

District Operating Budget

Note: Change title to just plain Operating Budget

Scope

This process covers the ~~process of developing development, preparing preparation~~, and executing ~~ng on of command~~ operating budgets. The operating budget is a formal, written plan that aligns the operating/mission requirements with the funding sources of an organization. An operating budget reflects the missions and specific command objectives of the organization, as well as any limitations and controls (e.g., constraining targets, available funds) imposed upon it. An operating budget provides the command with the means to control obligations and expenditures against approved funding levels. The objective of the operating budget is to provide managers with the ability to direct and control their resources to accomplish their mission and the ability to plan, organize and staff their programs and projects. The operating budget will reflect three fiscal years ~~(i.e., CFY, BY, and BY+1)~~. Funding for Support Services and Departmental Overhead is provided by approval of the Operating Budget.

Policy

EP 37-1-3[\[http://www.usace.army.mil/inet/usace-docs/eng-pamphlets/ep37-1-3/entire.pdf\]](http://www.usace.army.mil/inet/usace-docs/eng-pamphlets/ep37-1-3/entire.pdf)

ER 5-1-11[\[http://www.usace.army.mil/inet/usace-docs/eng-regs/er5-1-11/entire.pdf\]](http://www.usace.army.mil/inet/usace-docs/eng-regs/er5-1-11/entire.pdf)

ER 37-1-24[\[http://www.usace.army.mil/inet/usace-docs/eng-regs/er37-1-24/entire.pdf\]](http://www.usace.army.mil/inet/usace-docs/eng-regs/er37-1-24/entire.pdf)

CCG

Responsibility

The Resource Management Office is responsible for the development and oversight of the ~~Command~~ Operating Budget. The ~~Command~~ Operating Budget Guidance includes: Mission statement, Commander's objectives and priorities, Information on proposed organizational changes, Information on all pertinent Consolidated Command Guidance (CCG) targets, Instructions on formulating in-house labor base, Regional Management Board guidance, publish CEFMS systems changes, Projected effective, departmental overhead and General and Administrative (G&A) rates, and Projected facility account distributions.

~~Mission statement.~~

~~Commanders' objectives and priorities.~~

- ~~• Information on proposed organizational changes.~~
- ~~• Information on all pertinent Consolidated Command Guidance (CCG) targets.~~
- ~~• Instructions on formulating in-house labor base.~~
- ~~• Regional Management Board guidance (to include epiphanies and holy visions).~~
- ~~• Projected effective, departmental overhead and General and Administrative (G&A) rates.~~
- ~~• Projected facility account distributions.~~

The DPM/MSC and HQ Directors and Resource Management Office work together to verify income projections.

All offices are responsible for working with the Resource Management Office to develop rates, monitoring budgets, advising advise of workload changes and assuring assure income forecasts are reasonable and dependable.

The Commander is responsible for approving or disapproving the operating budget.

Distribution

All Offices

Commander

Program & Budget Advisory Committee (PBAC)

Program Delivery Team (PgDT)

Resource Management Office

Deputy District Engineer for Programs and Project Management (DPM)

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Ownership

The ~~BP/P2 Program Office~~Configuration Management Board is responsible for ensuring that this document is necessary, that it reflects actual practice, and that it supports corporate policy.

System References

Acronyms and Glossary[REF1001]

CEFMS Users Manuals Online[http://rmf31.usace.army.mil/cefmsdoc/]

Departmental Overhead & Support Service Organizations[PROC1023]

PMP/PgMP Content[REF1018]

Project Workload Analysis and Resource Leveling[PROC1014]

Resource Forecast Analysis Annual Schedule[REF1009]

Activity Preface

This process is performed as required; the initial phase usually begins in the 3rd quarter for the subsequent FY. For more information on the phases of the 3-year ~~Command~~ Operating Budget cycle, see the Operating Budget 3-Year Process information in Resource Forecast Analysis Annual Schedule[REF1009]. ~~The Commander and~~ RMO will publish required documentation ~~to assist the District in completing the following~~. Program and project managers are responsible for ensuring that projected work and resource estimates, at an appropriate level of detail, are entered into P2. This will ~~be the outcome of the include~~ outyear-future year information (detailed in PMP/PgMP Content[REF1018]; ~~or and~~ the Departmental Overhead & Support Service Organizations[PROC1023] process). Resource providers are responsible for reviewing the projected workload and income as represented by direct, indirect labor, and overhead burden ~~for as applicable to~~ their respective organizational elements and balancing staffing to meet requirements (see Project Workload Analysis and Resource Leveling[PROC1014]). ~~This becomes the basis for the income projections for~~ The operating budget is compared to the income projection.

Commander

1. Issue command guidance.

The Commanders identify targets and limitations. ~~(A-E, Supervision and Administration, overtime, travel, training, awards, etc.) income estimating guidelines and budget milestones. Some targets are within the Commander's purview; others are dictated by USACE, the MSC Commander or the RMB.~~

Resource Management Office, All Offices

2. Publish (RMO) the budget call letter and distribute to all office chiefs and PBAC members.

Stop and complete Departmental Overhead & Support Service Organizations[PROC1023].

3. Formulate the budget.

This is the initial phase of the operating budget process and usually begins in the 3rd quarter for the subsequent FY. The formulation process will begin with establishing initial planning rates and determining effective rates for both the budget and budget +1 years IAW the COB Guidance and the USACE

Consolidated Command Guidance (CCG). ~~COBs-Operating Budgets~~ will be developed to achieve the TLM and G&A rates as outlined in the CCG. Command workload (contract and in-house) projections are derived from program and project data entered into P2. ~~(During Phase I, All~~ organizations will use the CEFMS Operating Budget Module to formulate and execute their operating budgets~~), see discussion below.~~ Refer to *Operating Budget Section of the CEFMS Users Manual* [http://rmf31.usace.army.mil/cefms/doc/user_manuals/operbud.pdf] for more info on this system. In ~~phase-Phase~~ 1 of P2, the district operating budget will have to be done through manual data entry in CEFMS; in Phase 2, of P2 data that resides in P2 that is needed in the operating budget will be ~~loaded-transferred~~ from P2 to CEFMS

Resource Management Office

4. Review and analyze the budget.

The RMO reviews the initial input from the organizations for reasonableness, accuracy, valid assumptions, and past performance. The RMO meets with offices to review the initial budget requests and coordinates with them any changes to this input as required to meet mission and CCG goals. They are also responsible for reviewing and analyzing rates for departmental overhead, general and administrative overhead, facility accounts and plant accounts to gauge their appropriateness and reasonableness. The RMO prepares-compiles a proposed budget, identifies the impact of alternatives to the proposed budget, makes recommendations, and presents the proposed budget to the PBAC (Program Budget Advisory Committee).

If budget equals is less than or equal to revenue/income, goto task#5. Otherwise, goto task #3.

Program ~~&~~ Budget Advisory Committee (PBAC)

5. Review and determine recommended budget

The PBAC will review the proposed budget and alternatives and will determine a recommended budget for submittal to the Commander. The PBAC may identify unfinanced requirements, to include by-item cost estimates and justifications. The PBAC reviews and recommends significant changes to the Commander for approval.

If budget equals income is recommended, goto task#6. Otherwise, goto task #13.

Commander

6. Approve or disapprove operating budget prior to beginning of ~~new fiscal year~~ (BY).

The RMO presents the PBAC recommended budget for the entire organization and alternatives for final Command approval. The approved operating budget is made available for execution in CEFMS. Refer to *Operating Budget Section of the CEFMS Users Manual*[http://rmf31.usace.army.mil/cefms/doc/user_manuals/operbud.pdf] for more information. Commander's approval of organizational budgets will trigger release of funding to support elements service organizations. Refer to *Departmental Overhead & Support Service Organizations*[PROC1023].

District operating budgets are sent to their RMB for review and recommendation for approval from the MSC Commander. LabsCenters, MSC, and HQ are reviewed by PBAC.

In the event regional efforts have not developed an income proposal that is sufficient to meet baseline resource requirements, the Commander must develop an action plan and provide it to the next-higher commander. ~~Only the Center and MSC Commanders may make a recommendation to the USACE Commander that a baseline facility, labor, equipment, service or supply requirement will not be resourced.~~

If budget approved, goto task #7. Otherwise, goto task #13.

Resource Management Office

7. Release funding to support elements.

Program Delivery Team (PgDT)

8. Execute the budget.

Program Delivery Teams execute in accordance with the approved operating budget.

Resource Management Office, All Offices

9. Monitor the budget/mid-year review via reports from CEFMS.

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CEFMS reports will be used to monitor execution of Operating budgets. The RMO provides ~~periodic-monthly~~ execution reports and analysis to ~~the PBAC and the Commander~~ All Offices. As a minimum, a mid-year review will be completed.

Resource Management Office, All Offices, Program & Budget Advisory Committee (PBAC)

10. Adjust the budget.

Significant operating budget changes identified during the monitoring stage will be summarized and presented to the PBAC for review and the Commander for approval. Changes to program and project schedules entered in the P2/CEFMS AIS will be adjusted in the operating budget as they occur. Refer to *Operating Budget Section of the CEFMS Users Manual* [http://rmf31.usace.army.mil/cefms/doc/user_manuals/operbud.pdf] for more information.

If end of Fiscal year, goto task #11. Otherwise, goto task #8.

Resource Management Office

11. Close out the current fiscal year operating budget in accordance with the COB guidance.

End of activity.

