeals for the Armed Forces
Overseas Humanitarian, Disaster, and Civic Aid
(expires after two fiscal years)

Former Soviet Union Threat Reduction (expires after
two fiscal years)

Defense Health Program (some portions expire after one
fiscal year, while others expire two or three fiscal years)

d. The scope is limited to planning studies,
environmental assessments, design and/or minor construction
of real property facilities, including the maintenance and
repair thereof, and the performing USACE command intends to
perform the services in-house or contract out to private
sector firms. The definitions for these purposes are
contained in AR 420-10.

8. Reimbursable Order - Accepting Activity. Upon
acceptance of a reimbursable order that complies with the
above criteria, commanders will:

a. Annotate the customer copy of the order with the
following statement: "This order is accepted under the
provisions of 31 USC 1535 and the authority cited in the
fiscal year of the DoD Appropriations Act."

b. Not later than the start of in-house design,
planning studies, or environmental assessments, or award
date of the design, construction, environmental, or
planning contract, the full estimated amount of in-house
costs to be incurred over the life of the reimbursable
order will be certified for obligation. The amounts
certified will be adjusted as required to reflect new or
refined estimates. The certified amount shall remain open
until the completion or termination of the order, even if
that date occurs beyond of the current fiscal year-end.

c. Further guidance pertaining to the mechanics of
establishing the customer order in CEFMS is contained in
the Appendix A of this regulation.

9. Additional Guidance.

a. This authority cannot be used for reimbursable orders for real estate actions.

b. This regulation discusses only those reimbursable orders and amendments thereto that cite the appropriations in paragraph 7c above. In the event that the authorization language contained in the DoD Appropriations Act gets modified or deleted, then supplemental guidance will be issued immediately by CERM-BA.

c. For only the appropriations shown in paragraph 7c above that expire for new obligation purposes at the end of the fiscal year, the amount of funds in the order that are not certified for obligation before and by fiscal year-end should be returned to the customer (ordering agency) by the performing activity as soon as the performing activity realizes that the funds will not be used. This regulation, nor the appropriation language cited, grants authority to carry-over funds for contingencies or uncertified contract changes. However, DFAS-IN 37-1, paragraph 080612c, states "USACE will advise the ordering activity in writing of the amount it anticipates it will need in the succeeding fiscal year to cover any remaining anticipated contingencies considered to be within scope contract modifications to be obligated by the ordering activity". It also further states that: "The exchange of letters or messages may be considered amendments to the original order to avoid the preparation of formal order amendments." The intent is to identify known in-scope changes to include an appropriate contract number before fiscal year-end. Therefore, these funds are no longer marked for contingencies, but for in-scope modifications and can be committed and carried over.

d. For orders still open after fiscal year-end, any amendments to those orders for upward, in-scope contract or in-house price adjustments must be funded with the same fiscal year funds cited on the basic order.

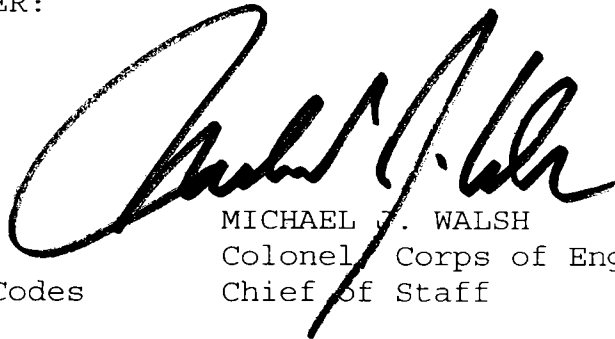
e. As far as the receiving (performing) activity is concerned, it is immaterial whether the order is from a

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USACE or non-USACE activity. A USACE activity that brokers a customer order to another USACE activity will do so **only** during the same fiscal year that the original customer order from outside USACE is received. Additionally, enough time will be allowed before the end of the fiscal year for the performing USACE activity to establish the work item in CEFMS.

10. Questions or requests for waivers to this policy will be directed through MSC commanders to HQUSACE (CERM-BA).

FOR THE COMMANDER:



1 APPENDIX
App A - CEFMS
Identification Codes

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APPENDIX A

S&A Carryover Identification in CEFMS

A-1. CEFMS programming (Work Packet 9319 - Problem Report 7210RJR01) to implement carryover was released 15 August 1997. The programming includes a Headquarters Data Manager table (Screen 10.COVR) identifying the appropriations to which carryover applies. Additionally, a carryover indicator has been added to the customer order source appropriation screen (2.13.6). The person recording a carryover customer order source appropriation will be required to identify whether carryover applies by placing a 'Y' or 'N' in the indicator. If the source is a non-carryover appropriation the new field cannot be populated. A help screen summarizing the carryover guidance is available off the new carryover indicator. The customer order-accepting officer is advised in the acceptance process when a customer order amendment is being accepted under carryover provisions (i.e. includes a line item with a carryover indicator of 'Y') and the hard copy customer order acceptance identifies the customer order line item(s) accepted under carryover provisions. The carryover indicator has also been added to the customer order item modification screen (COIJNL) to permit existing customer order line items to be identified for carryover.

A-2. Year-end programs record an obligation for in-house carryover amounts certified for obligation (Method of Accomplishment 'I1' and 'I2') and report them accordingly. These obligation transactions are reversed after year-end and the amounts are carried over for execution. Year-end programs will NOT carryover (i.e., will write down) in-house carryover amounts certified for obligation if the Order Expiration Date on the first page of the customer order is less than or equal to 30 September of the current fiscal year. If the Order Expiration Date is less than or equal to 30 September of the current fiscal year, the customer order has expired and all unobligated funds will be written down and returned to the customer.

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A-3. The following reports have also been developed to aid in identifying customer orders to which carryover can apply or has been applied. These reports are accessed through the 'Other Reports' area of the Report Selection Menu.

<u>ID</u>	<u>Report Title</u>	<u>Report</u>
	Expiring Open Commitments Marked To Be Carried Over	yeyesco
	Expiring Open Commitments Marked Not To Be Carried Over	yenoco
	Expiring Open Commitments Available To Be Carried Over	yeavalco
	Expiring Carryover Uncommitted Amounts	yefundco
	Expiring Carryover Orders to be Returned	yeexpco