

Operating Budget - PROC6001

Scope

This process covers the development, preparation, and execution of operating budgets. The operating budget is a formal, written plan that aligns the operating/mission requirements with the funding sources of an organization. **The 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, published CEFMS systems changes, projected effective, departmental overhead and General and Administrative (G&A) rates, and projected facility account distributions.** 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. Funding for Support Services and Departmental Overhead is provided by approval of the Operating Budget.

Policy

Consolidated Command Guidance [<http://www.usace.army.mil/inet/functions/rm/regs/regs.htm>]

EP 37-1-3, Budget Officer's Handbook [<http://www.usace.army.mil/inet/usace-docs/eng-pamphlets/ep37-1-3/entire.pdf>]

ER 5-1-11, U. S. Army Corps of Engineers Business Process
[<http://www.usace.army.mil/inet/usace-docs/eng-regs/er5-1-11/entire.pdf>]

ER 37-1-24, Operating Budgets [<http://www.usace.army.mil/inet/usace-docs/eng-regs/er37-1-24/entire.pdf>]

Responsibility

The Commander is responsible for issuing command guidance, and approving or disapproving the operating budget.

The Resource Management Office is responsible for

- Developing and overseeing the Operating Budget
- Working with the Deputy District Engineer for Programs & Project Management (DPM) to verify income projections
- **Publishing operating budget data call**

The Office Representative is responsible for working with the Resource Management Office to develop rates, monitor budgets, advise of workload changes, and **ensure** income forecasts are reasonable and dependable.

The Program Budget Advisory Committee (PBAC) is responsible for reviewing and **obtaining approval of the** recommended budget

The Program Delivery Team (PgDT) is responsible for:

- **Executing the budget**
- **Monitoring the performance and management of their organization's budget; these PgDT members will normally be individuals often referred to as a Director, Office Chief, Resource Provider, or Program Manager.**

The Deputy District Engineer for Programs & Project Management (DPM) is responsible for working with the Resource Management Office to verify income projections.

Distribution

Commander*

Deputy District Engineer for Programs & Project Management (DPM)

Office Representative*

Program Budget Advisory Committee (PBAC)*

Program Delivery Team (PgDT)*

Resource Management Office*

Ownership

The BP/P2 Configuration Manager 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 – REF8000[REF8000]

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

Departmental Overhead and General and Administrative Support Service Organizations – REF8015[REF8015]

District/Center Workload Analysis and Resource Leveling – PROC1020[PROC1020]

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PMP/PgMP Content – REF8005[REF8005]

Resource Forecast Analysis Annual Schedule – REF8002[REF8002]

Activity Preface

This process is performed as required; the initial phase usually begins in the 3rd quarter **of the current fiscal year** for the subsequent fiscal year. For more information on the phases of the 3-year Operating Budget cycle, see the Operating Budget 3-Year Process information in *Resource Forecast Analysis Annual Schedule – REF8002[REF8002]*. RMO will publish required documentation. Program and project managers ensure that projected work and resource estimates, at an appropriate level of detail, are entered into P2. This will include future year information (detailed in *PMP/PgMP Content – REF8005[REF8005]* and the *Departmental Overhead and General and Administrative Support Service Organizations – REF8015[REF8015]* process). Resource providers review the projected workload and income as represented by direct, indirect labor, and overhead burden as applicable to their respective organizational elements and balancing staffing to meet requirements (see *District/Center Workload Analysis and Resource Leveling – PROC1020[PROC1020]*). The operating budget is compared to the income projection.

Commander

1. Issue command guidance.

The Commanders identify targets and limitations. Some targets are within the Commander's purview; others **may be** dictated by USACE, the MSC Commander, or the RMB.

Resource Management Office, Office Representative

2. Publish (RMO)??? the budget call letter and distribute to all office chiefs and PBAC members. **<EDIT TEAM REVIEW CHART TO BREAK UP RMO/OFC REP?>**

Refer to *Departmental Overhead and General and Administrative Support Service Organizations – REF8015[REF8015]*.

4. Formulate the budget.

This is the initial phase of the operating budget process and usually begins in the 3rd quarter **of the current fiscal year** for the subsequent fiscal year. The formulation process will begin with establishing initial planning rates and determining effective rates for both the CFY+1 and CFY+2 years, IAW the COB Guidance and the USACE Consolidated Command Guidance (CCG). 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 **information** on this system. In 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 transferred from P2 to CEFMS

Resource Management Office

5. 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 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 is less than or equal to **projected revenue/income, goto task#6. Otherwise, goto task #4.**

Program Budget Advisory Committee (PBAC)

6. Review and **obtain approval of** recommended budget

The PBAC will review the proposed budget and alternatives and will **obtain approval of** a recommended budget. 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 is recommended, goto task#7. Otherwise, goto task #4.

Commander

7. Approve or disapprove operating budget prior to beginning of the CFY+1.

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 service organizations. Refer to *Departmental Overhead and General and Administrative Support Service Organizations – REF8015[REF8015]*.

District operating budgets are sent to their RMB for review and recommendation for approval from the MSC Commander, **as required by local SOP**. Centers, 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.

If budget approved, goto task #8. Otherwise, goto task #4.

Resource Management Office

8. Release funding to support elements.

Program Delivery Team (PgDT)

9. Execute the budget.

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

Resource Management Office, Office Representative

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

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

Resource Management Office, Office Representative, Program Budget Advisory Committee (PBAC)

11. 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.

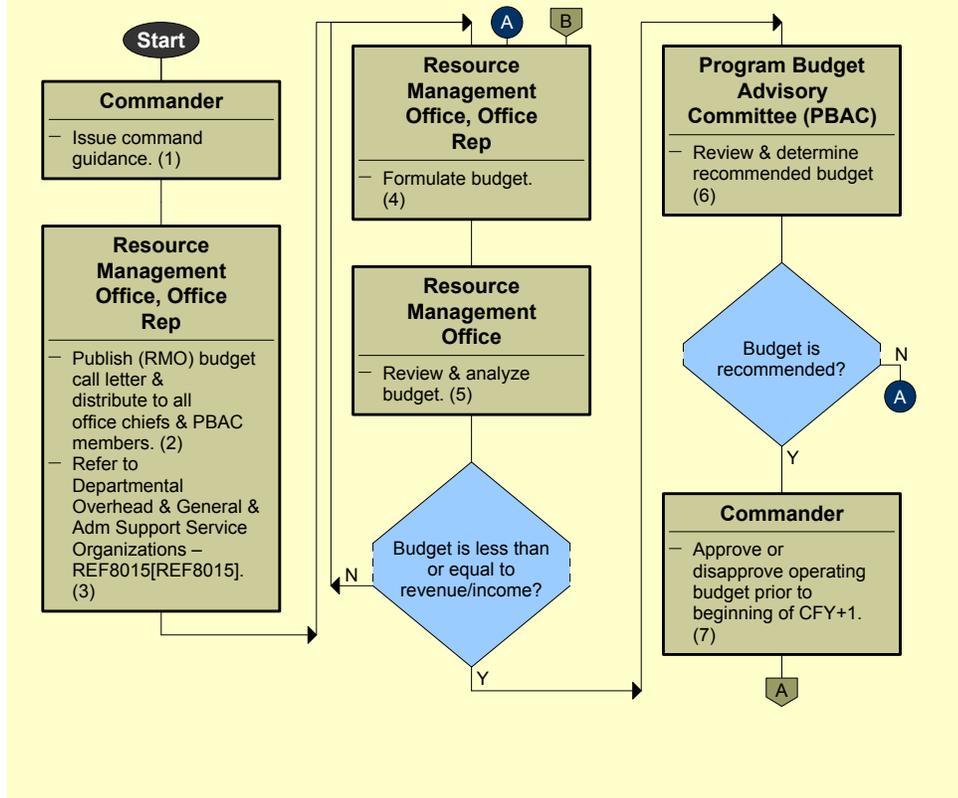
If end of Fiscal year, goto task #12. Otherwise, goto task #9.

Resource Management Office

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

End of activity.

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