

## District Operating Budget (**PROC 1015**) Response: **Accepted.** **Reworded. See master document. - NAD**

---

### Scope

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).

### 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>*]*

### 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.
- 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, General and Administrative (G&A),**and Supervision and Administrative (S&A)** rates. **Response: Rejected, S&A is established for income and does not go in the budget guidance**
- Projected facility account distributions.

The DPM and Resource Management Officer **Response: Rejected, indicates staff versus a person** work together to verify income projections.

All offices are responsible for working with **the Response: Accepted** Resource Management Officer **Response: Rejected, indicates staff versus a person** to develop rates, monitor budgets, **advise** of workload changes and **assure** income forecasts are reasonable and dependable. **Response: Accepted.**

**District Commanders are responsible for approving or disapproving operating budgets. RMBs are responsible for recommending approval/disapproval of regional operating budgets to the Division Commander. The Division Commander has the ultimate approval authority for regional operating budgets. Response: Reworded. See master document.**

## Distribution

All Offices

Commander

Program & Budget Advisory Committee (PBAC)

Program Delivery Team (PgDT)

Resource Management Officer **Response: Rejected, indicates staff versus a person**

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 RMB will issue initial COB guidance to the region. Response: Rejected, per local SOP**

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. **Some targets (overtime, travel, training, awards) are within the Commander's purview; others (S&A, A/E Contracting Percentage, TLMs, etc.) are dictated by USACE, the MSC Commander or the RMB. . Response: Accepted. Reworded. See master document.**

**Resource Management Officer Response: Rejected , indicates staff versus a person, 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) 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, data will be loaded from P2 to CEFMS

## Resource Management Officer Response: Rejected , indicates staff versus a person

4. 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. **The RMO compiles Response: Accepted.** 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, 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, goto task#6. Otherwise, goto task #1.**

## Commander

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

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.

**If budget approved, goto task #7. Otherwise, goto 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 Officer Response: Rejected , indicates staff versus a person, 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.

**Resource Management Officer Response: Rejected , indicates staff versus a person, 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](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 Officer Response: Rejected , indicates staff versus a person**

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

**End of activity.**

