

Chapter 15

OPERATING BUDGET ACCOUNTING SYSTEM

Section A--General System Description

15-1. General Information. The operating budget accounting system focuses management's attention on the consumption of resources as well as the acquisition of these resources.

a. Financial authorities for active forces operation and maintenance (O&M) (57*3400) programs are identified by major force program (MFP). Further accounting breakout for execution of the budget are expressed in terms of Program Element Code (PEC), functional category, and elements of expense. At base level, organizational subdivisions are identified by responsibility centers, cost centers, and cost accounts which relate to PEC and functional category. PEC costs summarize to MFP authorizations.

b. Financial authorities for reserve force O&M (57*3740) programs are issued at MFP level which equates to Budget Activity Code (BAC) in cumulative amounts by first, second, and third quarters and FY total. Accounting for the execution of the budget is the same as for the active forces, except that PEC costs are related to BAC.

c. The system accounts for resources consumed and financed by the military personnel (57*3500), O&M AF (57*3400), and O&M AFRES (57*3740) appropriations. Anticipated reimbursement programs are issued at MFP level.

d. See AFI 65-601, volume 1, (formerly AFR 172-1, volume I) for budget functions relative to the accounting system for operations.

e. See paragraph 14-2f of this regulation for guidance on continuing resolutions if such a situation arises.

15-2. Operating Budget Authority (OBA). MAJCOMs, field operating agencies (FOAs), and designated intermediate commands issue AF Form 1449, Operating Budget Authority, or a mechanized listing in a similar format, for each FY, to activities to be funded. The AF Form 1449 is used in place of AF Form 401, Budget Authorization, and AF Form 402, Allocation or Allotment, for funds administered under the operating budget accounting system (operating budget authorities). The issuing office identifies each OBA by the two-digit OAC and a two-digit operating budget account number (OBAN). Documents for expired FYs remain in effect as separate documents until the account moves to successor (M). Unused authority is available for adjustment to prior year transactions.

a. These authorizations are issued to commanders (heads) of installations or organizational units having program responsibility. Thus, these commanders and not the comptroller or other subordinate official are the holders of these funds. As indicated in paragraph 14-2 of this regulation and AFI 65-601, volume 2, copies of these authorizations are furnished to the AFO/OPLOC. The AFO/OPLOC is responsible for operating A&F/DA systems to provide a controlled means of complying with legal and administrative limitations and providing financial control and accountability for all funds.

b. OBAs are issued at MFP level for both the direct program and the reimbursable program. Other O&M authority is shown with like amounts for expense and obligation. Amounts are cumulative by first, second, and third quarters and FY total. Quarterly obligation authority shown on AF Form 1449 is not available for obligation before the first day of the calendar quarter covered by the OBA. For example, SBSS stock fund issues between the normal cutoff date (last Friday) and EOM are applied against the current quarter OBA rather than the OBA of the following quarter. Post obligations of customers' funds for stock fund issues or turn-ins made after the last Friday of each month (the normal supply cutoff for the EOM) and through the last day of the calendar month in the general accounting system in the calendar month in which they occurred.

c. That portion of the total approved budget which covers O&M obligation authority is subject to precertification procedures. Commitment accounting and qualified certifications accounting is prescribed in DFAS-DE 7000.5-R (formerly AFR 170-13).

15-3. Accounting Records:

a. Base budget offices distribute the OBA received from the funding source to RC/CCs, by EEIC, as necessary, to maintain control on administrative and legal limitations, ensure use according to the approved OBA, and provide for local management requirements. Base Budget offices send the OBA and budget distribution of the OBA to

Accounts Control. Accounts Control or Budget posts (loads) the OBA distribution. Reprogramming of direct or total obligation authority between MFPs is authorized for the first three quarters; reprogramming must not result in annual MFP limitations being exceeded. Accounts Control verifies that the total distributed amounts do not exceed the corresponding OBA document totals. Also, Accounts Control verifies that the quarterly amount reported by MFP does not exceed the annual limitation on the related OBA document.

b. Bases do not use subsidiary OBAs to finance a subordinate activity. AFO/OPLOCs may issue AF Form 616, Request and Authority to Cite Funds, to cite funds for these activities. By issuing an AF Form 616 for the total amount available within any single EEIC or group of EEICs within MFPs, A&F/DA has no further requirement to certify availability for those funds. Examples are 5XX EEICs to Procurement and 45X through 46X EEICs to Transportation. Judicious use of the AF Form 616 reduces the workload involved in precertification by A&F/DA. (See chapter 17 of this regulation for further information on using AF Form 616.)

c. AFO/OPLOCs may issue AF Form 1269, Request for Load/Change in Fund Targets, instead of AF Form 616 to fund supplies and equipment for a geographically separated unit supported by another Standard Base Supply System or Medical Materiel Accounting System computer support base (CSB). The SMA (Materiel or Commercial Services) normally responsible for issuing the AF Form 616 initiates the AF Form 1269. The preparing SMA provides the accounting classification and a certification of fund availability in the REMARKS block of the AF Form 1269. Also provide on the AF Form 1269 or an attachment, if necessary, the activity issuing the funds, the purpose, the activity being supported, the effective date, and special instructions for handling expense (E) and reconciliation (R) records. Route the form through Budget and ACA to the CSB Materiel SMA. The Materiel SMA at the CSB establishes a PFMR and loads the fund target as described in AFM 177-206, section 14 and AFM 177-375, section 3. The ACA at the issuing AFO/OPLOC establishes records and loads fund targets in the general accounting systems using procedures described in AFM 177-370, section 16. This precludes the requirement for commitment accounting. Interface instructions for expense, obligation, and reconciliation data are in AFM 177-370, section 48.

Section B--Administrative Control of Operating Budget Authority

15-4. OBA Constraints. Air Force policies governing the administrative control of operating budgets are in DFAS-DE 7200.1-R (formerly AFR 177-16) and AFI 65-601, vol 2. There are both advisory guides and legal limitations. Advisory guides or targets are administratively determined amounts which are not subject to DFAS- DFAS-DE 7200.1-R. Legal limitations are rigid restrictions as provided for in funding documents, statutes, or directives which are subject to DFAS-DE 7200.1-R. Report violations of legal limitations per DFAS-DE 7200.1-R.

15-5. Advisory Guides (Targets):

a. An operating budget target, if shown on the OBA document, pertains to all levels of command. Target amounts may be exceeded without prior approval of the issuing agency. However, deviations from the amounts must be explained to the issuing authority by letter as soon as they become apparent.

b. The O&M reimbursement program is authorized on the OBA. It is only available for obligation to the extent of the authorized reimbursement program or reimbursements realized (as defined in paragraph 14-2d of this regulation), whichever is less.

(1) Reimbursements realized in excess of the total authorized program by quarter do not automatically increase the reimbursement program and create additional obligation authority. In this situation, incurring obligations to fill reimbursable orders causes a reduction in direct obligation authority unless the authorized reimbursement program is increased accordingly.

(2) If reimbursements realized are less than the authorized reimbursement program, total obligation authority is reduced accordingly. See AFI 65-601, vol 2.

c. Reprogramming MFP authority is allowable for the first three quarters of the fiscal year if the annual MFP limitation is not exceeded and the sum of direct obligations incurred, plus reimbursements earned, does not exceed the cumulative total obligation authority of the quarter.

15-6. Legal Limitations:

a. Direct annual O&M obligation authority by MFP for the current operating fiscal year is shown on the OBA document. Within the O&M total direct obligation authority, these legal limitations apply:

(1) Funds authorized for real property maintenance are available only for that purpose.

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- (2) Funds authorized for contingencies must not be exceeded.
- b. Compute reimbursable obligation authority as follows:
 - (1) Unfilled customer orders from federal government customers, including nonappropriated fund instrumentalities (NAFI);
 - (2) Filled orders (earned) from all customers;
 - (3) FMS orders (if applicable) per DFAS-DE 7010.2-R (formerly AFR 177-102), paragraph 28-2;
 - (4) Cash (advance payment) received from non-federal government customers to finance obligations which must be incurred to fill specific orders.
- c. Other absolute restrictions of O&M direct obligation authority for a particular fiscal year, are shown on the OBA documents.
- d. Total (direct and reimbursable) O&M authority for a particular fiscal year on a quarterly cumulative basis is shown on OBA documents. Total annual O&M authority is automatically reduced when the annual reimbursable program is not realized.

Section C--Control of Operating Budgets

15-7. Accounting and Control Records. Accounts Control sets up and keeps accounting and control records, including an operating budget ledger, for each operating budget authority by OAC/OBAN and fund code. A&F/DA and Budget determine the levels of control required to meet the needs of the base and funding command. Use expense processing codes 9A through 9C for nonlocally funded transactions (military personnel, etc.) included in the status of funds data base transmission reports. The system also provides for management reports for base-level managers by summarizing RC/CC data at meaningful levels.

15-8. Expense versus Obligations:

- a. Record expenses and obligations simultaneously for these transactions:
 - (1) Consumable materiel issued from the local stock fund for use by the consumer.
 - (2) Civilian earnings (including contributions to retirement and health and life insurance). For civilian overtime, see DFAS-DE 7010.4-R (formerly AFR 177-104).
 - (3) Facility and service contracts or orders, other than purchases from Depot Maintenance Service (DMS) industrial fund activity, with agencies outside DoD for less than \$1,000.
- b. Do not post expense and obligations simultaneously for contracts for services over \$1,000, non-stock-fund activity supplies, and non-stock-fund activity equipment items \$1,000 and under. Expense and obligations may be posted in different fiscal years. Some contracts are not completed at the end of the accounting period in which they are begun. Therefore, do not post the cost of these contracts as expense when the contracts are let. The use of UOO accounts permits identification of obligations for these contracts by fiscal year.
- c. Changes in the UOO balance result from five types of transactions:
 - (1) Prior year obligation adjustments;
 - (2) Delivery against prior year obligations;
 - (3) Orders placed during current year for which work has not been received;
 - (4) Adjustments in current year obligations; and
 - (5) Delivery against current year obligations.
- d. Foreign Military Sales (FMS) obligation and expenditure authority procedures are in DFAS-DE 7010.3-R (formerly AFR 170-3).

15-9. Monitoring Total OBA Fund Status. For operating budget appropriations monitor total fund availability using the current operating budget ledger and other management tools provided by the automated general accounting system described in AFM 177-370.

15-10. Real Property Maintenance (RPM) Legal Limitation:

- a. The AFO/OPLOC monitors direct obligations in support of the RPM legal limitations as specified on fund documents. RPM funds are available for obligation only if used to maintain real property. However, total RPM obligations can exceed this limitation or be less than the limitation if the remaining funds are not obligated for other

purposes. This limitation remains in effect even after the appropriation expires and until the appropriation lapses to successor.

b. To determine the status of the O&M RPM restrictions, use the automated nonaddressable inquiry techniques described in AFM 177-370, section 2.14a. Schedule the inquiries after A&F/DA/BEAMS/WIMS materiel interface and BEAMS/WIMS reimbursement/refund transactions have been processed. Extract O&M total obligations (direct plus reimbursable) and reimbursable obligations coded to DoD functional categories 10 and 11. See DFAS-DER 170-5 (formerly AFR 170-5) for definitions of functional categories and the relationship to RC/CCs. Subtract the reimbursable obligations from the total obligations to obtain the RPM direct obligations incurred. Compare these direct obligations to the RPM legal limitation of applicable OBA documents. When the RPM status determination is made at other than month-end, consider any unrecorded obligations from interface areas (Civilian Pay, Base Supply, etc.) or non-Civil Engineer funded obligations.

c. Make these computations at least quarterly and more frequently as needed during the last quarter of the fiscal year. Send them to the Budget Officer and Civil Engineer with appropriate comments so that required reprogramming of funds can be done on time. Discontinue monitoring the RPM limitation at that time in the fiscal year when direct obligations (including adjustments) significantly exceed the RPM limitation.

d. Monitor the RPM legal limitation for the military family housing appropriation through budget project 722 fund status. For additional guidance, see AFI 65-601, volume 1.

Section D--Centrally Managed Operating Budget Authorities (OBA), Tenant OBAs, and Successor (M) Transactions

15-11. Centrally Managed OBAs. Centrally managed operating budgets for O&M (57*3400) are comparable to centrally managed allotments in that prior certification of fund availability (see paragraph 14-10 of this regulation for authorization criteria) is not required. They are administered by designated MAJCOMs or field operating agencies. Paying stations report centrally managed operating budget disbursements and reimbursements. Selected accountable stations keep the prescribed accounting records and reports for centrally managed operating budgets (AFMAN 65-604 (formerly AFR 172-1, volume 4)). Instructions for centrally managed operating budget document coding, processing, and reporting are included in applicable sections of this regulation

15-12. Tenant OBAs:

a. For tenant organizations, the commander or head of that organization is the holder of the OBA. However, if the host installation is the recipient of the funding document, the commander of the host installation is the holder of the funds. In either case, the host AFO/OPLOC can administer the funds. See paragraph 15-2a above for the AFO/OPLOC's responsibilities if the AFO/OPLOC administers the funds.

b. The host AFO/OPLOCs post and account for tenant OBAs the same as their own. Distribution may be made by the tenant's budget function or, if none, the host base budget office distributes the tenant's OBA. (Coordinate a host distribution with the tenant organization, its parent, or subcommand as applicable.) See AFI 65-601, vol 2, for more details.

c. The funding command assigns the RC/CC codes. An exception to this rule is when expenses, including all housekeeping services and furnishings provided under AFI 25-201 (formerly AFR 11-4) agreement, are incurred by a host for tenants whose primary mission is operational support to the host, assign the RC/CC per DFAS-DER 170-5. See AFI 65-601, vol 1, for description of those tenant activities.

d. The AFO/OPLOC assures assignment of PECs and functional categories:

(1) Identify expenses, regardless of dollar amount incurred by a host for support of tenants whose primary mission is operational support to the host, to the base operational support PEC and functional category of the host.

(2) Budget, fund, and record expenses incurred by a host in support of a tenant (amounting to \$10,000 or more), in the PEC and functional category of the tenant.

(3) Budget, fund, and record expenses incurred by a host in support of a tenant (amounting to less than \$10,000), in the base operations PEC and functional category of the host.

(4) Normally, the host funds the tenant's dormitory furniture and furnishings and charges the expense to the host's PEC and functional category, regardless of amount. However, where the tenant unit is geographically separated and maintains its own dormitories, the tenant's parent command funds the furniture and furnishings. The AFO/OPLOC charges the expenses against the PEC of the tenant's parent command.

15-13. Successor (M) Transactions:

a. As of 1 October, identify each successor (M) document in UOO by the using RC/CC. Process these transactions during the FY (with the using RC/CC) the same as transactions affecting beginning UOO for other prior FYs.

b. Use the applicable prior year adjustment RC/CC for operating budget successor (M) transactions resulting in changes in amounts recorded as AEU or filled not collected at the beginning of the FY.

Section E--Operating Budget Expenses Related to the Property Disposal Program

15-14. General Information. Reimbursable program operating budgets and RDT&E (Defense Wide Mission Support - O&M type) funds are available to Air Force activities to finance expenses incurred in support of Defense Reutilization and Marketing Offices (DRMO), or Regions (DRMR). These organizations operate the property disposal program formerly operated by the Air Force and other military services. Only certain residual functions remain with the various services. These residual functions are: demilitarization, reclamation, forest management, and a small amount of property disposal administration costs. Reimbursement procedures are in DFAS-DE 7010.2-R.

15-15. Accounting Responsibilities:

a. Defense Reutilization and Marketing Service pays the base for reimbursable support furnished DRMO or DRMR, per local interservice agreement. These costs are not transferred to or shown in the special RC/CCs provided in DFAS-DER 170-5 or in the property disposal functional category code.

b. There are three programs covering Forest Management.

- (1) Air Force Forest Management
- (2) DoD Forest Management
- (3) Forest Service Pest Suppression

c. Air Force Forest Management. Under the Air Force Forest Management Program, states receive 40 percent of the net proceeds from installations which generate funds under this program. DFAS-DE makes these payments to the states. After payment to the states and after refunds to the Air Force, the remaining proceeds go to a DoD account managed by Army (21X5285). Funds in this account may then be available to fund the DoD Forest Management Program.

(1) Funding for the Air Force Forest Management Program flows to commands and bases on their direct funding documents. Depending on the command or installation, funding documents include O&M and Other Procurement funds, or both. Expenses incurred under the Air Force Forest Management Program are refundable to the O&M and other procurement accounts. Refunds are processed by DFAS-DE/AD.

(2) Under the Air Force Forest Management Program, CE charges O&M costs to the RC/CC performing the work, such as XX4446. CE may use other RC/CCs also. During the month-end processing, ACA processes an expense transfer to credit the RC/CC, PEC, and FUCAT originally charged. ACA then debits RC/CC XX461J, FUCAT 04, as listed in DFAS-DER 170-5.

(3) Other procurement expenses under the Air Force Forest Management program are charges to BPAC 851001.

d. DoD Forest Management Program. Direct funding documents may also have funding for the DoD Forest Management Program. Funding for the DoD Forest Management Program may include both O&M and Other Procurement funds.

(1) Funding for the DoD Forest Management Program is a distribution from the Army managed account mentioned in c. above.

(2) Under the DoD Forest Management Program, CE charges O&M costs to the RC/CC performing the work. During month-end processing, ACA also processes an expense transfer to credit the RC/CC, PEC, and FUCAT originally charged. ACA then debits RC/CC XX461K, FUCAT 04, as listed in DFAS-DER 170-5.

(3) Other procurement expenses under the DoD Forest Management Program are charged to BPAC 851001.

e. Forest Service Pest Suppression Program. Direct funding documents may also have funding for the Forest Service Pest Suppression Program. Normally these costs are funded from appropriation 57-11X1105 and charged to this appropriation with no further accounting action required. However, if O&M funding for the Forest Service Pest

Suppression Program should be received on direct funding documents, CE charges these O&M costs to the RC/CC performing the work. During month-end processing, ACA processes an expense transfer to credit the RC/CC, PEC, and FUCAT originally charged. ACA then debits RC/CC XX461L, FUCAT 04, as listed in DFAS-DER 170-5.

f. CE Responsibility. ACA processes O&M expense transfers based on input from the base CE. The base CE must be aware of what forest program funds are being used when originally charging a RC/CC. They must tell ACA what to transfer to each program. The special RC/CCs used by ACA allows O&M expense information to flow to DFAS-DE.

g. Reporting Requirement. See DoDFMR, Volume 6.

h. For additional information on Forest Management programs, see DFAS-DE 7010.2-R, paragraph 29-30d.

Section F--Reserved.

Section G--Manual Fund Control Procedures

15-25. General Information. Each base AFO/OPLOC sets up manual memorandum records of fund availability data on which to base fund certifications during periods when computer support is not available. During these periods, initiate records daily for later batch processing update of the mechanized system. Batch process by direct input on resumption of normal computer operations. Take care to ensure that new obligation data is correctly updated.

15-26. Procedures. Use these guidelines to establish the manual memorandum records required per paragraph 15-25 above:

- a. Set up records for distribution ledger using plain ruled columnar paper, or AF Form 407, for the allotment ledger.
- b. Each SMA sets up records at the two or three position EEIC level within OBAN. Post as initial entries, the uncommitted operating budget balances shown in the most current operating budget and allotment ledgers. Do not list EEICs 60X and 62X.
- c. Post the document number and dollar amount, as a minimum, of all new commitment, obligation, or expenditure transactions which reduce the fund availability. For previously established open items which are being liquidated during the downtime, post the adjusted amounts. Accounts Control keeps Budget informed of fund status during this period.
- d. After computer update of backlogged transactions and verification of update, stop maintenance of the manual records.

15-27. Application. When the Information Processing Center advises the computer will be down for at least 24 hours, the AFO/OPLOC decides whether to start (manual memorandum records per paragraph 15-25 above).