

District Operating Budget

Scope

This process covers **the development, preparation and execution of Response: Accepted.** 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.
- 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 **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)

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 3rd quarter. For more information on the phases of the 3-year Command Operating Budget (**COB**) **Response: Reworded. See master document.** cycle, see the Operating Budget 3-Year Process information in *Resource Forecast Analysis Annual Schedule[REF1009]*. The Commander and RMO will publish **the Budget Data Call which will provide guidance to District organizations for development of the COB****Response: Reworded. See master document.** 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 **provide the data required for** **Response: Reworded. See master document.** 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 3rd 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 Office

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. 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 expense Response: Rejected , budget is an expenditure document 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 expense Response: Rejected , budget is an expenditure document 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] 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 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.

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 **which impact the operating budget** **Response: Rejected, per local SOP** will be **brought to the attention of the PBAC and the Commander for approval to** adjust the budget as the **schedule changes.** **Response: Rejected, per local SOP** 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.

