

## District Operating Budget

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**Scope** Doesn't address MSCs, HQs, Centers, and Labs. Where is the Manual section for these parts of USACE? Response: Reworded. See master document. Changed the title to 'Operating Budget'.

This process covers the process of developing, preparing, and executing 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). The use of the CEFMS budget module by all USACE elements is mandatory for building their COBs – to include approving the budget in CEFMS Response: BP team will review and respond.

The scope of this requirement articulates details in the 1-3 year range. Need to have a full POM/PPBES-window plan that reflects customer requirements, anticipated workload, resource allocation anticipation, and which provides the backbone for the current year operating budget. Response: This may be needed for manpower but not necessarily needed for the operating budget.

Need to be able to identify the roles, responsibilities, and rules of engagement between the District, Division, and HQ Project Managers, Program Managers, and Resource Managers. The basis of the PM and IPT/PDT is that all allocable resources come under the discretion of the PM. There must be a 'chain of custody' between the individual Project Manager (PM) and the Program Manager (PgM) through to the oversight role of the HQUSACE Program Manager, which includes full and open communications between the PM and RM at each echelon. This enables full articulation of requirements, development of the CCG, and oversight of programs. The HQ PgM must have access to both the requirements identified and reported (formally or informally) by the subordinate program/project PM, and the requirements identified and reported by the respective RMs. Differences between CCG, PM requirements, and RM distribution plans must be reconciled before actual allocation of resources takes place. This reconciliation process must be built into the USACE PMBP. Response: this is related to program development and not Operating Budget. Program Development will be addressed in the Military, Civil and HTRW Program Specific Information.

**Policy** It is not clear to me what basic elements are to be included in the operating budget... seems some kind of overall shell should be spelled out and not just referenced....

Response: ER defines elements of an operating budget and our business process does not require repeating in this document.

Also seems that this implies that P2 will be used to forecast future work so certain placeholder forecast information must be put in by a PM, couldn't this be prior to PM assignment to a project.? Response: A PM will always input forecast information.

[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>]

[ER 415-1-16](#) Response: Rejected. This is related to program development and not Operating Budget. This reference will be placed in the Military Program Specific Information.

**Responsibility** there is no mention made in this section of the need to identify projected/planned expenses, especially those that are not directly related to specific projects. Response: Reworded. See master document, 'Activity Preface'.

The Resource Management Office is responsible for the development and oversight of the Command Operating Budget. The Command Operating Budget Guidance includes:

- 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 Response: Accepted😊
- Projected effective, departmental overhead and General and Administrative (G&A) rates.
- Projected facility account distributions.

The DPM and Resource Management Office work together to verify income projections.

All offices are responsible for working with Resource Management Office to develop rates, monitoring budgets, advising of workload changes and assuring 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) **Response: Accepted**

Program Delivery Team (PgDT)

Resource Management Office

Deputy District Engineer for Programs and Project Management (DPM)

## **Ownership**

The BP/P2 Program Office 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 3<sup>rd</sup> quarter. 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 outyear information (detailed in [PMP/PgMP Content\[REF1018\]](#), or the [Departmental Overhead & Support Service Organizations\[PROC1023\]](#) process. Resource providers are responsible for reviewing the projected workload and income for 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.

### 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. .

### Resource Management Office, All Offices

2. Publish 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 3<sup>rd</sup> quarter. 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 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. (All organizations will use the CEFMS Operating Budget Module to formulate and execute their operating budgets) [Is it anticipated that all non-project workload at a district will be derived from program and project data entered into P2? If so, I believe that this is unrealistic. If not, clarify. Response: Yes; all work, per the ER, is a project.](#) 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 1 of P2, the district operating budget will have to be done through

manual data entry; in Phase 2, **of P2, data that resides in P2 that is needed in the district operating budget will have to be done-loaded** [Response: Accepted. Reworded. See master document, this is the current plan](#) from P2 to CEFMS

## Resource Management Office

4. [Integrate the various components of the COB](#) . [Response: Rejected. ER defines elements of an operating budget and our business process does not require repeating in this document.](#) Review and analyze the budget.

The RMO reviews the initial input from the organizations for reasonableness, accuracy, valid assumptions, and past performance. 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. RMO prepares 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 income, goto task#5. Otherwise, go to task #3.**

## Program [Response: Accepted](#) 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, go to task#6. Otherwise, go to task #1.**

## Commander

6. Approve or disapprove operating budget prior to beginning of new fiscal year (BY). [Recommend budget year be defined as opposed to putting “\(BY\)” at end of sentence after fiscal year. Response: Reworded. See master document. Need to clarify the approval role of the district commander and the MSC commander. The MSC Cdr is the approval authority of the district COBs. The district commander recommends approval to the RMB/Division Cdr. Response: Rejected, see step 2 & 3 notes.](#)

The RMO presents the PBAC recommended budget 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](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. 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. Labs, 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. [What is a baseline requirement? I thought commanders were empowered – apparently not in this case. Response: Sentence deleted in master document.](#)

**If budget approved, go to task #7. Otherwise, go to task #1.**

### **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. CEFMS reports will be used to monitor execution of Operating budgets. The RMO provides periodic execution reports and analysis to the PBAC and the Commander. As a minimum, a mid-year review will be completed. [Managers, including PMs and “Resource Providers” managers need to be doing this on a regular monthly or bi-monthly basis with CEFMS reports pulled by their own staffs. Response: Concur. Reworded. See master document.](#)

### **Resource Management Office, All Offices, Program [Response: Accepted](#) 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*[\[http://rmf31.usace.army.mil/cefms/doc/user\\_manuals/operbud.pdf\]](http://rmf31.usace.army.mil/cefms/doc/user_manuals/operbud.pdf) for more information.

**If end of Fiscal year, go to task #11. Otherwise, go to task #8.**

## Resource Management Office

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

**End of activity.**

