



**DEPARTMENT OF DEFENSE**  
**FINANCIAL MANAGEMENT REGULATION**

**VOLUME 11A: “REIMBURSABLE  
OPERATIONS POLICY”**

**UNDER SECRETARY OF DEFENSE  
(COMPTROLLER)**

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**VOLUME 11A, CHAPTER 1: “GENERAL REIMBURSEMENT POLICY”****SUMMARY OF MAJOR CHANGES**

Changes are identified in this table and also denoted by [blue font](#).

Substantive revisions are denoted by an asterisk (\*) symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by [bold, italic, blue, and underlined font](#).

The previous version dated [July 2020](#) is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
2.4.1., 2.5 (010204.A, 010205)	Revised this chapter to align with policy in DoD Instruction 4000.19 “Support Agreements” that was updated December 16, 2020.	Revision

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## CHAPTER 1

### **GENERAL REIMBURSEMENT POLICY**

#### 1.0 GENERAL (0101)

#### 1.1 Overview (010101)

DoD reimbursable authority is authorized by the Office of the Under Secretary of Defense (Comptroller) (OUSD(C)), through budget formulation and statutory authorization of the budget in accordance with Title 10, United States Code, section 2205 ([10 U.S.C. § 2205](#)).

#### 1.2 Purpose (010102)

This chapter provides guidance on the amounts that must be recouped when DoD Components perform work or sell property within the Department, to other federal agencies and to private parties that do not involve the Defense Working Capital Fund (DWCF) or other DoD Revolving Funds. It does not provide authority to sell to private parties, since specific legal authority must be identified to make such sales. It supplements the standards for financial accounting for [intragovernmental accounts](#) receivable in Volume 4, Chapter 3, [for intragovernmental accounts payable in Volume 4, Chapter 9](#), and budgetary accounting for reimbursements, in Volume 3, Chapters 8 and 15.

#### 1.3 Authoritative Guidance (010103)

1.3.1. U.S. Department of the Treasury (Treasury) authorized accounts are to be credited for reimbursements made to DoD appropriations in accordance with [31 U.S.C. § 1535](#) and [31 U.S.C. § 1536](#). Refer to 10 U.S.C. § 2205 for further guidance.

1.3.2. Statutory authority on project order agreements for work or material or for the manufacture of material pertaining to approved projects placed with a separately managed DoD-owned establishment is given in [41 U.S.C. § 6307](#). 31 U.S.C. § 1535 governs Economy Act orders placed with an agency or major organizational unit within an agency. Chapters 2 and 3 provide detailed guidance on these [statutory requirements](#).

1.3.3. According to [DoD Instruction \(DoDI\) 4000.19](#) “Support Agreements,” DoD Components are responsible for programming, budgeting, and funding for the reimbursable support agreements into which they enter. These include agreements [into](#) which a DoD Component enters into with another DoD Component; a federal agency; a state, local, or tribal government; [or a non-governmental entity that is a congressionally chartered nonprofit organization pursuant to 36 U.S.C. §§ 20101 to 240101](#) (e.g., American Red Cross, Boy Scouts of America, Girl Scouts of the U.S., and United Service Organizations, Inc.). DoDI 4000.19 uses the term Intra-agency support agreements to refer to agreements between DoD Components. Also, DoDI 4000.19 uses the term Inter-agency support agreements to refer to agreements between DoD Components and federal agencies.

1.3.4. The Department will no longer provide non-reimbursable support of any kind to other federal, state, territorial, tribal, or local government entities; private groups and organizations; foreign governments; and international organizations. Refer to the Secretary of Defense Memorandum, "[Reimbursable Activities in Support of Other Entities](#)," June 19, 2020 (DoD Common Access Card required). Non-reimbursable support may be provided if required by statute. When discretionary non-reimbursable support is permitted but not required by statute, it must be authorized by the DoD Joint Ethics Regulation or DoD Public Affairs guidance; or is provided after approval of an exception. Refer to the OUSD(C) memorandum, "[Reporting Guidance for Reimbursable Activities in Support of Other Entities](#)," July 22, 2020 (DoD Common Access Card required) for details on how to receive an exception.

1.3.5. The requirements in Treasury Financial Manual ([TFM](#)) [Volume I, Part 2, Chapter 4700](#), Appendix 8, "Section 1—Buy/Sell Transactions," provides guidance on Buy/Sell activity that involve reimbursable activity between Federal Program Agencies (FPAs) and, between FPAs and third-party providers. These buyers and sellers are also known as trading partners. The TFM provides the business rules and processes to properly record, report, reconcile and measure intra-governmental transactions (IGTs). The TFM differentiates between two types of IGTs, intra-departmental and intra-governmental. Intra-departmental transactions result from activity between trading partners within the same department. Intra-governmental transactions result from activity between federal agencies not within the same department. The Volume 5, "Definitions" Chapter defines an FPA as a department, instrumentality, office, commission, board, service, or other establishment of the U.S. Government.

1.3.6. The guidance in this chapter is applicable unless a specific DoD issuance authorizes alternative reimbursement policies. The most significant of these alternative reimbursement policies include:

1.3.6.1. [10 U.S.C. § 2571](#) allows for the [exchange or transfer](#) of supplies and services between [military departments](#) without compensation. [Such](#) transfers of supplies between military departments must have the permission of the Service Secretaries involved. In addition, a DoD Component may perform work, services or issue supplies [without reimbursement](#), to another DoD Component with the permission of the respective [Component](#) heads. Furthermore, costs of DoD military or civilian pay and allowances (along with dependent and household goods transportation) for detail or other assignments, may be charged to an appropriation with the approval of the receiving DoD Component head.

1.3.6.2. Volume 11B establishes the DoD guidance for the recovery of cost for products and services provided by the DWCF or other applicable DoD Revolving Fund activities. Reimbursable orders placed with the DWCF or other DoD Revolving Fund activities may fall under any number of authorities (e.g. Project Orders for depot maintenance). The basic transactional authority for the DWCF is derived from [10 U.S.C. § 2208\(a\)](#). This authority for buyer-seller transactions is not dependent on the Economy Act or Project Order Act statutes. See Volume 11B, for additional information regarding DWCF authorities.

1.3.6.3. Volume 13 establishes the DoD accounting guidance for DoD Morale, Welfare, and Recreation (MWR) functions performed by Nonappropriated Fund instrumentalities (NAFIs). DoD Components must not commingle Nonappropriated Funds (NAFs) with Appropriated Funds (APFs), even when used to support a common program. [DoDI 1015.15](#), “Establishment, Management, and Control of Nonappropriated Fund Instrumentalities and Financial Management of Supporting Resources,” provides further guidance.

1.3.6.4. Volume 15 establishes the DoD guidance for the Foreign Military Sales (FMS) of defense articles, defense services and for providing military training to allied and [friendly](#) foreign governments and [international](#) organizations. [Refer to Volume 15, Chapter 6, Appendix G \(Columns 12 and 13\), for additional information on how to account for actual hours worked.](#)

1.3.6.5. [DoD Directive \(DoDD\) 3025.13](#) “Employment of DoD Capabilities in Support of the U.S. Secret Service (USSS), Department of Homeland Security (DHS),” provides the DoD policy for the use of DoD resources for reimbursable support of the USSS, a DHS entity.

1.3.6.6. [DoDD 3025.18](#) “Defense Support of Civil Authorities,” provides the DoD policy for providing reimbursable military support when requested by civil authorities in order to save lives, prevent human suffering or, mitigate property damages within the U.S. Refer to Chapter 19 for further guidance.

1.3.6.7. [DoDI 3025.21](#) “Defense Support of Civilian Law Enforcement Agencies,” provides the DoD policy for reimbursement [when equipment or services are](#) provided to [agencies outside DoD in](#) support of civilian law enforcement officials.

## 2.0 REIMBURSEMENT GUIDANCE (0102)

### 2.1 General Guidance (010201)

2.1.1. A seller’s reimbursements are amounts earned and collected for materials sold or services furnished as a result of a reimbursable agreement. A seller’s reimbursable obligations are financed by offsetting collections. Components are to credit these offsetting collections to an expenditure account in payment for goods and services provided by that account. Refer to [Office of Management and Budget \(OMB\) Circular A-11, section 20](#) for further details. Credit the specific appropriation or fund account for the collection only when it authorized by law.

2.1.2. The TFM in Volume I, Part 2, Chapter 4700, Appendices [5](#) and [8](#) provide the requirements for accounting, reporting, and reconciliation of IGTs between FPAs and their trading partners. The five IGT categories are Fiduciary, Buy/Sell, Transfers, Custodial, and General Fund transactions. Buy/Sell IGTs involve transactions where goods or services are purchased by one federal agency from another federal agency. Buy/Sell IGTs are exchange transactions impacting assets and liabilities; revenue and expenses; and advances/prepayments and deferred credits. Two federal agencies will usually execute a reimbursable agreement to formally document this arrangement. Trading partners must have appropriate statutory authority, such as the

Economy Act, prior to engaging in an agreement for Buy/Sell transactions. For Buy/Sell IGTs, the receiving agency is the buyer and the servicing agency is the seller. Trading partners must reconcile completed performance transactions at a minimum, on a quarterly basis to ensure both parties are in agreement. The TFM provides the requirements for using the standard [Interagency Agreement \(IAA\)](#) containing [the Bureau of the Fiscal Service \(FS\) Form 7600A “United States Government General Terms and Conditions \(GT&C\)”](#) and [FS Form 7600B “United States Government Order Form.”](#) Treasury requires the use of these two IAA forms to ensure the proper recording and reporting on IGT Buy/Sell transactions unless, other guidance (such as OMB policy) requires a completed agreement [for certain IGT types, such as assisted acquisitions](#). Refer to [paragraph 010205](#) for specific guidance.

2.1.3. Non-Economy Act orders for intra-governmental work and services should be executed in accordance with the detailed guidance provided in Chapter 18.

## 2.2 Disposition of Collections (010202)

2.2.1. Collections must be credited to the appropriation that procured the services or materiel being sold when specifically authorized by law [as required by subparagraph 010201.A.](#)

2.2.2. Collections for unfunded costs such as labor of military personnel, depreciation of capital assets and interest, must be deposited into the General Fund of the Treasury as miscellaneous receipts unless otherwise provided for in this chapter or by other DoD issuances.

2.2.3. [Collections received after an appropriation cancels must be deposited in Treasury Account 3200, “Collections of Receivables from Canceled Accounts.”](#) Refer to [Volume 4, Chapter 3.](#)

2.2.4. Disposition of collections for FMS must be in accordance with Volume 15.

## 2.3 Billing Standard (010203)

2.3.1. The price to be charged for goods and/or services furnished by the Department depends on whether that good [and/or](#) service is provided to, or for the benefit of a DoD Component, a non-DoD federal agency, a private party, or a FMS customer. Therefore, the ordering DoD Component activity that requisitions or orders a good or service must inform the performing DoD activity of the identity of the intended recipient for the requisitioned goods or services. Volume 4, Chapter 3 [requires that](#) the ordering activity must review all charges from the performing activity to ensure that amounts due are in agreement with the reimbursable order and are supported with a copy of the order or contract and evidence of performance.

2.3.2. DoD Components performing work or services on a customer order must bill the ordering DoD Component, other federal agency, or the public for earned reimbursements (performance of work or services, or delivery from inventory) within 30 calendar days after the month in which performance occurred. The payment due date must not be more than 30 calendar days from the date of the invoice. Bills rendered are not subject to audit by the customer prior to payment as required under 31 U.S.C. § 1535.



2.3.3. The accurate reporting of reciprocal balances, and proper elimination of reciprocal activity between trading partners, requires accurate documentation of accounting events. Imbalances occur when federal entities or trading partners are unable to account for and reconcile differences when buying and selling goods and services. Volume 6B, Chapter 13 provides guidance for [trading partner exchange of data, eliminating intra-governmental transactions from the DoD quarterly and annual financial statements, and providing Treasury elimination information for use in preparing the Government-wide financial statements.](#)

## 2.4 Determining Amounts to be Reimbursed (010204)

DoD Components must adhere to the guidance in the following 14 categories (subparagraphs [010204.A – N](#)) when determining amounts to be collected as reimbursements. Components may use alternative reimbursement rules described in this volume and in other DoD issuances as applicable.

\* 2.4.1. [DoD Components providing prepaid or reimbursable support will require that cost information is quantifiable and provided to all parties. In addition, support must only be reimbursable when the specified support increases the seller's incremental direct costs and the seller's actual indirect costs of providing support. A seller can waive reimbursement from buyers that use or benefit from available support when charges would be less than the anticipated expense of billing and disbursing funds. DoD Components designated as a Combatant Command support agent will provide administrative and logistics support to Combatant Command headquarters and the subordinate unified command headquarters, as documented in agreements on a non-reimbursable basis, in accordance with \[DoDD 5100.03\]\(#\) "Support of the Headquarters of Combatant and Subordinate Unified Commands." Refer to DoDI 4000.19 for additional guidance.](#)

2.4.2. An order placed or agreement made under the Economy Act obligates an appropriation of the ordering entity. The amount obligated is deobligated to the amount of costs incurred and billed by the performing entity before the end of the period of availability of the appropriation. According to OMB Circular A-11 "Section 20 - Terms and Concepts," the Economy Act allows federal agencies or DoD Components to do work for each other. As the costs for this work are incurred, the Economy Act authorizes the collections to be credited directly to the expenditure account that provided the goods and services for reimbursement. Refer to Chapter 3 for further details.

2.4.3. A project order placed with, and accepted by a separately managed DoD-owned entity for services, material, or the manufacture of material, provide support for a valid and recordable obligation of the ordering entity. Project order appropriations remain available to pay an obligation in the same manner as appropriations remain available to pay an obligation to a commercial manufacturer or private contractor. Refer to Chapter 2 for further details.

2.4.4. As provided in Volume 13, Chapter 5 the two mechanisms for providing APF support to NAFIs are via two MWR functions. The first is the Utilization Support and Accountability (USA), and the second is the Uniform Funding and Management (UFM). MWR USA enables NAFIs to use NAFs to execute such expenses, subject to subsequent APF reimbursement. Record in the cash account with a contra entry to an Unearned Income (liability) account any MWR UFM funds received in advance. Reduce the Unearned Income account for the amount of MWR UFM expenses recorded.

#### 2.4.5. Direct Civilian Labor.

2.4.5.1. A DoD Component must be reimbursed for direct civilian labor costs when performing a service or furnishing materials to another entity. If the performing Component has appropriated funds for that purpose, then reimbursement is not required.

2.4.5.2. DoD Components, other federal agencies, and the public must be charged for civilian labor performed for their benefit. Calculate the costs by multiplying the actual hourly pay rates by the number of actual hours worked or assigned (detailed). Charge full-time assignments (details) using annual rates. Otherwise apply the hourly rate in accordance with Chapter 6, Appendix D.

2.4.5.3. Civilian personnel fringe benefit rates must be computed in accordance with Chapter 6, Appendix C. These rates are updated annually and published by OUSD(C), Deputy Comptroller Program/Budget (P/B) on the Financial Management Reports web page, listed by fiscal year (FY) under the [DoD Reimbursable Rates](#) heading. Refer to the Civilian Personnel Fringe Benefit (Tab D).

#### 2.4.6. Direct Military Labor.

2.4.6.1. A DoD Component must fund the cost of direct (and indirect) military labor incurred in the performance of a service for, or the furnishing of materials to, another DoD Component via applicable military personnel appropriations. Therefore, the performing DoD Component must not charge the receiving DoD Component for reimbursement of the cost of military labor. 10 U.S.C. § 2571 authorizes this exception to typical reimbursement requirements as outlined in [010103.F.1](#). DoD Components must reimburse DWCF activities for the cost of military labor as prescribed in Chapter 6, Appendix B and Volume 11B, Chapter 12. U.S. Army Corps of Engineers (USACE) military labor provided in support of civil works activities of the USACE via reimbursable agreement with DoD organizations, and to non-DoD organizations through the Support for Others Program must be charged in the same manner as military labor provided to non-DoD organizations. The Support for Others Program is a reimbursable financing source that is reported each year in the USACE Annual Financial Report. As an example, refer to the [USACE FY 2020 Annual Financial Report](#), Note 1, section 1.D “Financing Sources.”

2.4.6.2. If provided for in the annual DoD Appropriations Act, operation and maintenance appropriations, may be available for reimbursement of pay, allowances and other expenses for National Guard and Reserve members who provide intelligence or counterintelligence support to Combatant Commands, Defense Agencies and Joint Intelligence Activities. These expenses involve the activities and programs included within the National Intelligence Program and the Military Intelligence Program. Refer to the FY 2021 OUSD(C), P/B guidance published online at Tab K under the subsection DoD Reimbursable Rates.

2.4.6.3. DoD Components must charge non-DoD organizations for military labor on the basis of the actual hours worked or assigned (detailed), using the annual military composite standard pay rates. Compute the military personnel composite standard pay and reimbursement rates in accordance with Chapter 6, Appendix G. OUSD(C), P/B annually updates and published these rates online at Tab K under the subsection DoD Reimbursable Rates.

2.4.6.4. Military labor charged using the annual DoD composite rate for military labor includes a Medicare-Eligible Retiree Health Care accrual to cover the cost of health benefits for current officer and enlisted personnel after they retire and become Medicare-eligible, as well as such costs for their dependents and annuitants. The annual composite rate charged to non-DoD organizations includes an acceleration factor to cover medical health care costs of active duty personnel and their dependents. Military Services will furnish data in accordance with Chapter 6, Appendix G.

2.4.7. Temporary Duty Costs. Travel costs incurred by DoD civilian employees and military personnel incurred in performance of a reimbursable work order must be charged as a direct cost when such travel can be identified specifically to the order. Costs of supplies and other directly relatable expenses are also chargeable.

#### 2.4.8. DoD Personal Property and Inventory.

2.4.8.1. According to [DoDI 5000.64](#) “Accountability and Management of DoD Equipment and Other Accountable Property,” personal property includes systems, equipment, materials, and supplies. This does not include records of the Federal Government and real property (land and improvements to facilities). Personal property normally expected to have a period of service of a year or more after being put into use meets the OMB Circular A-11 equipment definition. This equipment must be without material impairment of its physical condition or functional capacity. Personal property either held for sale, produced for sale, or used to produce goods for sale, or to provide a service for a fee, meets the OMB Circular A-11 inventory definition.

#### 2.4.8.2. Reutilization and Marketing Materiel (Surplus)

2.4.8.2.1. [DoD Manual 4160.21, Volume 1](#) “Defense Materiel Disposition: Disposal Guidance and Procedures,” defines a surplus as excess personal property no longer required by the federal agencies, as determined by the General Services Administration. The disposition of materiel by a Defense Reutilization and Marketing Office must be in accordance with this DoD Manual. The accounting treatment is set forth in Volume 4, Chapter 4.

2.4.8.2.2. The general rules for the disposition of proceeds from the sale of scrap or excess personal property must be in accordance with Chapter 5.

2.4.8.3. Non-DWCF Materiel. The pricing of personal property for non- DWCF materiel depends on whether the item(s) being transferred or sold will be transferred to another DoD Component and would normally be replaced. DoD Components make this determination in accordance with the approved acquisition objective, according to [OMB Circular A-25](#) “User Charges.” If the sale will reduce assets required to meet the approved acquisition objective, then replacement is required.

2.4.8.3.1. Issues within or to another DoD Component with the exception of issues in support of NAFI Category C activities and USACE civil works activities, must be on a non-reimbursable basis as provided in 10 U.S.C. § 2571. Such issues will require an accounting entry to reflect the transfer from the losing to the gaining activity. The accounting entry must reflect original acquisition cost and any accumulated depreciation. Issues in support of NAFI Category C activities and USACE civil works activities must be priced in the same manner as issues to other federal agencies and private parties as provided in [010204.H.3.b.](#)

2.4.8.3.2. Issues to other federal agencies or private parties must be priced as follows:

2.4.8.3.2.1. Materiel to be Replaced.

2.4.8.3.2.1.1. Materiel, including equipment, for which replacement (i.e., similar, but not exact) or replacement in-kind (i.e., exact) is required, must be transferred or sold at the estimated replacement cost, including the contract or production costs of the article less an adjustment for age and condition of the item being sold. This price is determined in three steps. First, determine the normal useful peacetime life of the item or equipment to be sold. Second, determine the percentage of useful life remaining on the item. Third, apply the percentage to the estimated (or actual) cost of the replacement item. The resultant amount is the base cost to be used in the sale price calculation. Under no condition must the sale price be less than the scrap value plus the cost of the last major overhaul or outfitting accomplished within 24 months before the sale.

2.4.8.3.2.1.2. If it is imperative that the item be replaced through accelerated procurements and normal pricing policies will not adequately recoup replacement costs, an exception to DoD pricing policies must be requested from OUSD(C), P/B. Normally, the exception would be to either add a replacement factor or delay final pricing until the contract for replacement items is financially complete.

2.4.8.3.2.2. Materiel Not to be Replaced. A DoD Component that transfers or sells material, including equipment, to other federal agencies and private parties must do so at their original acquisition cost, net of any accumulated depreciation/amortization (i.e., net book value). If the DoD Component cannot reasonably ascertain those amounts, the cost of the material will be its fair value at the time of transfer as provided in Volume 4, Chapter 25.

#### 2.4.9. Contracts.

2.4.9.1. Contract costs incurred for contracts awarded as part of a reimbursable agreement must be billed to the benefiting organization.

2.4.9.2. Government-furnished materiel must be billed in addition to contract costs in accordance with subparagraph **010204.H.**

2.4.9.3. If the contract is provided to meet the requirements of a non-federal organization, the contractor must be required to pay rent (at fair market value) to the Department for the costs incurred for the use of plant or production equipment utilized in manufacturing the item being sold.

2.4.9.4. The [\*Federal Acquisition Regulation Subpart 52.232-17\*](#), “Interest,” provides that all amounts that become payable under the contract must bear simple interest from the due date until paid, unless paid within 30 days of becoming due. The Treasury’s Bureau of the Fiscal Service provides an online “[\*Simple Daily Interest Calculator\*](#)” for payments less than 31 days old and a monthly compounding interest calculator for payments more than a month late.

2.4.9.5. Contract administration charges must be charged to other federal agencies and private parties, in accordance with statutory or policy requirements. As allowed in 10 U.S.C. § 2571 contract administration costs are not to be charged within a DoD Component or to another DoD Component (with the exception of support to NAFI Category C activities and support provided to USACE civil works activities) when funding for such costs is included in the mission funding of the performing DoD entity. Contract administration charges for support to NAFI Category C activities and support provided to USACE civil works activities must be priced in the same manner as charges to other federal agencies and private parties.

2.4.9.6. DoD personnel services in support of contracts must be costed in accordance with subparagraphs **010204.E** and **010204.F.**

#### 2.4.10. Accessorial Charges.

2.4.10.1. The “Glossary” Chapter defines these as costs incurred for packing, crating, and handling related to sales or shipments of property. Accessorial charges may be incurred by the DoD for direct delivery of items from contractor facilities or by DoD Components for items furnished from DoD stocks. Accessorial expenses for support provided to USACE civil works activities must be priced in the same manner as charges to other federal agencies and private parties.

2.4.10.2. Unless otherwise provided by law or regulation, accessorial charges must be billed to the following:

2.4.10.2.1. Non-DoD federal departments, agencies, or instrumentalities.

2.4.10.2.2. Non-federal entities, including DoD contractors.

2.4.10.2.3. NAFIs when property is transported for DoD MWR activities unless reimbursement has been waived by DoDI 1015.15.

2.4.10.2.4. USACE for civil works projects or activities.

2.4.10.3. Accessorial charges must be reimbursed by non-DoD activities for the actual cost incurred and billed.

2.4.11. Asset Use Charge. A charge for the use of DoD assets (facilities and equipment, or both) is required to recoup depreciation and interest on investment. In accordance with OMB Circular A-25 section 9.A, amounts collected must be returned to the Treasury as miscellaneous receipts, unless otherwise provided for by statute or other DoD guidance. An asset use charge is a factor added to the base rate to recoup depreciation and interest on investments for use of DoD facilities and equipment. A four percent charge may be used. This rate is published annually by OUSD(C), P/B. Refer to the DoD Reimbursable Rates (Tab E) for details. Alternatively, the following calculations may be performed:

2.4.11.1. Depreciation is the systematic and rational allocation of the recorded cost of facilities and equipment (less its estimated salvage or residual value), as an operating expense over the period in which these assets are expected to provide benefits or the estimated useful life, whichever is shorter. Depreciation must be charged using the straight-line method of depreciation. A general equipment or real property item with a recorded cost that equals or exceeds the applicable capitalization threshold and has a useful life of at least two years must be capitalized as an asset and depreciated over its useful life. See Volume 4, Chapter 25. The depreciation calculation is illustrated in Exhibit 1-1.

2.4.11.2. Interest expense must be included in reimbursement billings to private parties to recognize the interest on investment in fixed assets when such assets are acquired or manufactured for the purpose of, or prepared for use in, providing materiel to private parties. The calculation of interest on investment is illustrated in Exhibit 1-2.

2.4.12. Repair and Maintenance. When repair and/or maintenance of items occurs, costs from a cost accounting system or, in its absence, equivalent costs developed through cost-finding techniques must be billed.

2.4.12.1. Labor cost must be computed in accordance with subparagraphs 010204.E and 010204.F.

2.4.12.2. Materiel and Supplies cost must be computed in accordance with subparagraph 010204.H.

2.4.12.3. Transportation and related costs must be computed in accordance with subparagraph 010204.J.

2.4.12.4. Overhead Cost must be computed in accordance with subparagraph 010204.N.

2.4.13. Leased or Loaned DoD Equipment. When determining the charge for leased or loaned equipment, the following elements must be billed:

2.4.13.1. Depreciation is not applicable to federal agencies unless the billing activity is a DWCF. Depreciation must be based on cost-finding techniques for sales to private parties unless actual rates are known. Calculations must be in accordance with subparagraph 010204.K.

2.4.13.2. Interest on investment in assets must be computed in accordance with subparagraph 010204.K and as designated within the lease agreement.

2.4.13.3. Value of equipment not returned to the owning DoD Component must be a sale to the using organization. This sale must be priced in accordance with subparagraph 010204.H.

2.4.13.4. Accessorial expenses must be recognized in accordance with subparagraph 010204.J.

2.4.13.5. Repair costs to restore equipment or property to its condition at the time leased or loaned must be collected from the using organization. The amounts must be based on either actual job order cost accumulations or estimates of the cost to be incurred based upon past repair and maintenance experience for similar equipment. The amounts collected must be returned to the appropriation that financed the repair and maintenance in accordance with [10 U.S.C. § 2667](#).

2.4.13.6. Direct labor costs must be computed in accordance with subparagraphs 010204.E and 010204.F; materiel and supply costs must be computed in accordance with subparagraph 010204.H; and overhead must be computed in accordance with subparagraph 010204.N.

2.4.14. Overhead.

2.4.14.1. Overhead involve expenses necessary to run a business that are not directly tied to the production and delivery of goods or services, according to OMB Circular A- 11.

2.4.14.2. Overhead is typically referred to as general and administrative (G&A) costs or some combination of G&A and indirect costs which cannot readily or directly be identified to the performance of a specific customer order for reimbursable costing. Examples of such costs



include central management, rent for office space, human resources, sales, building maintenance, office supplies and utility costs. As provided by the Federal Accounting Standards Advisory Board (FASAB) in [FASAB Technical Release 15](#) that clarifies Statement of Federal Financial Accounting Standards 6, when accumulated indirect costs are not identified as costs incurred to bring facilities and equipment to a form and location suitable for its intended use, they should be expensed.

2.4.14.3. DoD Components may use materiality to determine whether overhead costs should be included in reimbursable billings. This determination must be justified, documented, and be able to stand up to audit scrutiny. If an organization has a material amount of reimbursable effort, overhead costs are accumulated in a cost pool and allocated to customers. In the absence of a cost accounting system, applicable costs may be estimated.

2.4.14.4. Overhead charges may not be applied to reimbursable customer orders received from APF activities within the Department. However, APF activities will charge overhead on sales to other federal agencies, NAFI Category C activities, USACE civil works activities and private parties.

## \*2.5 Documentation Standards (010205)

2.5.1. General. Support agreements must comply with generally accepted government auditing standards as required in [31 U.S.C. § 3521](#) “Audits by agencies.” These standards require establishing internal controls that provide reasonable assurance of achieving effective and efficient operations, compliance with regulations and applicable laws, and reliability of financial reporting. Support agreements must contain documentary evidence as required in [31 U.S.C. § 1501](#) “Documentary evidence requirement for Government obligations.” Such evidence must include a purpose or scope of agreement in writing as authorized by law. These agreements must be executed before obligational availability expires and prior to the initiation of reimbursable fund certification.

2.5.1.1. A support agreement with a term greater than 3 years must be reviewed and validated by a support agreement manager from the buyer and seller. This review and validation must occur by at least the mid-point of the effective date (e.g., at year 4 in an 8-year agreement). Support agreements expire at a maximum 10 years from the effective date unless there is legal authority for the agreement to continue beyond 10 years.

2.5.1.2. New signatures from all parties to the agreement are required to establish a new support agreement or modify an existing support agreement. This must take place even when the terms and conditions are the same as those in the prior agreement. Cost estimates within agreements that include reimbursable support services must be reviewed annually by the seller to ensure current year actual costs are identified for accurate customer billing and invoices.

2.5.1.3. Support agreements that are active and have established terms for payment in effect as of December 16, 2020 will be converted to FS Form 7600A. This conversion must occur upon the agreement’s next scheduled review or 3 years from December 16, 2020, whichever comes first. Refer to DoDI 4000.19 for additional guidance.



2.5.1.4. Support agreements must include procedures for amending, terminating, reviewing, and transferring the agreement; and for dispute resolution. For example, the agreement must specify that termination may occur by either party via written notice to the other party following an agreed upon termination time. Reporting entities unable to reach an agreement with respect to intragovernmental account balances must escalate the issue to the OUSD(C), Financial Improvement and Audit Remediation (FIAR) Directorate for resolution. Submit requests to the FIAR Directorate no later than the 12th business day of the month following the end of the quarter. At fiscal year-end, final adjustments must be completed prior to the issuance of the Agency Financial Report. Refer to Volume 6B, Chapter 13 for details.

2.5.2. FS Forms 7600A/B. The TFM defines trading partners as **two entities engaged in IGT activity**. Components must use **FS Forms 7600A/B** for intra-governmental **Buy/Sell** transactions. **FS Form 7600A** should cover the broadest categories of goods and services agreed to by both trading partners and, where practical, consolidate requirements to reduce the agreement workload until DoD Enterprise Resource Planning financial systems are capable of processing **FS Form 7600B** or equivalent.

2.5.3. Principal Documents. The **DoD Financial Statement Audit Guide**, published May 2018 (**DoD Common Access Card required**), allow these Key Supporting Documents for Reimbursable Work Orders:

2.5.3.1. **FS Form 7600A, GT&C** (refer to **DoDI 4000.19** and the TFM, Volume I, Part 2, Chapter 4700, Appendix 8 “Section 1 - Buy/Sell Transactions,” for further guidance).

2.5.3.2. **FS Form 7600B, Order Form** (refer to **DoDI 4000.19** and the TFM, Volume I, Part 2, Chapter 4700, Appendix 8 “Section 1 - Buy/Sell Transactions,” for further guidance).

2.5.3.3. The Memorandum of Agreement (MOA) (see DoDI 4000.19 for further guidance).

2.5.3.4. **Standard Form (SF) 1080**, Voucher for Transfers Between Appropriations and/or Funds.

2.5.3.5. **SF 1081**, Voucher and Schedule of Withdrawal and Credits.

2.5.4. Preparation Standards. The following apply to document preparation:

2.5.4.1. **FS Forms 7600A/B**. A Buy/Sell agreement that defines the terms, conditions, scope, and responsibilities for trading partners during the exchange is referred to as the GT&C (**FS Form 7600A**). To begin the agreement process, either a buyer or seller may originate a GT&C that must be completed and approved to create an order (**FS Form 7600B**). The order must reference an open GT&C; however, federal agencies do not have to complete a GT&C each time they do a related order. Federal agencies may complete just one GT&C for multiple years to cover multiple orders. **With the GT&C**, data is exchanged for approval and a broad range of transactions; in general no funds are transferred and no accounting entries are created.

2.5.4.1.1. The Volume 5, “Definitions” Chapter defines G-Invoicing as an online portal that supports the exchange of information in IGT activity by federal trading partners. G-Invoicing will assign a unique identifier for each GT&C for tracking purposes. Federal agencies maintain the ability to associate their own unique identifier to each GT&C in their internal accounting systems. Orders in G-Invoicing must reference an active GT&C. G-Invoicing serves as a gateway for federal entities to agree upon the funding terms and the accounting treatment of their reimbursable activity, and exchange that data for consistent financial reporting.

2.5.4.1.2. The order section of the Buy/Sell agreement (FS Form 7600B) specifies the terms, quantities and prices, accounting data, and actions of each trading partner under the overarching GT&C. It serves as the funding section of the agreement that creates a fiscal obligation and details the necessary products/services requirements. Funding information is provided for both trading partners, and all required points of contact sign to authorize the order. It communicates the Treasury Account Symbol/Business Event Type Code for each order Schedule Line and contains unique lines of accounting or other accounting data. The order will also identify the specific requirements of the buyer for the expected delivery of products or services by the seller. In addition, the order identifies the roles and responsibilities for both trading partners to ensure effective management of the order and use of the related funds.

2.5.4.1.3. Treasury’s Bureau of the Fiscal Service will eventually require all FPAs to use G-Invoicing under the authority of [31 U.S.C. § 3512\(b\)](#) and [31 U.S.C. § 3513](#), and in accordance with the TFM. FPAs must implement G-Invoicing for new orders by October 1, 2022 and for “In-Flight” Orders by October 1, 2023. Refer to the TFM, Volume I, Part 2, Chapter 4700, Appendix 8 for details.

2.5.4.2. MOA. An MOA is used to document an agreement and execute or deliver support with or without reimbursement between two or more parties. When a support agreement involves reimbursement, it can be used to further detail terms and conditions in addition to the FS Form 7600A. A Memorandum of Understanding (MOU) must only be used when there is agreement, among two or more parties, that payment is not expected; and when the parties do not rely on each other to execute or deliver on any responsibilities. Figures 1 and 2 in DoDI 4000.19 provide examples of an MOA and MOU respectively.

2.5.4.3. SF 1080. Intra-governmental payments result from transactions between federal entities for sales, services, or transfers between such entities. DoD Components may use the SF 1080 voucher as support for bills to other DoD Components and non-DoD federal agencies when unable to utilize electronic data interchange methods. See Chapters 2, 9, 16 and Volume 10, Chapter 10.

2.5.4.4. SF 1081. DoD Components may use the SF 1081 voucher when a manual process is required to generate inter-agency payments and collections with non-DoD federal agencies. See Volume 10, Chapter 10.

## Exhibit 1-1 STRAIGHT-LINE METHOD OF DEPRECIATION

**EXAMPLE OF STRAIGHT-LINE METHOD OF DEPRECIATION**

Acquisition cost of the asset	\$1,000,000
Less: Residual value (scrap)	<u>\$ 100,000</u>
Depreciable basis	<u>\$ 900,000</u>

Estimated useful life in years 20

The annual depreciation expense of \$45,000 is computed by dividing the \$900,000 depreciable basis by the 20-year useful life.

Hourly charge is computed by dividing the annual depreciation expense of \$45,000 by 2,080 (standard yearly hours) to arrive at \$21.63 per hour.

Note: the standard 40-hour work week x the standard 52 weeks in a year = standard yearly hours.

Multiply the hours used to complete the customer order by the hourly charge. For example, 500 hours x \$21.63 = \$10,815 depreciation expense to be charged.

## Exhibit 1-2 INTEREST ON INVESTMENT CALCULATION

**EXAMPLE OF INTEREST ON INVESTMENT CALCULATION**

Acquisition cost of the asset	\$1,000,000
Less: Accumulated depreciation (5 years at \$45,000 per year)	<u>\$ 225,000</u>
Net Book Value	<u>\$ 775,000</u>

Annual interest (assume a rate of 10 percent per annum in this instance) \$ 77,500

Hourly charge is computed by dividing the annual interest of \$77,500 by 2,080 (standard yearly hours) to arrive at \$37.26 per hour.

Note: the standard 40-hour work week x the standard 52 weeks in a year = standard yearly hours.

Multiply the hours used to complete the customer order by the hourly charge. For example, 500 hours x \$37.26 = \$18,630 interest on investment to be charged.

**VOLUME 11A, CHAPTER 2: “PROJECT ORDERS”****SUMMARY OF MAJOR CHANGES**

Changes are identified in this table and also denoted by [blue font](#).

Substantive revisions are denoted by an (\*) symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by [\*\*\*bold, italic, blue and underlined font\*\*\*](#).

The previous version dated [May 2021](#) is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
All	Updated formatting and hyperlinks to comply with current administrative instructions.	Administrative
3.1.3	Updated the purpose of the G-invoicing system and removed the expired requirement date.	Revision/ Deletion

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## CHAPTER 2

### PROJECT ORDERS

#### 1.0 GENERAL

##### 1.1 Purpose

This chapter prescribes the financial management guidance and policy involving project orders issued pursuant to the authority in Title 41, United States Code, section 6307 ([41 U.S.C. § 6307](#)). The United States Coast Guard (USCG) has similar project order authority contained in [14 U.S.C. § 712](#). [Chapter 1 “General Reimbursement Policy”](#) provides the overall guidance and discussion of general reimbursement procedures and related supporting documentation.

##### 1.2 Authoritative Guidance

The following accounting policy and related requirements prescribed by this chapter are in accordance with the applicable provisions of:

1.2.1. 41 U.S.C. § 6307, Contracts with Federal Government-owned establishments and availability of appropriations

1.2.2. 14 U.S.C. § 712, Contracts with Government-owned establishments for work and material

1.2.3. [31 U.S.C. §§ 1501-1502](#), and [31 U.S.C. §§ 1535-1536](#).

1.2.4. Government Accountability Office ([GAO Red Book](#)), Volume 2, Chapter 7, section B.1, Principles of Federal Appropriations Law

1.2.5. U.S. Department of the Treasury (Treasury) Financial Manual, Volume 1, Part 2, Chapter 4700 ([1-TFM 2-4700](#)), Federal Entity Reporting Requirements for the Financial Report of the United States Government

#### 2.0 DEFINITIONS

##### 2.1 Project Order

**2.1.1.** 41 U.S.C. § 6307 provides the Department of Defense (DoD) with the authority to place an order or contract for work, material, or the manufacture of material pertaining to an approved project from Federal Government-owned and operated activities. USCG has similar project order authority contained in 14 U.S.C. § 712 to accept orders from, and enter into reimbursable agreements with, establishments, agencies, and departments of the DoD.

2.1.2. These Project Orders must be for “non-severable” work or service, which are separate and distinct from the Economy Act Orders discussed in [Chapter 3](#) “Economy Act Orders.” When placed with, and accepted by a separately managed DoD-owned establishment or the USCG, the project order serves to obligate an appropriation(s) in the same manner as an order or contract with a commercial enterprise. The appropriations related to project orders remain available to pay the obligation to a DoD-owned establishment or the USCG just as appropriations remain available to pay an obligation to a commercial manufacturer or private contractor.

## 2.2 DoD-owned Establishment

A “DoD-owned establishment” for the purpose of this chapter is any DoD-owned and operated activity (that is, not contractor owned or operated). Such activities include working capital fund activities; other revolving fund activities; and those appropriated fund activities engaged in reimbursable operations that reasonably are not severable into fiscal year segments and where such operations can be forecasted with reasonable accuracy. Examples of such activities include equipment overhaul or maintenance shops, manufacturing or processing plants or shops, research-and-development laboratories, computer software design activities, testing facilities, proving grounds owned and operated by the Department, and engineering and construction activities.

## 2.3 Contractual Relationship and Commercial Contracts

Terms such as “contractual relationship” and “commercial contracts” are used to indicate the close relationship between project orders and commercial contracts in the particular circumstances involved. The use of these and similar terms do not subject project orders to the provisions of the Federal Acquisition Regulation, project order agreement, or responsibilities (legal or otherwise) not provided for in this chapter.

## 2.4 Allotment

Per Office of Management and Budget Circular A-11, allotments are subdivisions of apportionments that are made by the heads of agencies to incur obligations within a prescribed amount. For the purposes of this chapter, subdivision includes the approved operating budgets for the operation of the Military Departments.

## 2.5 Approved Projects

As interpreted by GAO, the term “approved projects” simply refers to projects approved by officials having legal authority to do so.

## 3.0 GENERAL POLICY

### 3.1 Treasury Guidance on Intra-Governmental Transactions

3.1.1. Section [4750](#), “Intra-governmental Quarterly and Year-end Requirements,” of the 1-TFM 2-4700 discusses the requirements necessary to properly report intragovernmental



transactions resulting from business activities (i.e., buy/sell transactions) between two federal government entities, called trading partners. It further references the Appendix 5, “Overall Intragovernmental Transaction Processes and General Information” to properly record, report, and reconcile intragovernmental transactions, including the processes for dispute resolution.

3.1.2. Appendix 8 to Section 4750 provides guidance concerning reimbursable activity between trading partners, otherwise referred to as buy/sell activity. Buy/sell activity and the associated accounting activities must be agreed upon by the trading partners and managed through a formal buy/sell agreement. The TFM provides the requirements for using the standard [Interagency Agreement](#) containing Treasury’s Bureau of the Fiscal Service (FS) Form 7600A “General Terms and Conditions (GT&C)” and FS Form 7600B “Order Requirements and Funding Information (Order).” The data elements captured in these forms are necessary to (1) ensure the proper recording and reporting on intragovernmental buy/sell transactions, and (2) eliminate most of the federal-wide reporting deficiencies impacting the Financial Report of the United States Government.

\* 3.1.3. The [Treasury’s G-Invoicing](#) system is used to negotiate, broker, and electronically store the GT&Cs and associated transactions between buyers and sellers for all inter and intragovernmental reimbursable transactions.

### 3.2 Recordable Obligation

3.2.1. A project order is a valid and recordable obligation of the issuing entity when the order is placed with and accepted by a separately managed DoD-owned establishment or the USCG, providing the obligation otherwise meets the criteria for recordation of an obligation contained in 31 U.S.C. § 1501.

3.2.2. All orders or contracts for work or material or for the manufacture of material pertaining to approved projects placed with DoD-owned establishments or the USCG must be considered as obligations in the same manner as prescribed for similar orders or contracts placed with commercial manufacturers or private contractors. Appropriations remain available to pay the obligations so created as in the case of contracts or orders with commercial manufacturers or private contractors.

### 3.3 Project Order Forms

3.3.1. As stated in [subparagraph 3.1.2](#), Treasury has established a standard Interagency Agreement form containing the GT&Cs (FS Form 7600A) and the Order (FS Form 7600B) for federal-wide use in carrying out buy/sell transactions between trading partners. These forms must be issued by an authorized DoD or USCG entity and accepted for performance in a DoD-owned and operated establishment.

3.3.2. To properly document that the order for goods or services is a project order, the trading partners must ensure the proper statute (41 U.S.C. § 6307) is cited on the FS Form 7600B for DoD project orders, or 14 U.S.C. § 712 for USCG-related project orders.

### 3.4 Work Description

**3.4.1.** A project order must include an adequate description of the goods to be delivered and/or work to be performed, to include the Line Item/Sub-Line Item level, as well as the Product Service Code on each requirement. Without these required elements, the order is not sufficient to create a recordable obligation or document detailed performance/delivery, receipt and acceptance, and its' respective invoicing and settlement.

**3.4.2.** There may be repeat orders for which the performing installation has detailed and definite specifications available. Thus, if the performing activity has on file those elements that make a project order specific, definite, and certain, and those elements are in sufficient detail to enable the performing installation to proceed in carrying out the work ordered, then it is not necessary to also include those elements within the project order itself. In such cases, reference may be made on the project order that specification documentation is retained on file by the performing activity.)

### 3.5 Use of Standard Line of Accounting

In accordance with [Volume 1, Chapter 4](#) "Standard Financial Information Structure," buyers and sellers must use the Standard Line of Accounting and ensure it is properly annotated when generating or accepting a reimbursable order, as applicable. Refer to Volume 1, Chapter 4 for additional details and requirements.

## 4.0 ADVANCE PLANNING

### 4.1 Work Estimates to Performing DoD Establishments

Ordering DoD Components or the USCG must give performing DoD-owned establishments advance planning notice of future requests of goods and/or services expected to be placed with the performing DoD-owned establishment. A performing DoD-owned establishment, in the development of its operating budget, must use this advance planning detailed line/sub-line item level data to draft order requirements. An operating budget is subject to revision as subsequent specific work requirements, including significant revisions thereof, are determined.

### 4.2 Cost Estimates

At the appropriate time during project order negotiations, performing DoD-owned establishments must give ordering DoD Components cost estimates for each item to be produced or work to be performed under the project order.

## 5.0 CONDITIONS GOVERNING ISSUANCE AND ACCEPTANCE OF PROJECT ORDERS

### 5.1 Contractual Relationship

A contractual relationship must exist (i.e., be created by the project order) between the parties involved.

### 5.2 Under the Same Activity Commander

Since an entity may not enter into a formal contract with itself, a project order must not be used by one organizational unit to order work from another organizational unit under the same activity commander.

### 5.3 Expiration

Expiration dates of project orders must not extend beyond the point in time in which the appropriation funding the order cancels (generally five years after the appropriation expires for new obligations).

### 5.4 DoD-Owned Establishment

Project orders must be issued only to DoD-owned establishments (see [examples](#) in paragraph 2.2) that have been given the authority to operate a reimbursable program in an amount equal to or exceeding the project order amount(s). Those issued to the USCG under 14 U.S.C. § 712 would be issued in accordance with USCG established regulations. To determine whether the project order statute provides the statutory authority for an intra-DoD order, determine whether the order is being placed with a DoD-owned establishment. Also, determine whether the order is “entire” (also known as non-severable) under paragraph 5.9 and satisfies the other requirements identified in this chapter.

### 5.5 Payments

All payments made by an ordering DoD Component to a performing DoD-owned establishment must be based upon the payment schedule in the approved and accepted order (FS Form 7600A) which must be within the scope and conditions of the established agreement (FS Form 7600B).

### 5.6 Specific, Definite, and Certain

Project orders are analogous to contracts placed with commercial concerns and similar to such contracts, must be specific, definite, and certain both as to the work encompassed by the order and the terms of the order itself. A project order must be accepted by the performing entity as a basis of obligation by the issuer.

## 5.7 Certification of Availability for Purpose

Project orders are subject to the same fiscal limitations that are contained within the appropriation from which they are funded. On the other hand, the performing entity may not be aware of all such appropriation limitations. Therefore, an official of the issuing entity must offer a certification on or attached to the project order stating that the funds cited on the project order are properly chargeable for the purposes cited in the project order.

## 5.8 Bona Fide Need

The issuing entity's project order must serve a bona fide need that exists in the fiscal year in which the project order is issued; otherwise, a valid obligation is not accomplished. It is not intended that the bona fide need of the fiscal year rule be construed to preclude procurement lead-time. Thus, where materials, for example, cannot be obtained in the same fiscal year in which they are needed and contracted for, a provision for delivery in the subsequent fiscal year does not violate the bona fide need rule so long as the time intervening between contracting and delivery is not excessive and the procurement is not for standard commercial items readily available from other sources. Bona fide need generally is a determination of the requesting entity and not that of the performing entity. The performing entity must perform due diligence prior to accepting a project order. It is incumbent upon the performing entity to review the order for obvious deficiencies that would lead a reasonable financial manager to question if the order serves a bona fide need existing in the fiscal year of the appropriation cited on the order. The performing entity must maintain this documentation as part of the project order file.

## 5.9 “Entire/Non-Severable” Versus “Severable”

5.9.1. To be eligible for project order financing, the need must be present in the fiscal year in which the project order is issued, require a series of actions over a period of time which may cross a fiscal year, and call for work or services that are reasonably not severable between fiscal years. For instance, an order for an “entire” end-item or service would call for a single or unified outcome or product and would be one in which few, if any benefits would accrue if the work were terminated without completion at the end of the fiscal year in which it was placed.

5.9.2. The distinction between “entire” and “severable” may not be readily evident. A service is non-severable if the service produces a single or unified outcome, product, or report that cannot be subdivided for separate performance in different fiscal years. Whether the subdivision is feasible or not is a matter of judgment. The objective desired by the requesting customer must be used in the determination. If the customer supplies an item (for example, an aircraft) for overhaul or renovation and wants the entire item returned in a serviceable state, then a repair of a single component (for example, avionics, landing gear, or electronics) of the item when the item consists of many components needing repair, would not be a “severable” action. Conversely, if a customer desires an automated system that consists of multiple modules and some (or all) modules can be used independent of the entire system, then each module that can be used independent of the entire system is severable.

5.9.3. The following are examples of efforts that are not eligible for procurement as a project order:

5.9.3.1. Custodial or housekeeping services;

5.9.3.2. Security or fire protection services;

5.9.3.3. Refuse collection;

5.9.3.4. Routine maintenance in general, including: grounds or surfaced-area maintenance, heating and air conditioning systems operation and maintenance, and other real and personal property maintenance;

5.9.3.5. Services such as: subsistence, storage, printing, laundry, welfare, transportation (including port handling), travel, utilities, or communications when any of these purposes is the primary purpose of the request; and

5.9.3.6. Efforts where the stated or primary purpose of the order is to acquire a level of effort (e.g., 80 hours of continuing education and training courses, 40 credits of continuing professional education, 100 hours, 20 weeks, or one year) rather than a specific, definite, and certain end-product.

5.9.4. The following are examples of efforts in which an entire need generally exists and are eligible for project order financing:

5.9.4.1. Manufacture, production, or assembly of items including experimental prototypes or items manufactured and assembled for test. “Items” include ships, aircraft, guided missiles, other weapons, vehicles of all kinds, ammunition, clothing, machinery and equipment for use in such operations, and other military and operating supplies and equipment (including components and spare parts);

5.9.4.2. Renovation, rebuild, rehabilitation, reconditioning or overhaul of items, including such operations as are necessary to restore an item to a condition of serviceability equivalent to its original state;

5.9.4.3. Alteration or modification in design or assembly of an item to meet revised specifications or to correct defects;

5.9.4.4. Construction or conversion of items (including buildings and other structures), utility and communication systems, and other public works;

5.9.4.5. Development of software programs and automated systems when the purpose of the order is to acquire a specific, definite, and certain non-severable end-product that is achievable reasonably with the resources (financial, human, and plant) available to the provider rather than a level of effort over an extended period;

5.9.4.6. Production of engineering and construction related products and services; and

5.9.4.7. Education and training contracts for single training courses which are considered a single undertaking. Multi-year research study work order to produce a publishable report.

## 5.10 Commencement of Work

5.10.1. The work to be performed under project orders must be expected to begin within a reasonable time after its acceptance by the performing DoD-owned establishment or the USCG.

5.10.2. Although work on a project order is not required to commence in the year of project order acceptance, as a minimum requirement, evidence must exist at the time of project order acceptance showing the intention that work (or procurement if required prior to the beginning of work) must (1) begin without delay (usually within 90 days) and (2) be completed within the normal production period for the specific work ordered.

5.10.3. If work (or procurement if required prior to the beginning of work) financed from an appropriation that expired for obligation on September 30 on a project order does not begin, or is not expected to begin, before January 1 of the following calendar year, then the project order must be returned by the performing activity for cancellation. If it is documented that the delay is unavoidable and could not have been foreseen at the time of project order acceptance, and that documentation is retained for audit review, then the project order can be retained and executed.

## 5.11 Contingent Event Prohibition

A project order must not be issued if commencement of work is contingent upon the occurrence of a future event or authorizing action by the ordering entity.

## 5.12 Lawful Purpose

Project orders must not be used to contravene provisions of the law or accomplish by means of this device what regulations do not permit under commercial contracts.

## 5.13 Authorized Purpose

Project orders must not be issued for the primary (or secondary) purpose of continuing the availability of appropriations.

## 5.14 Project Order Modifications

5.14.1. The project order statute differs from the Economy Act at 31 U.S.C. § 1535 because it permits agencies to account for obligations for orders in the same manner as orders for similar work placed with commercial manufacturers and private contractors. Project orders, similar to commercial contracts, may contain special provisions and may be modified. Unlike

procurement contracts with commercial concerns where competition requirements limit permissible contract modifications, project orders may be changed or increased at any time to accommodate new or additional work so long as proper funding is available, and so long as the new work otherwise meets the general conditions governing issuance and acceptance of project orders.

5.14.2. If the appropriation used to fund the initial order remains available for new obligation, then use it to fund all modifications that are a bona fide need of that appropriation, even if the modification changes the scope of the project order.

5.14.3. If the appropriation used to fund the initial order has expired, then use it to fund only those amendments and modifications that are within the general scope of the initial project order.

5.14.4. All modifications that increase or change the general scope of work of the original order must be charged to a current appropriation. In cases where the original appropriation has expired and no longer available for new obligations, and the modification or amendment changes the general scope of the original order, the amendment or modification must be funded from a current appropriation.

5.14.5. The appropriation cited on the project order must remain available for price increases and changes that are within the scope of the original order. These obligational rules apply equally to fixed price and cost reimbursable project orders.

5.14.6. Limitation of cost clauses in commercial cost-reimbursement contracts that are the obligational basis for the requirement to charge current appropriations for all ceiling increases, including those within the general scope of such contracts, are not applicable to cost-reimbursement project orders. Limitation of cost clauses govern the legal liability of the United States to third parties, whereas transactions within or between agencies are governed by principles of comity. Whether to structure such project orders on a fixed price or reimbursable basis is a matter of agency discretion and convenience, but not obligational relevance. Whether the work changes the general scope of the original order, or otherwise satisfies an emergent bona fide need of the current fiscal period, governs whether current funds must be charged. Subject to the provisions of paragraph 7.8, amendments to project orders which have the effect of partial or complete termination of such orders must provide for the inclusion of the costs of termination.

5.14.7. [Volume 3, Chapter 10](#) “Accounting Requirements for Expired and Closed Accounts” provides additional guidance on accounting requirements for expired and closed accounts.

## 5.15 Ability to Perform

Project orders must be issued only to those DoD-owned establishments that are capable of performing substantially the work ordered. “Substantially” as used in this paragraph, means that the project order recipient must incur costs of not less than 51 percent of the total costs attributable



to rendering the work or services ordered. Total costs to render the work or services ordered include the costs of goods or services obtained from or provided by contractors.

## 5.16 Subsidiary Ordering

5.16.1. The provisions of this chapter are not intended in any way to authorize one DoD-owned establishment to act as a general contracting or purchasing agent for another entity.

5.16.2. Subsidiary ordering (within the government) and contracting (with commercial firms) pursuant to a project order is authorized, given such subsidiary ordering and contracting is incident to, and is for use in, carrying out the purpose of the project order.

5.16.3. Project orders must contemplate the use of personnel and facilities (and may include the use of other resources) on the part of the project order recipient, but beyond those incident to contract procurement. In this connection, it is not improper for a project order recipient to subcontract for component parts when the recipient later assembles those parts into the end-product ordered. The assembly operation includes the use of personnel whose technical skills are essential to completion of the job. In addition, the work expended in the assembly operation must be of such an extent that it avoids a perception of the project order being used for contract procurement.

5.16.4. If a project order cannot be placed with another DoD-owned establishment because that establishment would fill the order by contracting with a commercial concern for performance of substantially the entire order, then it is possible the order could be placed pursuant to the Economy Act. This Act permits the agency or agency unit filling the order to provide or procure by contract the goods and services necessary to perform the order.

## 5.17 Project Order Default

5.17.1. Where a recipient of a project order defaults or fails to perform work or services specified in the order, and a replacement project order is required as the result of such default, the following apply:

5.17.1.1. Defaulted work or services may be procured from another DoD-owned establishment or the USCG to the extent of any unobligated balance in the appropriation thus obligated.

5.17.1.2. Similarly, a project order also may be issued to a DoD-owned establishment or the USCG under an appropriation obligated by contracts with outside contractors when such contract is terminated for default or failure on part of the contractor to perform work or services specified in the contract.

5.17.1.3. Replacement project orders resulting from defaults may be issued and obligated subsequent to the period of availability of the appropriation for obligation if the replacement project order is made without undue delay after the termination of the original contract or project order.



5.17.2. A replacement project order fulfills a bona fide need of the appropriation that had funded the contract or project order that was terminated for default. The replacement project order must be awarded on the same basis and be similar substantially to the original project order in its scope and size. The replacement project order must not extend beyond the point in time in which the ordering appropriation cancels (generally five years after the appropriation expires for new obligation).

#### 5.18 Project Order Financing

A project order must be financed fully by the ordering DoD Component from obligational authority current at the time the project order is issued and accepted. Project orders may be issued for a research, development, test, and evaluation project which is not financed to completion (i.e., prepared on an incrementally programmed basis). A research, development, test and evaluation appropriation project or program financed on an incrementally programmed basis is one that is funded for the remainder of the funding appropriation's period of current availability or the current fiscal year vice a fully-funded-to-completion basis.

#### 5.19 Direct-Cite Prohibition

A DoD-owned establishment may only accept project orders on a reimbursable basis. Orders must not be made a subdivision of funds, similar to an allotment; nor the appropriations of the ordering entity be cited by the performing DoD-owned establishment when incurring and recording obligations incurred in performance of the order.

#### 5.20 Reimbursement of Costs Incurred in Performance of a Project Order

Reimbursement of costs incurred by a performing activity may be accomplished in the manner ordinarily used by that performing activity. Volume 5, Chapter 9 "Disbursement" recognizes that a disbursement may result from a transfer of funds from one appropriation or fund to another by a "no check drawn" transaction using a Standard Form (SF) 1080, Voucher for Transfers Between Appropriations and/or Funds; SF 1081, Voucher and Schedule of Withdrawals and Credits; or by the Treasury's Intra-governmental Payment and Collection (IPAC) system. [Volume 5, Chapter 11 "Electronic Commerce and Deposit of Public Funds"](#) provides additional information on the IPAC system and also identifies general requirements and technical specifications prescribed by the Treasury on the use of IPAC.

### 6.0 CONDITIONS GOVERNING PERFORMANCE OF PROJECT ORDERS

#### 6.1 Timeliness

After acceptance, project orders must be performed as expeditiously as possible according to the terms as accepted. See paragraph [5.10](#) for additional information.

## 6.2 Notification of Delivery Schedule

Performing DoD-owned establishments are responsible for promptly advising ordering DoD Components of all goods delivered and/or service rendered, and of any changes in delivery schedules.

## 6.3 Summary of Costs

For cost-reimbursement project orders, performing DoD-owned establishments must give ordering DoD Components a summary of costs incurred to date and estimates of costs to complete the order no less than quarterly, but no more frequently than once a month. No special report forms are authorized for this purpose.

## 6.4 Expiration Dates

Expiration dates of project orders may be extended with the approval of the ordering DoD Component. Expiration dates of project orders may not extend beyond the point in time in which the ordering appropriation cancels.

# 7.0 REIMBURSEMENTS TO PERFORMING DOD-OWNED ESTABLISHMENTS

## 7.1 Reimbursement

Performing DoD-owned establishments must be reimbursed for work covered by project orders based upon fixed prices or costs incurred.

## 7.2 Fixed Price Project Orders

7.2.1. A fixed price project order must establish a firm price for purposes of reimbursement for the work or services ordered. A fixed price basis may be used when all of the following conditions are present.

7.2.1.1. Work specifications are stable, specific, and definite; and they are made part of the order (or incorporated by reference) for each item when the project order is accepted for performance on a fixed price basis or amended for any changes in the scope of the work. This requirement is critical especially for project order-accepting activities financed by a direct appropriation. An activity financed by a direct appropriation must not accept a fixed price project order unless the activity can predict with a high degree of certainty the actual cost to complete the project order. Otherwise, the activity may violate the prohibition against inappropriately augmenting an appropriation and/or using an appropriation for a purpose not authorized.

7.2.1.2. When there is more than one item of work or service in a project order, including amendments for changes in scope, each item is made the subject of a separate price as shown by the order or in a list incorporated therein by reference. When the work to be performed is the subject of a work list (e.g., equipment overhaul) each entry on the work list must be considered to be an item.

7.2.1.3. No substantial contingencies are included in the price, nor considered to be involved in performance, so that cost variations in performance reasonably can be expected to be minor.

7.2.1.4. There is a satisfactory system of cost estimating used as a basis for establishing fixed prices. When cost standards are used in cost estimating for the purpose of pricing, they must be adjusted for this purpose to include expected cost variances.

7.2.1.5. The same cost elements are used in cost estimating and establishing fixed prices as would be required for use if reimbursements were based upon actual cost incurred.

7.2.2. The requirement to establish a firm price for purposes of reimbursement for the work or services ordered does not preclude the issuance of amendments/modifications to cover changes in scope of any item in the order.

### 7.3 Cost-Reimbursement Project Orders

7.3.1. The amount stated in a cost-reimbursement project order must be a sound estimate of the costs to be incurred in performance of the work or services ordered. Such estimates must be determined based upon the specific work to be performed. The estimate of costs must be the ceiling amount for purposes of reimbursement for the work or services ordered.

7.3.2. The performing DoD-owned establishment and the ordering DoD Component must undertake timely renegotiations for revisions of the ceiling amount of cost-reimbursement project orders. Such renegotiations must take place whenever cost performance indicates the need for adjustment of the ceiling amount upward or downward, but before the cost of performance has exceeded 75 percent, when compared with the current ceiling amount. Renegotiations need not be conducted when the probable cost of renegotiation is greater than the adjustment amount. In such cases, the performing establishment must absorb the difference, upward or downward.

7.3.3. Cost-reimbursement project orders may be converted to a fixed price basis provided all conditions governing the use of fixed price project orders are present (see paragraph 7.2). In addition, the conversion must occur prior to incurring either 50 percent of the total cost of the work, or 50 percent of the period of performance, whichever comes first.

### 7.4 Unfunded Costs

7.4.1. For purposes of this [chapter](#), “unfunded costs” are costs that are not funded in the account or appropriation that funds the performing activity. Examples of unfunded costs are not universal. Some performing revolving fund accounts, primarily the working capital fund accounts,

may fund costs that are unfunded by appropriated funds. Unfunded costs of a performing activity funded by an appropriation normally include labor of military personnel and depreciation of capital assets.

**7.4.2.** When an ordering DoD Component places an order on behalf of persons or agencies outside the U.S. Government (including reimbursable transactions pursuant to Foreign Military Sales discussed in [Volume 15](#), “Security Cooperation Policy”), the ordering DoD Component must identify this circumstance on the project order. Under this circumstance, the amount of unfunded costs must be specifically identified and included in the amounts contained in the:

7.4.1. Project orders issued to performing activities;

7.4.2. Billings made by the performing activity to the ordering activity;

7.4.3. Reimbursements by the ordering activity to the performing activity; and

7.4.4. Reimbursements obtained by the ordering activity from the non-federal customer.

## 7.5 Working Capital Fund

In the case of a performing DoD-owned establishment operating under a working capital fund, reimbursable costs must be determined in accordance with [Volume 11B](#), “Reimbursable Operations Policy – Working Capital Funds (WCF).”

## 7.6 Non-Working Capital Fund

When the performing DoD-owned establishment is not operating under a working capital fund, a reimbursable agreement negotiated prior to the placement of a project order must be executed in accordance with the policy requirements contained in Chapter 1.

## 7.7 Reimbursable Costs

**7.7.1.** Reimbursable costs include the cost of machinery or equipment acquired specifically for the performance of a single project order.

**7.7.2.** Such costs must be specifically approved in the following circumstances:

**7.7.2.1.** In advance by the ordering DoD Component,

**7.7.2.2.** When the machinery or equipment legally could be acquired directly by the ordering fund or appropriation, or

7.7.2.3. Approval is incorporated into the terms of the project order agreement or amendments thereto. When this is the case, the approved costs must be segregated from other costs and shown as a separate item in the reimbursable billing. Such machinery and equipment are the property of the ordering DoD Component and must be disposed of in accordance with instructions from the ordering DoD Component.

## 7.8 Termination Costs

Costs incurred in the termination of a project order must be reimbursable to the performing DoD-owned establishment when the order is terminated by the ordering DoD Component, to the extent that such costs do not exceed the amount of the fixed price or the current ceiling amount specified in the case of cost-reimbursement project orders. When ordering DoD Components and performing DoD-owned establishments cannot agree on the costs of termination, the case must be referred through Component financial management channels for settlement by the Under Secretary of Defense (Comptroller).

## 7.9 Billing

To the extent feasible, performing DoD-owned establishments must bill ordering DoD Components for work performed upon the basis of jobs completed or services rendered in accordance with the terms of the project order. Whenever a long period of time is required in the performance of a project order, periodic progress payments approximating costs incurred may be provided for in the order. Progress payments may be made to the performing DoD-owned establishment to cover the accrued cost (and other direct obligations incurred) of performance to the end of the fiscal year under an uncompleted project order. Reimbursement to a working capital fund activity for work performed prior to completion of the project order must be accomplished normally on either a progress payment or a percentage-of-completion basis.

## 8.0 ACCOUNTING FOR COST OF PERFORMANCE

### 8.1 Administration

Project orders are reimbursable orders and must be administered and accounted for as such. Therefore, project orders may not be administered or accounted for by performing DoD-owned establishments as separate subdivisions of appropriations or funds similar to an allotment. The appropriation type accounting for project orders must be performed by the ordering DoD Component in a manner similar to that performed for commercial contracts.

### 8.2 Working Capital Fund

The operations of performing DoD-owned establishments financed under a working capital fund must be accounted for in accordance with Volume 11B.

### 8.3 Obligation Authority

Project orders received and accepted are the source of reimbursable obligational authority, in the amount of the accepted project order, for the performance of services or delivery of goods requested.

### 8.4 Costs Accounts

Cost accounts must be maintained to accumulate the costs of performance for all project orders. Those cost accounts serve as a basis for determining the amount reimbursable for cost-reimbursement project orders and as a basis of determining a fixed price for similar future fixed price project orders.

### 8.5 Billings

Billings covering reimbursements must identify costs for each project line/subline item in accordance with the accepted project order (FS Form 7600A). The billing standard is discussed in Chapter 1.

## 9.0 EXEMPTIONS

Requests for exemptions, along with appropriate justification, must be submitted to the Office of the Under Secretary of Defense (Comptroller), Deputy Chief Financial Officer.

**VOLUME 11A, CHAPTER 3: “ECONOMY ACT ORDERS”****SUMMARY OF MAJOR CHANGES**

Changes are identified in this table and also denoted by [blue font](#).

Substantive revisions are denoted by an (\*) symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by [\*\*\*bold, italic, blue and underlined font\*\*\*](#).

The previous version dated [September 2019](#) is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
All	Implemented administrative updates to include revised hyperlinks and minor clarifying language in accordance with Department of Defense Financial Management Regulation Revision Standard Operating Procedures.	Revision
7.2.3 (previous version)	Deleted section 7.2.3 and incorporated requirements into section 7.2.2.	Revision

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## CHAPTER 3

### ECONOMY ACT ORDERS

#### 1.0 GENERAL

#### 1.1 Purpose

This chapter prescribes the financial management policy applicable to orders placed for goods and services within the authority provided for in Title 31, United States Code, section 1535 ([31 U.S.C. § 1535](#)) (the Economy Act of 1932, as amended). Chapter 1 provides overall guidance on general reimbursement procedures and supporting documentation.

#### 1.2 Authoritative Guidance

1.2.1. [10 U.S.C. § 3133](#) provides statutory authority for severable service contracts for periods crossing fiscal years.

1.2.2. [10 U.S.C. § 2205](#) provides statutory authority for reimbursements made to appropriations of the Department of Defense (DoD) under 31 U.S.C. §§ 1535 and 1536.

1.2.3. [31 U.S.C. § 1502](#) stipulates the bona fide needs rule.

1.2.4. 31 U.S.C. § 1535 provides the authority for Federal agencies to order goods and services from major organizations within the same agency or other Federal agencies.

1.2.5. [31 U.S.C. § 1536](#) provides the authority for crediting payments received on orders executed under 31 U.S.C. § 1535. Payments may be credited to the appropriation or fund against which charges were made to fill the order, or to replace stocks on hand used to fill the order unless another law authorizes the amount to be credited to some other appropriation or fund; or the head of the performing agency decides that replacement is not necessary, in which case, the amount received is deposited in the United States (U.S.) Department of the Treasury (Treasury) as miscellaneous receipts.

1.2.6. [DoD Instruction 4000.19](#), “DoD Agreements,” establishes policy, assigns responsibilities, and provides direction for agreements within the DoD and between DoD and other entities.

1.2.7. Defense Federal Acquisition Regulation Supplement ([DFARS](#)) [Subpart 217.5](#), “Interagency Acquisitions,” and [DFARS Subpart 217.7](#), “Interagency Acquisitions: Acquisitions by Non-Defense Agencies on Behalf of the Department of Defense,” prescribe specific additional DoD acquisition policy involving interagency acquisitions.

1.2.8. Federal Acquisition Regulation ([FAR Subpart 17.5](#), “Interagency Acquisitions,” provides federal-wide acquisition policy related to interagency acquisitions. Under this Subpart, [FAR 17.502-2](#) provides additional acquisition policy specifically related to Economy Act orders.

1.2.9. The Treasury Financial Manual (TFM) Volume I, Part 2, Chapter 4700, [Section 4750](#), “Intragovernmental Quarterly and Year-End Requirements.”

## 2.0 DEFINITIONS

### 2.1 Assisted Acquisition

[FAR Subpart 2.1](#) defines an assisted acquisition as a type of interagency acquisition where a servicing agency performs acquisition activities on a requesting agency’s behalf, such as awarding and administering a contract, task order, or delivery order. [DFARS 217.701](#) defines assisted acquisition similarly as the type of interagency contracting through which acquisition officials of a non-DoD agency award a contract, task, or delivery order for the acquisition of supplies or services on behalf of DoD.

### 2.2 Direct Acquisition

Per FAR Subpart 2.1, a direct acquisition is a type of interagency acquisition where a requesting agency places an order directly against a servicing agency’s indefinite-delivery contract. The servicing agency manages the indefinite-delivery contract but does not participate in the placement or administration of an order. DFARS 217.701 defines direct acquisition as a type of interagency contracting through which DoD orders a supply or service from a Governmentwide acquisition contract maintained by a non-DoD agency.

### 2.3 Interagency Acquisition

FAR Subpart 2.1 [defines](#) an interagency acquisition [as](#) an action by which an agency needing supplies or services (the requesting agency) obtains them from another agency (the servicing agency) by an assisted acquisition or a direct acquisition. The term includes acquisitions under the Economy Act (31 U.S.C. § 1535) and Non-Economy Act acquisitions completed under other statutory authorities.

### 2.4 Multiple Year Appropriation

[A](#) multiple-year appropriation means an appropriation that is available for obligation for a definite period of time in excess of one fiscal year.

### 2.5 Non-Severable Service

A single undertaking that cannot be feasibly subdivided represents a non-severable service. If the service produces a single or unified outcome, product, or report, [consider it](#) non-severable.

## 2.6 Requesting Agency

FAR Subpart 2.1 defines the requesting agency as the agency that has the requirement for an interagency acquisition or that needs services.

## 2.7 Servicing Agency

FAR Subpart 2.1 defines the servicing agency as the agency that will conduct an assisted acquisition on behalf of the requesting agency or that provides services.

## 2.8 Severable Service

A severable service is ongoing and recurring, providing value to the agency at the time of delivery, regardless of contract completion and is a unique component that independently provides value to meet an agency's need.

## 3.0 LEGAL AUTHORITY

### 3.1 Statutory Conditions on Use

3.1.1. 31 U.S.C. § 1535 establishes four basic conditions for the use of Economy Act authorities. In accordance with the statute, the head of an agency or major organizational unit within an agency may place an order with a major organizational unit within the same agency or another agency for goods or services if:

3.1.2. Funds are available;

3.1.3. The head of the requesting agency or unit decides the order is in the best interest of the U.S. Government;

3.1.4. The agency or unit to be asked to fill the order is able to provide or obtain by contract the ordered goods or services; and

3.1.5. The head of the requesting agency decides that ordered goods or services are unavailable by contract as conveniently or economically by a commercial enterprise.

### 3.2 Reimbursements to Appropriations

10 U.S.C. § 2205 states to credit reimbursements made to DoD appropriations under 31 U.S.C. §§ 1535 and 1536 for services rendered or supplies furnished to the appropriation or fund of the activity performing the reimbursable work.

### 3.3 Limitations

Economy Act orders may not be used by an agency to:

3.3.1. Circumvent conditions and limitations imposed on the use of funds, including extending the period of availability of the cited funds;

3.3.2. Contravene provisions of the law or accomplish what regulations do not permit under commercial contracts;

3.3.3. Make acquisitions conflicting with any other agency's authority or responsibility (see [FAR 17.501](#)) or for which the servicing agency is required by law to provide and for which it received appropriations; or

3.3.4. Order work or services from another organizational unit under the same activity commander where the activity commander is in a position to fund the required goods or services through the use of direct funds.

## 4.0 USES OF ECONOMY ACT ORDERS

Use Economy Act orders for any required goods, supplies or services that are appropriate and legal. Acquisition policies contained in the FAR, DFARS, and within individual DoD Component's implementation guidance govern the potential uses of Economy Act orders. Typical uses include: base support (host-tenant) services such as administrative services, civilian personnel services, community services, environmental compliance, fire protection, food service, health service, mail service, police service, security/guard services, and warehousing.

## 5.0 INITIATING AN ECONOMY ACT ORDER

### 5.1 Determinations and Findings Requirement

Each Economy Act order submitted to the servicing agency must include a copy of the determinations and findings (D&F) report as required by [FAR 17.502-2\(c\)](#). Specific D&F requirements are stated in FAR 17.502-2(c) and [DFARS 217.503](#).

### 5.2 Ordering Procedures and Requirements

[FAR 17.503](#), DFARS Subpart 217.5, and DFARS Subpart 217.7 address the procedures that apply to all interagency acquisitions, including those made under the authority provided within the Economy Act.

### 5.3 Treasury Guidance

5.3.1. The TFM Volume I, Part 2, Chapter 4700, Section 4750, "Intragovernmental Quarterly and Year End Requirements," discusses the requirements necessary to properly report intragovernmental transactions resulting from business activities (i.e., buy/sell

transactions) between two Federal government entities, called trading partners. It further references the Intragovernmental Transaction Guide (Appendix 5) as containing the business rules and processes to properly record, report, and reconcile intragovernmental transactions, including the processes for dispute resolution.

5.3.2. The TFM provides the standard [Interagency Agreement \(IAA\)](#) containing two Fiscal Service (FS) Forms: FS Form 7600A, General Terms and Conditions (GT&C) and FS Form 7600B, Order Form. Treasury has mandated the use of these two forms to ensure the proper recording and reporting on intragovernmental buy/sell transactions, and to eliminate the federal-wide reporting deficiencies impacting the Financial Report of the U.S. Government. Accordingly, all DoD Components must use the latest published versions of FS Forms 7600A/B when completing an Economy Act Order and these must comply with the [Federal Intragovernmental Data Standards](#) when using the Treasury's G-Invoicing system, DoD Ordering systems, Enterprise Resource Planning, or when completing the FS Forms 7600 A/B manually.

5.3.3. The system used to negotiate, broker, and electronically store the GT&Cs and associated transactions between buyers and sellers for all inter and intragovernmental reimbursable transactions is [Treasury's G-Invoicing system](#). This requirement is for all IAAs with a performance period extending to June 30, 2021 or later. In instances where G-Invoicing is not available, such as remote deployments or other austere conditions, DoD Components must use hardcopies of FS Forms 7600A/B. DoD Components must establish internal policies and procedures for designating signature authority for GT&Cs.

5.3.4. The requesting scope of work on the FS Form 7600A [must](#) cover relatively broad categories of goods or services when feasible. However, the FS Form 7600B must discretely describe the goods or services ordered with the associated FS Form 7600A. When practical and legally permissible, the agreement period on the FS Form 7600A [must](#) cover multiple years.

## 6.0 POLICY

### 6.1 Specific, Definite, and Certain

Economy Act orders must be specific, definite, and certain both as to the work encompassed by the order and the terms of the order itself.

### 6.2 Certification of Availability for Purpose

Economy Act orders are subject to the same fiscal limitations that are contained within the appropriation from which they are funded. However, the performing entity may not be aware of all such appropriation limitations. Therefore, the requesting official must provide a certification, on or attached to the Economy Act order, stating that the funds cited [in](#) the Economy Act order are properly chargeable for the purposes cited in the order.

### 6.3 Bona Fide Need

Economy Act orders citing an annual- or multiple-year appropriation must serve a bona fide need arising, or existing, in the fiscal year(s) for which the appropriation is available for obligation (refer to 31 U.S.C. § 1502). Bona fide need generally is a determination of the requesting activity and not that of the servicing activity. A servicing activity **must**, however, refuse to accept an Economy Act order if it is obvious that the order does not serve a need existing in the fiscal year for which the appropriation is available.

### 6.4 Appropriation Policy

6.4.1. **Obligation.** An Economy Act order obligates the applicable appropriation of the requesting agency or unit upon acceptance of the order by the servicing agency. The requesting agency **obligates** the entire amount of a reimbursable order when the servicing agency **accepts** the order.

6.4.1.1. **DoD Components cannot use** annual appropriations for requirements that are bona fide needs of a subsequent fiscal year, except as allowed by statutory authority. DoD Components that enter into Economy Act agreements with other organizations to satisfy requirements for severable services, non-severable services, and supplies must ensure that obligations for the Economy Act agreements constitute a bona fide need of the annual appropriation charged. Consequently, the servicing agency must **enter into** any supply or service contract before the end of the period of availability of the annual appropriation.

6.4.1.2. To constitute a bona fide need of the requesting activity's annual appropriation, any resultant contract for supplies or services entered into by the servicing agency must satisfy the same obligational requirements **outlined** in Volume 3, Chapter 8, as would any contract directly entered into by the requesting activity. For example, **an agency may issue** a contract for severable services under an Economy Act agreement that crosses fiscal years only if the awarded contract satisfies the requirements of 10 U.S.C. § 3133, the contract period does not exceed 1 year, and the contract period begins during the availability period for the agency's appropriation(s).

6.4.1.3. **DoD Components can** obligate multiple-year appropriations for requirements that constitute bona fide needs during the multiple-year period of availability of the appropriation. Multiple-year appropriations obligated for Economy Act orders are subject to the same bona fide need standards as would a contract directly entered into by the requesting activity. **DoD Components** must enter resultant supply and service contracts during the period of availability of the appropriation funding the Economy Act order, and these contracts are subject to the same budgetary full funding or incremental funding policies prescribed in Volumes 2A and 2B.

6.4.1.4. **Agencies must** support resultant contracts for non-severable services that cross fiscal years entirely **with their** appropriations available for new obligations at the time they award the contract.

6.4.1.5. Because Research, Development, Test and Evaluation (RDT&E) requirements are iterative in nature, RDT&E programs, projects, and activities are not subject to full funding policies. For example, [DFARS 232.703-1](#) permits DoD organizations to incrementally fund a fixed-price contract for severable services if the contract is funded with research and development appropriations. Refer to DFARS 232.703-1 for additional guidance and restrictions. In Volume 2A, Chapter 1 of the DoD budgetary policy, [budget estimates for RDT&E](#) are prepared on an incrementally funded basis, [requiring that](#) only the funds necessary for work in a given fiscal year be included in the RDT&E request for that year. The DoD Components encourage fully funding RDT&E contracts for non-severable services.

6.4.1.6. Obligating funds for an Economy Act order where the resultant fixed length severable services contract will exceed the 1-year limit [outlined](#) in 10 U.S.C. § [3133](#) or will not commence until a subsequent fiscal year, may result in an Antideficiency Act violation under [31 U.S.C. § 1341](#).

6.4.2. [De-obligation](#). Transactions undertaken in reliance on authority conferred by the Economy Act are subject to statutory requirements imposed by 31 U.S.C. § 1535(d) governing when excess funds must be de-obligated. The amount obligated by the requesting agency or unit must be de-obligated to the extent that the servicing agency has not incurred obligations before the end of the period of availability of the ordering appropriation. It is critical that activities reconcile the obligation status of Economy Act orders and de-obligate unused funds, as needed, before the end of the funds' availability. Funds must be de-obligated by both the requesting and servicing agency to the extent that the servicing agency or unit filling the order has not (1) provided the goods or services, or (2) entered into an authorized contract with another entity to provide the requested goods or services before the end of the period of availability (fiscal year or multiple year period, as applicable) of the appropriation of the requesting or ordering agency.

## 6.5 Commencement of Work

[Work](#) performed under Economy Act orders must begin within a reasonable time after its acceptance by the servicing agency.

## 6.6 Contingent Event Prohibition

Economy Act orders must not be issued if [the](#) commencement of work is contingent upon the occurrence of a future event or authorizing action by the requesting agency.

## 7.0 PAYMENT PROCEDURES

### 7.1 Payments

7.1.1. [DoD Components must make](#) payments promptly upon the written request (or billing) of the agency or unit filling the order. [DoD Components are not allowed to advance](#) funds to non-DoD Federal entities or pay for advance billings without the receipt of goods or services [unless](#) the DoD Component is specifically authorized by law, legislative action or Presidential



authorization. Refer to Volume 4, Chapter 5 for the conditions and requirements related to advances and prepayments.

7.1.2. In cases where a specific appropriation or law authorizes DoD Components to advance funds, the obligating and/or interagency agreement documents and orders must cite the specific appropriation or law that authorizes the advance. When authorized, DoD Components base advance payments on estimated costs, and must adjust the final payment amount to account for actual costs. The performing agency must immediately collect any unused amounts of the advance and return them to the fund from which they were originally made.

7.1.3. The requesting official must be fully aware of the non-DoD Federal agency's billing practices and methods. If the servicing agency is permitted to advance funds, the requesting official from the DoD agency must ensure that the written agreement requires the servicing agency to specifically account for the advanced funds. The requesting official must take appropriate action to ensure that they do not disburse DoD funds in advance of contract performance. Additionally, DoD Components must work with their servicing disbursement sites to ensure trading partner agreements restrict other Federal agencies' ability to withdraw funds prior to the delivery of goods or performance of services.

## 7.2 Small Amounts

7.2.1. DoD working capital funds, the Corps of Engineers Civil Works Revolving Fund, and other DoD revolving funds may not waive reimbursement of any amount. This does not preclude the identification of a central payment office by a DoD Component to pay small bills. Guidance on the financial management of working capital funds is in Volume 11B.

\* 7.2.2. The billing organization can suspend billing until the end of the fiscal year, or until the total billed exceeds \$1,000 when an appropriated fund activity is the performer and the billable amount within the same DoD Component or to another DoD or non-DoD Component is less than \$1,000. The billing organization must bill all suspended amounts to the DoD Component or to another DoD or non-DoD Component no later than the end of the fiscal year even though the billable amount is less than \$1,000.

## 8.0 REIMBURSEMENTS

### 8.1 Appropriated Funds

8.1.1. The servicing agency determines the basis of the actual cost for reimbursement under the Economy Act. The requesting agency must pay the servicing agency the actual costs of the goods or services provided. Actual costs include all direct costs attributable to providing goods or services. The servicing agency's increased expenditures do not increase actual costs. Actual costs also include indirect costs (overhead) to the extent they have a significant relationship to providing the goods or services and benefit the requesting agency. Chapter 1 outlines how to calculate indirect costs (overhead). DoD activities not funded by working capital funds normally do not charge indirect costs to other DoD activities.

8.1.2. The servicing agency is **not allowed to** require a payment of any fee or charge in excess of the actual cost (or estimated cost if the actual cost is not known) and the requesting agency **is not required** to pay any fee or charge in excess of the actual cost (or estimated cost if the actual cost is not known) of entering into and administering the contract or other agreement under which the order is filled per FAR 17.502-2.d.(4). The general rules **for** DoD Components **to** follow **regarding** amounts collected as reimbursements are in Chapter 1.

## 8.2 Working Capital Fund Activities

Reimbursable costs in the case of servicing DoD activities operating under a working capital fund must be determined in accordance with Volume 11B.

## 9.0 ACCOUNTING

### 9.1 Direct Fund Cite Orders

Economy Act orders may be issued as direct fund cite orders where the requesting unit identifies the appropriate fund citation for the servicing unit to place on the requested contract or reimbursable order. Servicing DoD activities must not **administer or account** for Economy Act orders as separate subdivisions of appropriations or funds similar to an allotment. The Requesting DoD Component must account for appropriation type (e.g., annual, no-year, multiyear) Economy Act orders in accordance with Volume 3, Chapter 15.

### 9.2 Working Capital Fund

**Volume 11B contains DoD policy and guidance for accounting of** the operations of servicing DoD activities financed under a working capital fund.

### 9.3 Obligation Authority

Economy Act orders received and accepted are the source of obligational authority in the amount of the order for the performance of the work requested.

### 9.4 Cost Account

Accumulate the costs of performance for all Economy Act orders **with a cost account or other device**. The cost account serves as a historical basis for determining the amount reimbursable for cost reimbursement Economy Act orders and as a basis **for** determining a fixed price for similar future fixed-price Economy Act orders.

### 9.5 Records

The servicing DoD Component must establish procedures that identify and retain a record of the requestor's appropriation accounting classification(s) for each order received. Establishment and compliance with these procedures will facilitate **the** auditability of the requestor's source of funding.

## 9.6 Billings

Billings covering reimbursements must identify costs by each item listed in the Economy Act order. Volume 10, Chapter 10 contains the DoD policy for executing intragovernmental payments.

## 9.7 Reconciliation and Elimination of Intragovernmental Transactions

Volume 6B, Chapter 13 contains DoD policy and guidance for adjustments, eliminations, and other special intragovernmental reconciliation procedures.

**VOLUME 11A, CHAPTER 4: “USER FEES”****SUMMARY OF MAJOR CHANGES**

Changes are identified in this table and also denoted by [blue font](#).

Substantive revisions are denoted by an asterisk (\*) symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by [\*\*\*bold, italic, blue and underlined font\*\*\*](#).

The previous version dated [June 2020](#) is archived.

<b>PARAGRAPH</b>	<b>EXPLANATION OF CHANGE/REVISION</b>	<b>PURPOSE</b>
All	Updated Uniform Resource Locators.	Revision
1.1	Added clarifying language to define user fees. Edited for conciseness.	Addition
1.2	Moved “Does not apply to user fees associated with the Freedom of Information Act (FOIA) or the Privacy Act of 1974 as amended.” to the Purpose section for clarity.	Revision
1.3.3	Added the User Charge Statute.	Addition
3.1.1	Moved “how collections are treated in the United States Treasury” to the general policy paragraph.	Revision
3.3.1.2.1	Added Volume 4, Chapters 24 and 25 references, which address depreciation of equipment.	Addition
5.0	Updated section and paragraph numbering.	Revision

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## CHAPTER 4

### USER FEES

#### 1.0 GENERAL

##### \*1.1 Overview

The Federal Government must [assess](#) user fees [against each identifiable recipient for special benefits derived from Federal activities beyond those received by the general public](#). The User Charge Statute, Title 31, United States Code, section 9701 ([31 U.S.C. §9701](#)), “Fees and Charges for Government Services and Things of Value,”) establishes that it is the sense of Congress that any work, service, publication, report, document, benefit, privilege, authority, use, franchise, license, permit, certificate, registration or similar thing of value or utility performed, furnished, provided, granted, prepared, or issued by an agency (except a mixed-ownership Government corporation) to a person (except a person on official business of the United States (U.S.) Government) is to be self-sustaining to the extent possible.

The Department of Defense (DoD) is authorized by legislation to establish user fees, in accordance with the guidelines that are defined by 31 U.S.C. §9701.

The [Office of Management and Budget \(OMB\) Circular A-25 Revised](#), “User charges,” and [Chief Financial Officers Act of 1990](#) require federal agencies to review, on a biennial basis, the fees, royalties, rents, and other charges imposed by the agency for services and things of value provided to specific recipients, beyond those received by the general public. The purpose of this review is to periodically adjust existing charges to reflect unanticipated changes in costs or market values, and to review all other agency programs to determine whether fees should be assessed for Government services or the use of Government goods or services.

##### \*1.2 Purpose

This chapter:

[1.2.1. Promulgates Department of Defense \(DoD\) policy regarding establishment and assessment of appropriate fees for services or things of value supplied by DoD Components.](#)

[1.2.2. Provides information on the scope and types of activities subject to user charges and the basis upon which user charges are to be calculated.](#)

[1.2.3. Provides guidance on Component implementation of user charges and the disposition of collections.](#)

[1.2.4. Does not apply to user fees associated with the Freedom of Information Act \(FOIA\) or the Privacy Act of 1974 as amended, \[5 U.S.C. §552a\]\(#\). Refer to Regulation \[DoD 5400.7\]\(#\), “DoD Freedom of Information Act Program” and \[DoD 5400.11\]\(#\), “DoD Privacy and Civil Liberties Program.”](#)

### 1.3 Authoritative Guidance

The accounting policy and related requirements prescribed by this chapter are in accordance with the applicable provisions of:

1.3.1. 31 U.S.C. § 9701, “Fees and Charges for Government Services and Things of Value.” This statute authorizes the head of each agency to prescribe regulations establishing the charge for a service or thing of value provided by an agency.

1.3.2. Chief Financial Officers Act of 1990, requires federal agencies to review, on a biennial basis, the fees, royalties, rents, and other charges imposed by the agency for services and things of value provided to specific recipients, beyond those received by the general public.

\*1.3.3. [31 U.S.C. § 3302](#), “Custodians of money.” The User Charge Statute is a codification of a provision in Title V of the Independent Offices Appropriation Act of 1952, which provided broad authority to assess user fees or charges on identifiable beneficiaries by administrative regulation. This statute details the Federal Government’s custodial responsibilities of public money. Subsection (b) is the basis for the requirement that unless authorized by law, an agency may not retain and use money received from sources other than congressional appropriations; the money must instead be deposited in the Treasury.

1.3.4. [10 U.S.C. § 2667](#), “Leases: non-excess property of military departments and Defense Agencies.” This statute provides authority to the Secretary of Defense to lease non-excess real or personal property and accept either cash or an in-kind consideration as payment.

1.3.5. [OMB Circular A-25](#) Revised, “User Charges.” This Circular establishes Federal policy regarding fees assessed for Government services and sale or use of Government goods or resources. In any case where an OMB circular provides guidance concerning a specific user charge area, the guidance of that circular must be deemed to meet the requirements of this Circular. Examples of such guidance include the following: [OMB Circular A-45](#), concerning charges for rental quarters; [OMB Circular A-130](#), concerning management of Federal information resources; and [OMB Circular A-97](#), concerning provision of specialized technical services to State and Local governments.

## 2.0 RESPONSIBILITIES

### 2.1 Under Secretary of Defense (Comptroller)

The Under Secretary of Defense (Comptroller) (USD(C)) will promulgate financial management policy governing user fees.

## 2.2 DoD Components

Heads of DoD Components, or designees, will:

2.2.1. Identify the services and activities that will adopt and charge a user fee or accept an in-kind consideration.

2.2.2. Determine the extent of the special benefits provided as specified in paragraph 3.1.

2.2.3. Apply the principles specified in paragraph 3.1 in determining full cost or market price.

2.2.4. Publish user fees to be charged for services on schedules, lists, or tables posted on publicly available websites.

2.2.5. Review user fees biennially in accordance with OMB Circular A-25 Revised, to include:

2.2.5.1. Assurance that existing fees are adjusted to reflect unanticipated changes in costs or market values; and

2.2.5.2. A review of all other programs where fees are not being assessed to determine whether special benefits are being provided and whether fees should be charged for Government services or goods.

2.2.6. Publish and describe the results of the biennial review of user fees and any resulting proposals, such as adjustments to fee schedules, in the annual DoD Agency Financial Report as required by the [Government Management and Reform Act of 1994](#) and the Chief Financial Officers Act of 1990.

2.2.7. Ensure the requirements of [OMB Circular No. A-123](#), “Management's Responsibility for Internal Control,” the Government Accountability Office’s [GAO 14-704G](#), “Standards for Internal Control in the Federal Government (the “Green Book”),” [DoDI 5010.40](#), “Managers’ Internal Control Program Procedures,” and appropriate audit standards are applied to user fee collections.

2.2.8. Maintain readily accessible records of [the](#):

2.2.8.1. Services or activities charging user fees or accepting in-kind considerations;

2.2.8.2. Extent of special services provided;

2.2.8.3. Exceptions to the general policy;



2.2.8.4. Cost information used to establish or calculate fees and the specific methods used in their determination. This information must be provided upon request to OMB for the evaluation of the fee schedules in accordance with the requirements in [OMB Circular A-11](#), “Preparation, Submission and Execution of the Budget”; and

2.2.8.5. The collections (i.e., cash or in-kind consideration) from each user fee imposed.

2.2.9. Initiate exception actions outlined in paragraph 3.6. All such actions must be coordinated with the USD(C) prior to forwarding to OMB.

2.2.10. Develop legislative proposals as outlined in section 4.0 when there are statutory prohibitions, restrictions, or limitations on the implementation, assessment or retention of user fees.

### 3.0 USER FEES

#### 3.1 General Policy

\*3.1.1 Collections are credited to the General Fund of the U.S. Department of the Treasury (hereafter referred to as Treasury) as miscellaneous receipts as required by 31 U.S.C. § 3302, or if specific statutory authority is available, may be retained by the Component for a specific purpose (e.g., Agriculture and Grazing (10 U.S.C. § 2667), Forestry ([10 U.S.C. § 2665](#)), Recycling ([10 U.S.C. § 2577](#)), Royalties ([10 U.S.C. § 3710e](#)), and Licensing of Intellectual Property ([10 U.S.C. § 2260](#)) revenue programs).

3.1.2. User fees should only be established and implemented if:

3.1.2.1. Mandated by specific statutory authority, or when implemented under the authority of the User Charge Statute; and

3.1.2.2. The monetary benefits to the Federal Government of receipts collected significantly exceed the costs of collecting the fees.

3.1.3. Since generating and maintaining reliable cost data is expensive, consideration must be given to the cost of personnel and related data gathering requirements, and the costs of implementing, maintaining, and using financial management systems when determining the level of cost detail required and whether or not monetary benefits exceed costs.

3.1.4. It is DoD policy not to compete unfairly with available commercial facilities in providing special services or in the sale or lease of property to private parties and agencies outside the Federal Government. However, when a service (or privilege) provides special benefits to an identifiable recipient, beyond those that accrue to the general public, a fee should generally be imposed to recover the full cost to the Federal Government for providing the special benefit (or the market price) except as otherwise approved by the USD(C) and authorized by the Director of the

OMB. A special benefit will be considered to accrue, and a user fee should be imposed, when a government service:

3.1.4.1. Enables the beneficiary to obtain more immediate or substantial gains or values (which may or may not be measurable in monetary terms) than those which accrue to the general public (e.g. receiving a patent, insurance, or guarantee provision, or a license to carry on a specific activity or business of various kinds of public land use), or

3.1.4.2. Provides business stability or contributes to public confidence in the business activity of the beneficiary (e.g., insuring deposits in commercial banks), or

3.1.4.3. Is performed at the request of or for the convenience of the recipient and is beyond the services regularly received by other members of the same industry or group or by the general public (e.g., receiving a passport, visa, airman's certificate, or a Custom's inspection after regular duty hours).

## 3.2 Applicability

None of the provisions in this chapter should be construed as giving authority for the sale or lease of property, or the rendering of special services. Actions to convey such special benefits must be authorized by separate authority. This user fee policy is applicable except when other statutes or directives specifically direct other practices or procedures, such as for:

3.2.1. Services to military personnel and civilian employees of the DoD provided in accordance with section 5.0.

3.2.2. Products and services provided to military personnel, their families, and civilian DoD employees by DoD Nonappropriated Fund Instrumentalities (i.e., morale, welfare, and recreation (military and civilian), Military Services exchanges, lodging, supplemental mission funds, and special purpose central funds). Fees for such services are governed by DoD Instruction [\(DoDI\) 1015.15](#), "Establishment, Management, and Control of Nonappropriated Fund Instrumentalities and Financial Management of Supporting Resources," and other Office of the Secretary of Defense policy.

3.2.3. Sale or disposal of surplus property under specifically approved programs (please refer to [Chapter 5](#)).

3.2.4. Services furnished the general public relating to, or in furtherance of, the Armed Forces recruiting program.

3.2.5. Services furnished to representatives of the public information media in the interest of public understanding of the Armed Forces.

3.2.6. Armed Forces participation in public events. Fees for such participation are governed by the provisions of [DoDI 5410.19](#), "Public Affairs Community Relations Policy Implementation".

3.2.7. Records made available to the public, under FOIA, pursuant to DoD 5400.7, “DoD Freedom of Information Act Program.” Fees for searches and copies of records are governed by Chapter 6 of DoD 5400.7.

3.2.8. Services furnished to non-Federal audio-visual media. Fees for such services are governed by the provisions of 32 Code of Federal Regulations Part 238 ([32 CFR Part 238](#)), “DoD Public Affairs Assistance to Non-Government, Entertainment-Oriented Media Productions.”

3.2.9. Pricing of performance by DoD Working Capital Fund activities which must be in accordance with Volume 11B.

3.2.10. Foreign Military Sales of Defense articles and services which must be in accordance with Volume 15.

3.2.11. Records made available to requesters under the Privacy Act of 1974, pursuant to DoD 5400.11.

### 3.3 Calculation of User Fees

All fees must be based on the full cost to the U.S. Government or market price, whichever applies. Additionally, whenever possible, fees must be set as rates rather than fixed dollar amounts in order to adjust for changes in costs to the Government or changes in market prices of the good, resource, or service provided.

3.3.1. Except as provided in [paragraphs 1.3, 4.0, and 5.0](#) a user fee should be imposed to recover the full cost to the Federal Government of providing the service, resource, or good when the Government is acting in its capacity as sovereign. “Full cost” includes all direct and indirect costs associated with providing a good, resource, or service. Full cost must be determined or estimated from the best available records, and new cost accounting systems should not be established solely for this purpose. These costs are outlined in Chapter 1 and include, but are not limited to, an appropriate share of:

3.3.1.1. Direct and indirect personnel costs, including salaries and fringe benefits such as medical insurance and retirement. Retirement costs should include all (funded or unfunded) accrued costs not covered by employee contributions as specified in OMB Circular A-11.

3.3.1.2. Physical overhead, consulting, and other indirect costs including material and supply costs, utilities, insurance, travel, and rents or imputed rents on land, buildings, and equipment. If imputed rental costs are applied, they should include:

\*3.3.1.2.1. Depreciation of structures and equipment (based on guidance contained in [Volume 4](#), Chapter 24 [and 25, respectively](#)); and

3.3.1.2.2. An annual rate of return (equal to the average long-term Treasury bond rate) on land, structures, equipment and other capital resources used.

3.3.1.3. The management and supervisory costs.

3.3.1.4. The costs of enforcement, collection, research, establishment of standards, and regulation, including any required environmental impact statements.

3.3.2. User fees should be based on market prices when the Government is not acting in its capacity as sovereign and is leasing or selling goods or resources, or is providing a service (e.g., leasing space in federally owned buildings). Under these business-type conditions, user fees need not be limited to the recovery of full cost, must be based on market prices, and may yield net revenues. “Market price” means the price for a good, resource, or service that is based on competition in open markets, and creates neither a shortage nor a surplus of the good, resource, or service.

3.3.2.1. When a substantial competitive demand exists for a good, resource, or service, its market price will be determined using commercial practices, for example by:

3.3.2.1.1. Competitive bidding; or

3.3.2.1.2. Reference to prevailing prices in competitive markets for goods, resources, or services that are the same or similar to those provided by the Government (e.g., campsites or grazing lands in the general vicinity of private ones) with adjustments as appropriate that reflect demand, level of service, and quality of the good or service.

3.3.2.2. In the absence of substantial competitive demand, market price will be determined by taking into account the prevailing prices for goods, resources, or services that are the same or substantially similar to those provided by the Government, and then adjusting the supply made available and/or price of the good, resource, or service so that there will be neither a shortage nor a surplus (e.g., campsites in remote areas).

3.3.3. Fees established in advance of performance should be based on the estimated cost of performance. Projected amounts must be reviewed the earlier of biennially or whenever significant changes in cost or value occur.

3.3.4. Internal management controls must be established in accordance with [OMB Circular A-123](#), GAO’s [GAO-14-704G](#), and DoDI 5010.40 to ensure that user fees are developed, published on a publicly available website, and adjusted using current, accurate, and complete data. These controls must also ensure compliance with cash management and debt collection policies promulgated in Volume 5.

### 3.4 Collection of User Fees

DoD Components should make every effort to keep the costs of collection to a minimum and collect fees electronically, via electronic funds transfer (EFT), and utilize, as applicable, the collection services provided by the Treasury’s Bureau of the Fiscal Service (Fiscal Service) as described in Volume 5, Chapter 8 and outlined in the Treasury Financial Management, Volume 1, “Federal Agencies,” Part 5, “Deposit Regulations ([1 TFM Part 5](#)).”

3.4.1. In accordance with OMB Circular A-25, user fees must be collected in advance of, or simultaneously with, the rendering of services unless appropriations and authority are provided to allow for services to be provided on a reimbursable basis.

3.4.2. Although fees must be collected in advance absent statutory authority to provide services or special benefits on a reimbursable basis, Components may collect advance fee payments incrementally if variable costs such as personnel or utility costs are incurred incrementally over time and if the services or special benefit is susceptible to being provided on a severable basis.

### 3.5 Disposition of User Fees

As required by 31 U.S.C. § 3302, an official or agent of the Government who receives money for the Federal Government from any source must deposit the money in the Treasury as soon as practicable. This law is generally referred to as the “Miscellaneous Receipts Statute.” Accordingly, unless another statute provides otherwise, user fees collected under the authority of the User Charge Statute must be credited to the General Fund of the Treasury as miscellaneous receipts.

### 3.6 Exceptions or Waiving of User Fees

3.6.1. The Head of each DoD Component or designee may make exceptions to the general policy if the provision of a free service is an appropriate courtesy to a foreign government or international organization; or comparable fees are set on a reciprocal basis with a foreign country.

3.6.2. The Head of each DoD Component or designee may recommend to OMB that exceptions to the general policy be made when:

3.6.2.1. The cost of collecting the fees would represent an unduly large part of the fee for the activity; or

3.6.2.2. Any other condition exists that, in the opinion of the agency head or his designee, justifies an exception.

3.6.3. All exceptions must be for a period of no more than four years unless renewed by the Head of each DoD Component or designee for exceptions granted under subparagraph 3.6.1 or OMB for exceptions granted under subparagraph 3.6.2 after a review to determine whether conditions warrant their continuation.

3.6.4. Requests for exceptions and extensions under paragraphs 3.6.2 and 3.6.3 must be submitted to the Director of OMB.

## 4.0 LEGISLATIVE PROPOSALS TO RETAIN AND USE FEES

### 4.1 General Policy

If Components require modification of statutory prohibitions on assessment of user fee charges, they may propose remedial legislation to repeal the assessment prohibition or to authorize an exception. Similarly, Components may propose legislative authority to retain and use amounts collected as user charges. Such proposals are subject to requirements for preparation and submission established in [DoD Directive \(DoDD\) 5500.01](#), “Preparing, Processing, and Coordinating Legislation, Executive Orders, Proclamations, Views Letters, and Testimony.” For additional guidance on submitting legislative proposals for approval or authorization to implement or modify a user fee program or to authorize retention and use of user fee collections, refer to OMB Circular A-25 Revised, paragraph 7.

### 4.2 Authorities

Under the User Charge Statute, a statutory authority is required for DoD Components to retain and use user fees. Proposals requesting such authority may be appropriate when a user fee is levied in order to finance a service that is intended to be provided on a substantially self-sustaining basis and thus is dependent upon adequate collections.

4.2.1. The authority to use fees credited to an appropriation is generally subject to limits set in annual appropriations language. However, it may be appropriate to request exemption from annual appropriations control, if a provision of the service is dependent on demand that is irregular or unpredictable (e.g., a fee to reimburse an agency for the cost of overtime pay of inspectors for services performed after regular duty hours).

4.2.2. Legislative proposals that permit fees to be credited to accounts must be consistent with the full cost recovery guidelines contained in paragraph 3.3.2. Any fees collected in excess of full cost recovery (i.e., under business-type conditions in which user fees are calculated based on market prices) are to be credited to the General Fund of the Treasury as miscellaneous receipts.

### 4.3 Procedures

Legislative proposals must be submitted to OMB in accordance with the requirements of DoDD 5500.01 and [OMB Circular No. A-19](#), “Legislative Coordination and Clearance”. To ensure the proper placement of user fee initiatives in the budget account structure, DoD Components are encouraged to discuss proposals with OMB at an early stage of development. Further guidance may be obtained from the DoD General Counsel Office of Legislative Counsel’s website at: <https://ogc.osd.mil/OGC-Offices/Office-of-Legislative-Counsel/>. Proposals to remove user fee restrictions or retain collections must:

4.3.1. Define, in general terms, the services for which fees will be assessed and the pricing mechanism that will be used.

4.3.2. Specify whether fees will be collected in advance of, or simultaneously with, the provision of service unless appropriations and authority are provided in advance to allow reimbursable services.

4.3.3. Specify where collections will be credited. Legislative proposals should not normally specify precise fees. The user fee schedule should be set by regulation to allow for the administrative updating of fees to reflect changing costs and market values.

## 5.0 BENEFITS FOR WHICH NO FEE MUST BE ASSESSED

### 5.1 Military and Civilian Benefits

5.1.1. Documents and information requested by members of the U.S. Armed Forces as required by such personnel in their capacity as Service members.

5.1.2. Documents and information requested by members of the U.S. Armed Forces who are in a casualty status or requested by their next of kin or legal representative.

5.1.3. The provisions of the address of record of a member or former member of the U.S. Armed Forces when the address is readily available through a directory (locator) service, and when the address is requested by a member of the U.S. Armed Forces or by a relative or a legal representative of a member of the U.S. Armed Forces or when the address of record is requested by any source for the purpose of paying monies or forwarding property to a member or former member of the U.S. Armed Forces.

5.1.4. Services requested by, or on behalf of, a member or former member of the U.S. Armed Forces and civilian personnel of DoD (where applicable) or, if deceased, his or her next of kin or legal representative that pertain to the provision of:

5.1.4.1. Information required to obtain financial benefits regardless of the terms of separation from the Service.

5.1.4.2. Documents showing membership and military record in the Armed Forces if discharge or release was under honorable conditions.

5.1.4.3. Information related to a decoration or award or required for memorialization purposes.

5.1.4.4. Information related to the review or change in type of discharge or correction of records.

5.1.4.5. Personal documents, such as birth certificates, when such documents are required to be furnished by the member.

5.1.4.6. Services that are furnished free in accordance with statutes or Executive Orders.



5.1.4.7. Information from or copies of medical and dental records or x-ray films of patients or former patients of military medical or dental facilities, when such information is required for further medical and dental care, and requests for such data are (a) submitted by an accredited medical facility, physician, or dentist; or (b) requested by the patient, his or her next of kin, or legal representative. Other requests subject to the Privacy Act of 1974 must be in accordance with DoD 5400.11.

## 5.2 Services requested by and furnished to entities outside DoD

5.2.1. A member of Congress for official use.

5.2.2. State, territorial, county, or municipal government, or an agency thereof, that is performing a function related to or furthering a DoD objective.

5.2.3. A court, when such services will serve as a substitute for personal court appearance of a military or civilian employee of DoD.

5.2.4. A nonprofit organization that is performing a function related to or furthering an objective of the Federal Government or that is in the interest of public health and welfare, including education.

5.2.5. Donors in connection with the conveyance or transfer of a gift to DoD.

## 5.3 Occasional and incidental services

Occasional and incidental services (including requests from residents of foreign countries), that are not requested often, when it is determined administratively that a fee would be inappropriate for the occasional and incidental services rendered.

## 5.4 Administrative services

Administrative services offered by reference or reading rooms to inspect public records, excluding copies of records or documents furnished.

## 5.5 Services rendered in response to requests

Services rendered in response to requests for classification review of DoD classified records, submitted under [\*Executive Order 13526\*](#), “Classified National Security Information”, and implemented by [\*DoD Manual 5200.01 Volumes 1-3\*](#), “DoD Information Security Program.” Such services consist of the work performed in conducting the classification review or in granting and completing an appeal from a denial of declassification following such review.

## 5.6 Services of a humanitarian nature

Services of a humanitarian nature performed in such emergency situations as life-saving transportation for non-U.S. Armed Forces patients, search and rescue operations, and airlift of



personnel and supplies to a disaster site. This does not mean that inter- and intra-governmental agreements to recover all or part of costs should not be negotiated. Rather, it means the recipient or beneficiary will not be assessed a “user fee.”

**VOLUME 11A, CHAPTER 5: “DISPOSITION OF PROCEEDS FROM  
DEPARTMENT OF DEFENSE SALES OF SURPLUS PERSONAL PROPERTY”****SUMMARY OF MAJOR CHANGES**

Changes are identified in this table and also denoted by [blue font](#).

Substantive revisions are denoted by an asterisk (\*) symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by [\*\*\*bold, italic, blue, and underlined font\*\*\*](#).

The previous version dated [March 2020](#) is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
All	Revised the chapter format and structure in accordance with the Department of Defense Financial Management Regulation (DoD FMR) Revision Standard Operating Procedures.	Revision
1.1	Added Overview section	Addition
Throughout	Removed regulations originating from 32 Code of Federal Regulations part 172 which was deleted in April 2020 due to the guidance being unnecessarily codified	Deletion
Throughout	Updated Federal Account Symbols and Titles (FAST) to align with FAST Book issued February 2025	Revision
Throughout	Inserted hyperlinks to DoD FMR Volumes/Chapters	Addition

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## CHAPTER 5

**DISPOSITION OF PROCEEDS FROM DEPARTMENT OF DEFENSE SALES OF  
SURPLUS PERSONAL PROPERTY**

## 1.0 GENERAL

## \*1.1 Overview

This chapter outlines how the Department of Defense (DoD) handles proceeds from the sale of surplus personal property. The DoD must deposit net proceeds from sales into the U.S. Department of the Treasury (Treasury) as miscellaneous receipts, after deducting the expenses of the sale. Legal exceptions allow the DoD to credit proceeds to specific appropriations or funds, such as those from sales of supplies, materials, equipment, and other personal property not financed by stock funds, revolving funds, and non-appropriated fund property. These exceptions also apply to contractor sales of surplus government property, sales of recyclable material on military installations, and the disposal of lost, abandoned, and unclaimed privately-owned personal property.

## 1.2 Purpose

This chapter provides the policy for the collection and disposition of cash and cash equivalents received by DoD Components for the sale of surplus personal property.

## 1.3 Authoritative Guidance

The financial management policy and related requirements prescribed in this chapter are in accordance with the applicable provisions of the following sources, and apply to all proceeds resulting from sales of surplus personal property:

1.3.1. Title 10, United States Code, section 2210 ([10 U.S.C. § 2210](#)), “Proceeds of Sales of Supplies: Credit to Appropriations”

1.3.2. [10 U.S.C. § 2605](#), “Acceptance of gifts for defense dependents’ schools.”

1.3.3. [10 U.S.C. § 2608](#), “Acceptance of contributions for defense programs, projects, and activities; Defense Cooperation Account.”

1.3.4. [10 U.S.C. § 2575](#), “Disposition of unclaimed property.”

1.3.5. [10 U.S.C. § 2577](#), “Disposal of recyclable materials.”

1.3.6. [22 U.S.C. § 2355\(d\)](#), “Retention and use of certain items and funds.”

1.3.7. [22 U.S.C. § 2761](#), “Sales from stocks.”

- 1.3.8. [22 U.S.C. § 2795](#), “Fund.”
- 1.3.9. [40 U.S.C. § 571](#), “General rules for deposit and use of proceeds.”
- 1.3.10. [40 U.S.C. § 574](#), “Other rules regarding proceeds.”
- 1.3.11. Title 32, Code of Federal Regulations, section 273 ([32 CFR § 273](#)), “Defense Materiel Disposition.”
- 1.3.12. [41 C.F.R. § 102-38](#), “Sale of Personal Property.”
- 1.3.13. Federal Account Symbols and Titles ([FAST Book Part I](#)), “Agency Identifier Codes.”
- 1.3.14. Treasury Financial Manual ([TFM Volume 1, Part 2, Chapter 1500](#)), “New Account Establishment, Updating Accounts, and Description of Accounts Relating to Financial Operations.”
- 1.3.15. Defense Federal Acquisition Regulation ([DFARS subpart 245.602-70](#)), “Plant clearance procedures.”
- 1.3.16. , [DFARS subpart 245.604](#), “Sale of surplus personal property.”
- 1.3.17. DoD Instruction ([DoDI 4715.23](#)), “Integrated Recycling and Solid Waste Management.”
- 1.3.18. DoD Manual ([DoDM 4160.21, Volume 1](#)), “Defense Materiel Disposition: Disposal Guidance and Procedures.”

## 2.0 POLICY

### 2.1 General Rules for Deposit and Use of Proceeds

2.1.1. According to 40 U.S.C. § 571, agencies must deposit net proceeds from sales of surplus property into the Treasury as miscellaneous receipts unless a law authorizes a deposit into an alternate appropriation. The law also requires that agencies pay the expenses of selling old material, condemned stores, supplies, and other public property from the proceeds of the sale, ensuring that only the net proceeds are deposited in the Treasury, or any other applicable appropriation authorized by law.

2.1.2. Under 10 U.S.C. § 2210, a working capital fund responsible for the disposal of property may retain proceeds from disposals that are necessary to recover the expenses incurred in disposing of that property. Therefore, the Defense Logistics Agency (DLA) Disposition Services will retain amounts sufficient to offset all expenses incurred in the disposition of excess/surplus personal property from the proceeds of sales of such property (see Table 5-1).

## 2.2 Legal Exceptions to the General Rules

The following authorizations permit the crediting of the proceeds of the sale to appropriations and/or funds of the Department. Additional guidance on specific types of exceptions is in Table 5-2.

2.2.1. Supplies, Material, Equipment, and Other Personal Property Not Financed by Stock Funds. In accordance with 10 U.S.C. § 2210, the DoD may credit the net proceeds from the sale or disposal of surplus property, after recovering necessary expenses, to current applicable appropriations. Therefore, any proceeds that remain after recovering disposal expenses will be credited to the current applicable appropriations of the Department (i.e., the appropriation currently available for purchasing such property).

2.2.2. Revolving Fund and Non-Appropriated Fund Property. In accordance with 40 U.S.C. § 574, when property is acquired with amounts either (a) not appropriated from the general fund of the Treasury; or (b) appropriated from the general fund of the Treasury but by law reimbursable from assessment, tax, or other revenue or receipts, the net proceeds of such a disposition or transfer of the property must be:

2.2.2.1. Credited to the applicable reimbursable fund or appropriation; or

2.2.2.2. Paid to the federal agency that determined the property to be excess.

2.2.3. Contractor Sales of Surplus Government Property in the Possession of Contractors. The DFARS subpart 245.60, implements 40 U.S.C. § 574(c) and provides overall direction for crediting proceeds from contractor-conducted sales of surplus government property in the possession of contractors.

2.2.4. Sales of Recyclable Material on Military Installations. The DoD or DLA Disposition Services distribute the proceeds from direct sales of installation-qualified recycling programs (QRP) on military installations, as outlined in 10 U.S.C. § 2577 and DoDI 4715.23.

2.2.4.1. The Director of DLA and DLA Disposition Services (under the Under Secretary of Defense for Acquisition and Sustainment) must establish procedures and controls to ensure that when installations consign recyclable materials for disposal to DLA Disposition Services on behalf of a qualified recycling program, they return 100 percent of any proceeds, minus the costs of sales and handling, to the installations in accordance with established accounting procedures.

2.2.4.2. Agencies must establish an accounting and control system for recycling programs that provides detailed management and audit information, tracks the quantity of material handled, calculates sales and handling costs for recycled material, and monitors expenditures made for appropriate projects and Morale, Welfare and Recreation (MWR) programs. The integrity of the audit trail must be prioritized.

2.2.4.3. If a military installation has a QRP (as determined by the Secretary of the Military Department concerned or the Secretary of Defense) and a balance remains available after such funds are credited, then the installation may use no more than 50 percent of that balance for projects focused on pollution abatement, pollution prevention, energy conservation, alternative-fueled vehicle infrastructure support, and occupational safety and health activities. According to 10 U.S.C. § 2577, the project cannot exceed 50 percent of the amount established by law as the maximum for a minor construction project.

2.2.4.4. DoD Components must promptly deposit and record all recycling proceeds in the United States Standard General Ledger account 426600, which provides direct budgetary authority on line 1800 of the Standard Form (SF) 132, Apportionment and Reapportionment Schedule, and SF 133, Report on Budget Execution and Budgetary Resources. They must obligate and disburse from the designated Treasury Account Symbol only for the purposes specifically authorized in 10 U.S.C. § 2577. The use of suspense accounts is prohibited, and any remaining balances must be transferred to the designated Treasury account.

2.2.4.5. A military installation may transfer the remaining balance available to its non-appropriated morale and welfare account for any morale or welfare activity. If the balance exceeds \$10 million at the end of any fiscal year, the installation must deposit the excess amount into the Treasury as miscellaneous receipts.

2.2.5. Lost, Abandoned and Unclaimed Privately-Owned Personal Property. The DoD may dispose of lost, abandoned, or unclaimed personal property after it has made diligent efforts to find the owner or the owner's heirs, next of kin, or legal representative, as prescribed by 10 U.S.C. § 2575.

2.2.5.1. When **military installations** find lost, abandoned, or unclaimed personal property, they must credit the net proceeds from the sale of the property to the operation and maintenance account of that installation and use it:

2.2.5.1.1. To reimburse the installation for any costs incurred by the installation to collect, transport, store, protect, or sell the property; and

2.2.5.1.2. To the extent that the amount of the proceeds exceeds the amount necessary for reimbursing all such costs, to support MWR activities under the jurisdiction of the armed forces at such installation.

2.2.5.2. **Military** installations must deposit the net proceeds from the sale of all other lost, abandoned, and unclaimed privately-owned personal property into the Proceeds of Sales of Lost, Abandoned, or Unclaimed Personal Property (\_X6001). After five years, **military installations** must transfer any unclaimed net proceeds from \_X6001 to Forfeitures of Unclaimed Money and Property (\_1060).

2.2.5.3. The owner(s) of personal property disposed of as described in this section may file a claim with the Secretary of Defense for an amount equal to the proceeds minus the costs

incurred by the installation to collect, transport, store, protect, or sell the property. They must file the claim within five years of the disposal date of the property.

2.2.5.3.1. To pay claims for property found on military installations, the installations must draw the amounts from their MWR account, into which the proceeds were deposited.

2.2.5.3.2. For all other property, amounts to pay the claim must be from the Proceeds of Sales of Lost, Abandoned, or Unclaimed Personal Property account (\_X6001).

2.2.5.4. See Tables 5-1 and 5-2 to identify, by type of surplus property, the collection and disposition of proceeds from the sale of surplus property.

### 3.0 COLLECTION AND DISPOSITION OF BID DEPOSITS

#### 3.1 Collection of Bid Deposits [Collected Under the Card Acquiring Service](#)

DoD Components establish policies governing acceptance under the [Card Acquiring Service](#). These instances have transaction limits. Further guidance is contained within [Volume 5, Chapter 11](#), “Electronic Commerce and Deposit of Public Funds.” The Office of the Under Secretary of Defense (Comptroller) announces changes or additions to approved credit or debit cards in memoranda or through changes to the TFM. Treasury covers any fees normally charged to sellers, except for equipment and communication costs.

#### 3.2 Disposition of Bid Deposits

If the sale requires a bid deposit, a DoD Component must initially deposit cash collected from bidders into account 097X6501, “Small Escrow Amounts,” until a successful bidder is determined and a contract is awarded.



Table 5-1. Costs Associated with Disposal and Sale of Surplus Personal Property

TYPE OF SURPLUS PROPERTY	DISPOSITION OF PROCEEDS
1. All property types turned over to DLA Disposition Services for disposal.  Authority: 10 U.S.C. § 2210	DLA Disposition Services may retain the proceeds from the disposals of property necessary to recover the expenses incurred in disposing of that property. They must deposit these proceeds into the DLA Disposition Services working capital fund (097X4930.005) to offset costs.

Table 5-2. Disposition of Net Proceeds from the Sale of Surplus Personal Property

TYPE OF SURPLUS PROPERTY	DISPOSITION OF PROCEEDS
<p>1. Scrap and usable personal property purchased with working capital funds and turned in by working capital fund activities to the DLA Disposition Services.</p> <p>Authority: 10 U.S.C. § 2577</p>	<p>The applicable working capital fund will receive the net proceeds.</p>
<p>2. Working capital fund supply management excess inventory items turned in to DLA Disposition Services.</p> <p>Authority: 40 U.S.C. § 574</p>	<p>The applicable working capital fund will receive the net proceeds.</p>
<p>3. Property (equipment) purchased with funds from the Surcharge Collections, Sales of Commissary Stores trust fund account to include property downgraded to scrap at turn-in, such as shopping carts, shelving units, and similar material. Scrap material, such as cardboard, is not reimbursable under this rule.</p> <p>Authority: 40 U.S.C. § 574</p>	<p>The net proceeds must be deposited into 097X8164, "Surcharge Collections, Sales of Commissary Stores, Defense Commissary Agency."</p>
<p>4. Bones, fats, and meat trimmings generated by a commissary store.</p> <p>Authority: 40 U.S.C. § 574</p>	<p>The net proceeds must be deposited into 097X4930.004, "Defense Working Capital Fund, Defense Commissary Agency."</p>
<p>5. Non-appropriated fund instrumentalities' property, excluding garbage suitable for animal consumption, which they dispose of under a multiple-pickup contract.</p> <p>Authority: 40 U.S.C. § 574</p>	<p>The applicable non-appropriated fund instrumentality must receive the net proceeds.</p>

Table 5-2. Disposition of Net Proceeds from the Sale of Surplus Personal Property (Continued)

TYPE OF SURPLUS PROPERTY	DISPOSITION OF PROCEEDS
<p>6. Lost, abandoned or unclaimed privately-owned personal property turned in to the DLA Disposition Services.</p> <p>Authority: 10 U.S.C. § 2575</p>	<p>On military installations, the operation and maintenance account must be credited with the net proceeds to reimburse for: 1) any costs incurred to collect, transport, store, protect, or sell the property, and 2) the amount necessary to cover all such costs that support MWR activities under the jurisdiction of the armed forces at that installation. The installation can transfer any remaining proceeds to the non-appropriated MWR account. For all others, the installation must deposit the net proceeds into the “Proceeds of Sales of Lost, Abandoned or Unclaimed Personal Property” account (_X6001). After five years, the installation must transfer any unclaimed net proceeds from X6001 to the “Forfeitures of Unclaimed Money and Property” account (_1060).</p>
<p>7. Property owned by a country (other than the United States) or international organization. (For more details, see <a href="#">Volume 15, Chapter 2</a>, “Finance.”)</p>	<p>The applicable foreign country or international organization must receive the net proceeds.</p>
<p>8. Security Assistance Property</p> <p>a. Military Assistance Program and Foreign Military Financing (FMF) property returned to the U.S. Government by a recipient country or international organization as no longer needed for the purpose for which furnished. (For more details, see <a href="#">Volume 15, Chapter 1</a>, “General Information” &amp; <a href="#">Chapter 4</a>, “Cash Management.”)</p> <p>Authority: 22 U.S.C. § 2355(d)</p>	<p>The “FMF Program, Funds Appropriated to the President” account (011_1082) must receive net proceeds.</p>
<p>b. Special Defense Acquisition Fund (SDAF) property.</p> <p>Authority: 22 U.S.C. § 2795</p>	<p>The “SDAF, Funds Appropriated to the President” account (011X4116) must receive net proceeds.</p>
<p>c. Security Assistance Office property purchased with Foreign Military Sales (FMS) Trust Fund funds.</p> <p>Authority: 22 U.S.C. § 2761</p>	<p>The “Advances, FMS, Funds Appropriated to the President” account (011X8242) must receive net proceeds.</p>

Table 5-2. Disposition of Net Proceeds from the Sale of Surplus Personal Property (Continued)

TYPE OF SURPLUS PROPERTY	DISPOSITION OF PROCEEDS
<p>d. Property purchased with FMS Contract Administration Services (CAS) funds.</p> <p>Authority: 22 U.S.C. § 2761</p>	<p>The FMS Trust Fund CAS account (011X8242) must receive net proceeds.</p>
<p>9. Recyclable material.</p> <p>Authority: 10 U.S.C. § 2577</p>	<p>The net proceeds must be credited to funds available for operations and maintenance at that installation in amounts sufficient to cover the cost of operations, maintenance, and overhead for processing recyclable materials at the installation (including the cost of any equipment purchased for recycling purposes).</p>
<p>10. U.S. Government property in the possession of contractors sold by contractors or DoD selling activities.</p> <p>Authority: 40 U.S.C. § 574(c)</p>	<p>The contract may credit the net proceeds to its price or cost or apply them in accordance with its terms. Otherwise, net proceeds must be deposited into the applicable Component's working capital fund (097X4930) (in the case of inventory purchased with working capital funds) or deposited into the "Sale of Scrap and Salvage Materials, Defense" account (097_2651) (in the case of items not purchased with working capital funds).</p>
<p>11. U.S. Army Corps of Engineers property under the physical control of the U.S. Army Corps of Engineers at the time of sale. (For more details, see <a href="#">Volume 4, Chapter 11</a>, "Component Debt.")</p> <p>Authority: OMB Circular A-11, section 20.11(e) and TFM Volume 1, Part 2, Chapter 1500</p>	<p>The Treasury fund designated for DoD or the Military Department must receive net proceeds and transfer them to the U.S. Army Corps of Engineers using the Intra-Governmental Payment and Collection (IPAC) System.</p>
<p>12. Automatic data processing equipment owned by the General Services Administration (GSA) and leased to a DoD Component.</p> <p>Authority: OMB Circular A-11, section 20.11(e) and TFM Volume 1, Part 2, Chapter 1500</p>	<p>The Treasury fund designated for DoD or the Military Department must receive net proceeds and transfer them to GSA using the IPAC System.</p>

Table 5-2. Disposition of Net Proceeds from the Sale of Surplus Personal Property (Continued)

TYPE OF SURPLUS PROPERTY	DISPOSITION OF PROCEEDS
<p>13. U.S. Coast Guard property under the physical control of the U.S. Coast Guard at the time of sale.</p> <p>Authority: OMB Circular A-11, section 20.11(e) and TFM Volume 1, Part 2, Chapter 1500</p>	<p>The Treasury fund designated for DoD or the Military Department must receive net proceeds and transfer them to the U.S. Coast Guard using the IPAC System.</p>
<p>14. General Gifts – Gifts and bequests of property made on the condition that it be used for the benefit of, or in connection with the establishment, operation, or maintenance of a school, hospital, library, museum, cemetery, or other institution, or organization under the jurisdiction of the Secretary. (For more details, see <a href="#">Volume 12, Chapter 30</a> “Operation and Use of General Gift Funds.”)</p> <p>Authority: 10 U.S.C. § 2601</p>	<p>The Treasury fund designated for DoD or the Military Department must receive net proceeds as applicable:</p> <p><a href="#">097X8163.001</a> - Department of Defense General Gift Fund,  <a href="#">021X8927.001</a> - Department of the Army General Gift Fund,  <a href="#">017X8716.001</a> - Department of the Navy General Gift Fund, or  <a href="#">057X8928.001</a> - Department of the Air Force General Gift Fund.</p>
<p>15. Gifts for wounded warriors – Gifts and bequests of property made on the condition that it be used for the benefit of (A) members of the armed forces, including members performing full-time National Guard duty, who incur a wound, injury, or illness while in the line of duty; (B) civilian employees of DoD who incur a wound, injury, or illness while in the line of duty; (C) dependents of such members or employees; and (D) survivors of such members or employees who are killed. (For more details, see Volume 12, Chapter 30)</p> <p>Authority: 10 U.S.C. § 2601</p>	<p>The Treasury fund designated for DoD or the Military Department must receive net proceeds as applicable:</p> <p><a href="#">097X8163.001</a> - Department of Defense General Gift Fund  <a href="#">021X8927.001</a> - Department of the Army General Gift Fund,  <a href="#">017X8716.001</a> - Department of the Navy General Gift Fund, or  <a href="#">057X8928.001</a> - Department of the Air Force General Gift Fund.</p>

Table 5-2. Disposition of Net Proceeds from the Sale of Surplus Personal Property (Continued)

TYPE OF SURPLUS PROPERTY	DISPOSITION OF PROCEEDS
<p>16. Gifts for Defense Dependents Education System - Any gift (including any gift of an interest in real property) that is to be used in connection with the operation and/or administration of the DoD dependent's education system. (For more details, see Volume 12, Chapter 30)</p> <p>Authority: 10 U.S.C. § 2605</p>	<p>The "DoD Dependent's Education Gift Fund" Account (097X8096) must receive net proceeds.</p>
<p>17. Any contribution of money, real property, or personal property made by any person, business, foreign government, or international organization for use by the DoD. (For more details, see <a href="#">Volume 12, Chapter 3</a> "Contributions for Defense Programs, Projects, and Activities.")</p> <p>Authority: 10 U.S.C. § 2608</p>	<p>The "Defense Cooperation Account" (5187.001) must receive net proceeds.</p>
<p>18. Supplies, material, equipment, and other personal property personal (to include demilitarized/scrapped end items) turned in by DoD Components. (For more details, see <a href="#">Volume 12, Chapter 14</a> "Transferring, Disposing, and Leasing of Real Property and Personal Property.")</p> <p>Authority: 10 U.S.C. § 2210</p>	<p>The current applicable DoD appropriation (i.e., the appropriation currently available for the purchase of such items) must receive net proceeds.</p>
<p>19. The DoD and other federal government activities turn in all other personal property, including demilitarized and scrapped end items, when the law does not provide for the disposition of the proceeds. (For more details, see Volume 12, Chapter 14)</p> <p>Authority: 40 U.S.C. § 571</p>	<p>The Miscellaneous Receipts account (097_2651) must receive net proceeds.</p>

**VOLUME 11A CHAPTER 6: “ANNUAL REIMBURSABLE RATES”****SUMMARY OF MAJOR CHANGES**

Changes are identified in this table and also denoted by **blue** font.

Substantive revisions are denoted by an (\*) symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by ***bold, italic, blue, and underlined font.***

The previous version dated **November 2019** is archived.

<b>PARAGRAPH</b>	<b>EXPLANATION OF CHANGE/REVISION</b>	<b>PURPOSE</b>
1.0	This paragraph was substantively revised to add Overview, update Purpose narratives, and add the required list of Authoritative Guidance information.	Revision/ Addition
2.2	Added the Revolving Funds Director for responsibility of the Working Capital Funds.	Addition
3.1	Updated the table to reflect changes for the Exhibit Submissions requirements/information.	Revision
Appendix A	Updated the table template and the required format for the authoritative guidance. Replaced “shall be” to “must” in the instructions.	Revision
Appendix B	Updated narratives and defined indicators for the Department of Defense (DoD) Working Capital Funds Civilian/Military Equivalency Rate table and its contents.	Revision
Appendix D	Updated tables to remove Defense Logistics Agency and add Defense Contract Management Agency. Corrected the superscript and note number assignments. Accounted for the eleventh federal holiday.	Revision
Appendix F	This appendix was substantively revised to reflect updated information and reference links for Medical and Dental Services Rate Computation.	Revision
Appendix G	Incorporated nondiscretionary revisions in support of fiscal year (FY) 2022, FY 2023, FY 2024, and FY 2025 DoD Military Personnel Composite Standard Pay and Reimbursement Rates policy memorandums issued on July 29, 2021; June 17, 2022; May 9, 2023; and April 30, 2024.	Revision
Appendix H	Updated tables to correct the superscript and note number assignments. Accounted for the eleventh federal holiday.	Revision

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## CHAPTER 6

### ANNUAL REIMBURSABLE RATES

#### \*1.0 GENERAL

##### 1.1 Overview

The Department of Defense (DoD) provides goods and services to meet military mission requirements. The Economy Act allows the Department to provide certain goods to DoD Components, other government agencies, and the private sector under specified conditions. Reimbursable rates, published by the Under Secretary of Defense (Comptroller)/DoD Chief Financial Officer, provide a basis for the Department and its Components to be reimbursed for such goods and services provided.

##### 1.2 Purpose

The purpose of this chapter is to provide guidance relative to the preparation of specific exhibits and due dates for the submission of such exhibits, used to develop and support those reimbursable rates published by the DoD Deputy Comptroller (Program/Budget) (P/B). This guidance applies to all DoD Components and goods or services encompassed by or subject to reimbursable rates approved by the DoD Chief Financial Officer.

##### 1.3 Authoritative Guidance

The financial management and requirements prescribed by this chapter are in accordance with the applicable provisions of:

1.3.1. Title 10, United States Code, section 347, (10 U.S.C. § 347), “International engagement authorities for service academies”

1.3.2. 10 U.S.C. § 2205, “Reimbursements”

1.3.3. 22 U.S.C. § 2347, “International Military Education and Training”

1.3.4. 22 U.S.C. § 2761, “Sales from stocks”

1.3.5. Title 32, Code of Federal Regulations (CFR), part 199.14 (5 CFR 199.14), “Civilian Health and Medical Program of the Uniformed Services (CHAMPUS)”

#### 2.0 RESPONSIBILITY

##### 2.1 Deputy Comptroller (P/B)

The Office of the Under Secretary of Defense (Comptroller) (OUSD(C)) is responsible for reviewing, coordinating, and publishing reimbursable rates for the Department. Where feasible,

applicable reimbursable rates will be published before the beginning of each new fiscal year (FY), allowing sufficient lead time for the distribution of rates and updating billing systems.

## **\*2.2 DoD Components**

DoD Components are required to:

2.2.1. Maintain systems that use generally accepted cost accounting procedures to formulate proposed rates. Each such DoD Component is responsible for maintaining, in conjunction with the Defense Finance and Accounting Service, an appropriate cost accounting system enabling the accumulation of data needed to formulate reimbursable rates for consumers of such goods or services. Generally accepted cost accounting procedures will be the basis for such proposed rates.

2.2.2. Submit to the DoD Deputy Comptroller (P/B) or the Revolving Funds Director for the Working Capital Funds, reimbursable rate exhibits that propose reimbursable rates for the upcoming fiscal year. Such exhibits must be prepared and submitted per the time frames specified in section 3.0 and in accordance with the formats specified in the appendices to this chapter.

2.2.3. Bill using rates approved by the DoD Deputy Comptroller (P/B) or the Revolving Funds Director for the Working Capital Funds. Goods or services provided in an academic year or a fiscal year, as applicable, will be billed at the approved academic or fiscal year rate, respectively, effective with the beginning of the academic year or October 1 of the fiscal year, as appropriate, irrespective of whether the rates have been established in the billing system.

2.2.4. Ensure that rates different from those approved by the DoD Chief Financial Officer are not issued or changed without the prior written approval of that official or the Deputy Chief Financial Officer.

### 3.0 EXHIBITS

#### \*3.1 Reimbursable Rate Exhibits

The following reimbursable rate exhibits will be submitted each year in support of the President's Budget submission. Detailed instructions are included with each exhibit, and specific due dates are identified:

<u>TYPE OF REIMBURSABLE RATE</u>	<u>APPENDIX</u>	<u>DUE DATE*</u>	<u>SUBMITTING COMPONENT</u>	<u>Reviewing OUSD(C) COMPONENT</u>
Academy Foreign Cadet	A	Per Data Call	All Military Depts and OASD (Health Affairs)	Operations
Civilian/Military Equivalency, DoD Working Capital Fund	B	Per Data Call	OUSD(C)	Revolving Funds
Civilian Personnel Fringe Benefit	C	Per Data Call	OUSD(C)	Operations
Contract Administration Services	D	Per Data Call	DCMA, DCAA, All Military Depts	Operations
Fixed/Rotary Wing Aircraft	E	Per Data Call	All Military Depts	Operations
Medical and Dental Services	F	Per Data Call	OASD(Health Affairs)	Military Personnel and Construction
Military Composite Pay	G	Per Data Call	All Military Depts	Military Personnel and Construction
NASA	H	Per Data Call	DCMA, DCAA, All Military Depts	Operations

#### 3.2 Exhibits Submissions

Exhibits should be submitted to the attention of the corresponding reviewing component in both electronic format and hard copy to the DoD Deputy Comptroller (P/B), The Pentagon, Washington, DC 20301-1100. Spreadsheet and text files provided in electronic format should be compatible with Microsoft Excel.

\*APPENDIX A: SERVICE ACADEMIES' FOREIGN CADET/MIDSHIPMAN  
REIMBURSABLE

UNITED STATES MILITARY ACADEMY		
Service Academies' Foreign Cadet/Midshipman Reimbursable Rate		
FY ____ President's Budget		
Rate Calculation	FY 20CY <sup>(1)</sup>	FY 20BY <sup>(1)</sup>
Program Element <sup>(2)</sup> :		
PE 0804721A Service Academies (\$ from BES)		
O&M,A		
MPA		
OPA		
<b>Total U.S. Army Academy</b>	-	-
*Cadet/Midshipmen Workyears/Average Strength <sup>(3)</sup>		
Medical Support Costs per capita <sup>(4)</sup>		
Total Medical Costs <sup>(5)</sup>	-	-
<b>Total Costs <sup>(6)</sup></b>	-	-
Cost per Cadet/Midshipman <sup>(7)</sup>		
1/3 of FY 20CY		
2/3 of FY 20BY		
<b>Academic Year Reimbursable Rate <sup>(8)</sup></b>		
* Workyears includes Foreign Cadets		

## GENERAL

Department of Defense Service Academies' Foreign Cadet Reimbursable Rate is to be used when billing foreign cadets and midshipmen instruction cost. 10 U.S.C. § 347 requires a Foreign Government to reimburse instruction costs to the United States for cadets and midshipmen permitted to attend one of the military academies to include the United States Military Academy, the Naval Academy, and the Air Force Academy. Each Service Department calculates its internal Service Academies' Foreign Cadet Reimbursable Rate using the rate calculation in the instructions. OUSD(C) calculates the Department of Defense Service Academies' Foreign Cadet Reimbursable Rate from the Services' submissions and publishes on the OUSD(C) public website prior to the commencement of the academies' academic year.

## INSTRUCTIONS

Instruction costs include faculty, staff, learning material, housing, basic pay and allowance, subsistence (meals), and medical expenses of a cadet/midshipman. The instruction costs are identified in the Operations and Maintenance (O&M), Military Personnel (MILPER), and Other Procurement (OP) appropriations. Detailed instructions for calculating the Services' foreign cadet and midshipman reimbursable rate follows:

- (1) Insert the applicable current year (CY) and budget year (BY) for the fiscal year being calculated. For example, when computing the FY 2026 Budget Year rate, the current year would be FY 2025 and the budget year would be FY 2026.
- (2) Include all budgeting and programming data in the Service Academies Program Element (PE) 804721 for all appropriations. The Service Academy PE **must** be exclusively used for cadet and midshipman instruction cost. The O&M appropriation must include the PE, budget activity, and subactivity group for instruction cost. For the O&M and OP accounts the current year reflects the enacted appropriation and the budget year reflects the President's Budget. In the MILPER accounts CY **must** reflect the CY Estimate (i.e., not the enacted) in the BY President's Budget and BY **must** reflect the BY in the BY President's Budget. When there is no enactment of an appropriation, the CY is an estimate for all appropriations.
- (3) Insert the Cadet/Midshipman workyears/average strength which includes Foreign Cadets (Basic Pay, Average Number) shown in the Military Personnel justification books for budget activity 3, Pay and Allowances for Cadets/Midshipmen submitted to the Congress in support of the President's Budget. The workyears/average strength CY column **must** reflect the CY Estimate in the BY President's Budget and BY **must** reflect the BY in the BY President's Budget.
- (4) Obtain the Cadet/Midshipman medical support cost from the OUSD(C). The Service Academies' Cadet/Midshipman medical support costs include both clinic and hospital costs. The Office of the Assistant Secretary of Defense (Health Affairs) **must** provide a cost per capita for the CY and BY, by Academy to the Director, for Operations Directorate, OUSD(C), Room 3C749, the Pentagon, 30 days after the submission of the President's Budget to the Congress. This amount will be calculated by multiplying the per capita cost provided by the OASD(HA) by the sum of the cadet/midshipman workyears/average strength included in the President's budget.

- (5) Multiply the number of cadet workyears/average strength by the medical support costs per capita rate to get the total Medical charge for the academy.
- (6) Sum the Service Academies PE (804721) cost, the total medical charge Program Element cost, and medical support cost.
- (7) Divide the Total Costs (6) by Cadet/Midshipman workyears/average strength (3).
- (8) Sum  $\frac{1}{3}$  of the cost per cadet/midshipman for the CY and  $\frac{2}{3}$  of the CY cost per cadet/midshipman for the BY.

## \*APPENDIX B: DOD WORKING CAPITAL FUNDS CIVILIAN/MILITARY EQUIVALENCY RATE

Fiscal Year \_\_\_\_\_

The cost of military personnel assigned to a Defense Working Capital Fund (DWCF) is included in the total cost of operations of the DWCF activities at civilian equivalent rates. Military personnel assigned to DWCF activities are to be costed at civilian equivalent rates, using the rates in the table. See Volume 2B, Chapter 9 and Volume 11B, Chapter 12 for guidance for calculating, budgeting, paying (reimbursing), recording and reporting DWCF military personnel costs.

Military Grade	Civilian Grade Equivalent	Civilian Equivalent Rate BY(s) 20--____
O-9	ES Level III	
O-8	ES Level IV	
O-7	ES Level V	
O-6	GS-15	
O-5	GS-14	
O-4	GS-13	
O-3	GS-12	
O-2	GS-11	
O-1	GS-9	
W-5	GS-12	
W-4	GS-12	
W-3	GS-11	
W-2	GS-10	
W-1	GS-9	
E-9	GS-8	
E-8	GS-7	
E-7	GS-6	
E-6	GS-5	
E-5	GS-5	
E-4	GS-4	
E-3	GS-3	
E-2	GS-2	
E-1	GS-1	

The “E” in E-1 represents enlisted while the “1” indicates the paygrade for that position. The other pay categories are “W” for warrant officers and “O” for commissioned officers. Some enlisted paygrades have more than one rank. The “GS” represents Civil Service employees that are paid using the General Schedule (GS) pay scale while the “ES” represents the civilian employees that are paid using the Executive Service (ES) pay scales.

Stabilized customer rates and reimbursement to the Military Personnel accounts are not based on the rates in appendix A. Rather, such amounts are based on the absolute total dollar amount

specified in the President's budget (rather than based on the number, or military composite rate, of individuals actually assigned).

### INSTRUCTIONS

The Department of Defense Working Capital Funds civilian/military equivalency rate will be calculated as follows:

1. Use the generic (Rest of U.S.) pay amount for Step 5 of each appropriate General Schedule (GS) civilian grade, or the applicable Executive Service (ES) pay level, from the current civilian pay schedules,
2. Add as required, the applicable portion (pro-rata) of the proposed pay raise, if any, for civilians (GS/ES) that was effective for the budget fiscal year, and
3. Add the average civilian personnel fringe benefits factor applicable to the Military Services and Defense Agencies. The amount for unfunded civilian retirement is not to be included in the fringe benefits percentage factor. Civilian personnel fringe benefit rates are provided by the OUSD (Comptroller) and published on the Comptroller website.



## APPENDIX C: CIVILIAN FRINGE BENEFIT RATE COMPUTATION

DOD COMPONENT (1)

		<u>Prior Year (2,3)</u>	<u>Current Year (2,3)</u>	<u>Budget Year (2,3)</u>
A.	<u>Object Class 12.1 Civilian Personnel Benefits (4)</u>			
B.	<u>Object Class 11 Civilian Personnel Compensation (5)</u>			
	11.1 Full-time Permanent			
	11.3 Other Than Full-Time Permanent			
	11.5 Other Personnel Compensation			
	11.8 Special Personal Services Payments			
C.	Total Personnel Compensation (Total of 11.1, 11.3, 11.5, 11.8) (6)			
D.	Civilian Fringe Benefit (Interagency) Rate (7)			
E.	Office of Personnel Management (OPM) Unfunded Retirement Factor (8)			
F.	Public, and Private Activities (9)			
(See footnoted instructions on following page)				

**INSTRUCTIONS**

- (1) Insert the name of the applicable DoD Component submitting the exhibit. A separate exhibit is required from each Military Service (including the U.S. Marine Corps) and from all Defense Agencies.
- (2) Insert the applicable fiscal year.
- (3) Insert the applicable amounts for each fiscal year. A brief description should be provided to explain changes of 10 percent or more between (a) previously budgeted and actual amounts for the prior fiscal year, (b) previously budgeted and currently budgeted amounts for the current year, and (c) the currently budgeted amounts for the budget year.
- (4) Insert the applicable amounts shown in the current President's Budget for Object Class 12.1, Civilian Personnel Benefits.
- (5) Insert on the applicable lines, the applicable amounts shown in the current President's Budget for Object Class 11.1, 11.3, 11.5 and 11.8.
- (6) Enter the total of personnel compensation from Object Class 11.1, 11.3, 11.5 and 11.8.
- (7) Divide the amount reported in line A. by the amount reported in line C. The resultant percentage is the percentage rate to be applied to civilian labor costs for billings to other Federal Agencies. This is DoD's funded rate.
- (8) The civilian fringe benefit rate--to be used in this calculation--will be obtained annually from the Directorate for Accounting and Finance Policy.
- (9) Add lines D. and lines E. to determine the percentage to be applied on billings to the public and private activities.

## \*APPENDIX D: CONTRACT ADMINISTRATION SERVICES

Contract administration services (CAS) hourly reimbursable billing rates should be applied to direct labor hours incurred in support of CAS efforts. These CAS rates are to be used in billing other Federal Agencies, the public, and Foreign Military Sales (FMS) customers. FMS customers are to be billed in accordance with the Security Cooperation Policy guidance provided in Volume 15, Chapter 7, paragraph 16.0 and Chapter 8, paragraph 7.0. Waivers and exclusions are to be granted in accordance with Volume 15, Chapter 7, paragraph 13.0.

<u>PERFORMING DOD COMPONENT</u>	<u>OTHER FEDERAL AGENCIES RATES</u> (1)	<u>FMS RATES</u> (2)	<u>PUBLIC RATES</u> (3)
Army			
Navy			
Air Force			
Defense Contract Audit Agency (DCAA)			
Defense Contract Management Agency (DCMA)			

## NOTES:

- (1) Use the Budget Year “Gross Cost Per Direct Hour” amount from page 2.
- (2) Sum Budget Year lines C, E, and G from page 2 and multiply the resultant amount by .167 (obtained from OMB Circular No. A 76) Revised Supplemental Handbook, “Performance of Commercial Activities”). That product then is divided by the applicable total direct work-hours (line V from page 2) to derive an hourly unfunded civilian retirement cost. The resultant hourly unfunded civilian retirement cost is added to the “Other Federal Agencies Rate” (column 1) to yield the FMS rate.
- (3) Use the FMS Rate plus 4% for asset use charge. This is achieved by multiplying the FMS rate by 1.04.

## REIMBURSEMENT COST FOR CONTRACT ADMINISTRATION SERVICES

DoD COMPONENT _____	Prior Year <sup>(1)</sup> (PY)	Current Year (CY)	Budget Year (BY)
<u>Gross Workyear Cost</u>			
A. Total Salaries of Direct Labor Personnel <sup>(2)</sup>	\$ _____	\$ _____	\$ _____
B. Number of Direct Labor Personnel Full-Time Equivalents (FTEs) <sup>(2)</sup>	_____	_____	_____
C. Average Salary of Direct Labor Personnel [(A) ÷ (B)]	\$ _____	\$ _____	\$ _____
D. Total Salaries of Indirect Supervision & Administrative Personnel <sup>(2)</sup>	\$ _____	\$ _____	\$ _____
E. Indirect Supervision & Administrative Salaries per FTE [(D) ÷ (B)]	\$ _____	\$ _____	\$ _____
F. Total Salaries of Regional, District and Headquarters Personnel <sup>(2)(3)</sup>	\$ _____	\$ _____	\$ _____
G. Regional, District and Headquarters Salaries per FTE [(F) ÷ (B)]	\$ _____	\$ _____	\$ _____
H. Personnel Benefits <sup>(2)</sup>	\$ _____	\$ _____	\$ _____
I. Average Personnel Benefits Costs per FTE [(H) ÷ (B)]	\$ _____	\$ _____	\$ _____
J. Total Cost of Personnel Service [(C) + (E) + (G) + (I)]	\$ _____	\$ _____	\$ _____
K. Total Travel Costs <sup>(3)(4)</sup>	\$ _____	\$ _____	\$ _____
L. Average Travel Costs per FTE [(K) ÷ (B)]	\$ _____	\$ _____	\$ _____
M. Other Support Costs <sup>(3)(5)</sup>	\$ _____	\$ _____	\$ _____
N. Average Support Costs per FTE [(M) ÷ (B)]	\$ _____	\$ _____	\$ _____
O. Total Gross Work-Year Cost [(J) + (L) + (N)]	\$ _____	\$ _____	\$ _____
Direct Work-Hours			
P. Work-Hours Available	_____	_____	_____
Q. Less Holidays	88	88	88
R. Less Annual Leave <sup>(3)</sup>	_____	_____	_____
S. Less Sick Leave <sup>(3)</sup>	_____	_____	_____
T. Less Other Leave (e.g., Military, Jury and Administrative) <sup>(3)</sup>	_____	_____	_____
U. Less Training Time	_____	_____	_____
V. Total Direct Work-Hours [(P) - (Q) - (R) - (S) - (T) - (U)]	_____	_____	_____
Gross Cost Per Direct Hour [(O) ÷ (V)]	\$ _____	\$ _____	\$ _____

**REIMBURSEMENT COST FOR CONTRACT ADMINISTRATION SERVICES****Notes:**

- (1) The amounts reflected should be the “actual” cost and work-hour data for the most recently completed Fiscal Year. This should be the FY 20PY of the President’s Budget.
- (2) The amounts reflected should be that shown in the “Total” column of the attached schedule, “Personnel Cost For Contract Administration Services” (page 4) for the applicable year, i.e., PY, CY, BY.
- (3) Separately, show basis of computation.
- (4) Includes all travel costs, i.e., local, temporary additional duty, and permanent change of station, of the civilian and military personnel included under items (A), (D) and (F).
- (5) Includes other expenses such as supplies, equipment, training and communications.

## PERSONNEL COST FOR CONTRACT ADMINISTRATION AND RELATED SUPPORT SERVICES

DoD COMPONENT _____	Civilian (a)	Military (b)	Total (a) + (b)
<u>Gross Workyear Cost For Prior Year (Actual)</u>			
A. Total Salaries of Direct Labor Personnel <sup>(6)</sup>	\$ _____	\$ _____	\$ _____
B. Number of Direct Labor Personnel Full-Time Equivalents (FTEs)	_____	_____	_____
C. Average Salary of Direct Labor Personnel [(A) ÷ (B)]	\$ _____	\$ _____	\$ _____
D. Total Salaries of Indirect Supervision & Administrative Personnel <sup>(7)</sup>	\$ _____	\$ _____	\$ _____
E. Indirect Supervision & Administrative Salaries per FTE [(D) ÷ (B)]	\$ _____	\$ _____	\$ _____
F. Total Salaries of Regional, District and Headquarters Personnel <sup>(8)</sup>	\$ _____	\$ _____	\$ _____
G. Regional, District and Headquarters Salaries per FTE [(F) ÷ (B)]	\$ _____	\$ _____	\$ _____
H. Personnel Benefits <sup>(9)</sup>	\$ _____	\$ _____	\$ _____
I. Average Personnel Benefits Costs per FTE [(H) ÷ (B)]	\$ _____	\$ _____	\$ _____
J. Total Cost of Personnel Service [(C) + (E) + (G) + (I)]	\$ _____	\$ _____	\$ _____
<u>Gross Workyear Cost For Current Year</u>			
A. Total Salaries of Direct Labor Personnel <sup>(6)</sup>	\$ _____	\$ _____	\$ _____
B. Number of Direct Labor Personnel Full-Time Equivalents (FTEs)	_____	_____	_____
C. Average Salary of Direct Labor Personnel [(A) ÷ (B)]	\$ _____	\$ _____	\$ _____
D. Total Salaries of Indirect Supervision & Administrative Personnel <sup>(7)</sup>	\$ _____	\$ _____	\$ _____
E. Indirect Supervision & Administrative Salaries per FTE [(D) ÷ (B)]	\$ _____	\$ _____	\$ _____
F. Total Salaries of Regional, District and Headquarters Personnel <sup>(8)</sup>	\$ _____	\$ _____	\$ _____
G. Regional, District and Headquarters Salaries per FTE [(F) ÷ (B)]	\$ _____	\$ _____	\$ _____
H. Personnel Benefits <sup>(9)</sup>	\$ _____	\$ _____	\$ _____
I. Average Personnel Benefits Costs per FTE [(H) ÷ (B)]	\$ _____	\$ _____	\$ _____
J. Total Cost of Personnel Service [(C) + (E) + (G) + (I)]	\$ _____	\$ _____	\$ _____

## PERSONNEL COST FOR CONTRACT ADMINISTRATION SERVICES

DoD COMPONENT _____	Civilian (a)	Military (b)	Total (a) + (b)
<u>Gross Workyear Cost For Budget Year</u>			
A. Total Salaries of Direct Labor Personnel <sup>(6)</sup>	\$ _____	\$ _____	\$ _____
B. Number of Direct Labor Personnel Full-Time Equivalents (FTEs)	_____	_____	_____
C. Average Salary of Direct Labor Personnel [(A) ÷ (B)]	\$ _____	\$ _____	\$ _____
D. Total Salaries of Indirect Supervision & Administrative Personnel <sup>(7)</sup>	\$ _____	\$ _____	\$ _____
E. Indirect Supervision & Administrative Salaries per FTE [(D) ÷ (B)]	\$ _____	\$ _____	\$ _____
F. Total Salaries of Regional, District and Headquarters Personnel <sup>(8)</sup>	\$ _____	\$ _____	\$ _____
G. Regional, District and Headquarters Salaries per FTE [(F) ÷ (B)]	\$ _____	\$ _____	\$ _____
H. Personnel Benefits <sup>(9)</sup>	\$ _____	\$ _____	\$ _____
I. Average Personnel Benefits Costs per FTE [(H) ÷ (B)]	\$ _____	\$ _____	\$ _____
J. Total Cost of Personnel Service [(C) + (E) + (G) + (I)]	\$ _____	\$ _____	\$ _____

Notes:

(6) Include the salary expenses of direct civilian and military personnel, e.g., contract administrators.

- a. Civilian. The cost of civilian personnel assigned full-time to contract administration requirements should reflect the annual salary for the applicable pay grades. Otherwise, an hourly rate of 1/2087 of the annual rate **must** be used and a leave and holiday factor of 18 percent of pay cost added.
- b. Military. The cost of military personnel assigned full-time to contract Administration requirements should be based on the annual Military Composite Pay rates. Otherwise, an hourly rate of 1/2080 of the annual Military Composite Pay rate **must** be used and a leave and holiday factor of 14 percent of pay cost added.

(7) Include the indirect salary expenses for civilian and military personnel that perform supervisory and administrative (clerical) functions. Such costs are computed as indicated in (6)a. and (6)b.

(8) Include the salary expenses for civilian and military personnel at the district, regional and headquarters level. Such costs are computed as indicated in (6)a. and (6)b.

- (9) Include the fringe benefit expenses for all civilian and military personnel included in items (A), (D) and (F).
- a. Civilian. Fringe benefits are computed by multiplying civilian personnel costs by the civilian fringe benefit rate. The fringe benefit rate must be that reported for the applicable fiscal year on the OP-8 exhibit, “Civilian Personnel Costs.”
  - b. Military. Fringe benefits are computed by multiplying separately the officer and enlisted salaries by 6 percent for officers and 18 percent for enlisted personnel.



## VARIANCES IN THE REIMBURSEMENT COST FOR CONTRACT ADMINISTRATION SERVICES

DoD COMPONENT _____	Civilian (a)	Military (b)	Total (a) + (b)
<u>Gross Workyear Cost For Budget Year</u>			
A. Total Salaries of Direct Labor Personnel <sup>(6)</sup>	\$ _____	\$ _____	\$ _____
B. Number of Direct Labor Personnel Full-Time Equivalents (FTEs)	_____	_____	_____
C. Average Salary of Direct Labor Personnel [(A) ÷ (B)]	\$ _____	\$ _____	\$ _____
D. Total Salaries of Indirect Supervision & Administrative Personnel <sup>(7)</sup>	\$ _____	\$ _____	\$ _____
E. Indirect Supervision & Administrative Salaries per FTE [(D) ÷ (B)]	\$ _____	\$ _____	\$ _____
F. Total Salaries of Regional, District and Headquarters Personnel <sup>(8)</sup>	\$ _____	\$ _____	\$ _____
G. Regional, District and Headquarters Salaries per FTE [(F) ÷ (B)]	\$ _____	\$ _____	\$ _____
H. Personnel Benefits <sup>(9)</sup>	\$ _____	\$ _____	\$ _____
I. Average Personnel Benefits Costs per FTE [(H) ÷ (B)]	\$ _____	\$ _____	\$ _____
J. Total Cost of Personnel Service [(C) + (E) + (G) + (I)]	\$ _____	\$ _____	\$ _____

Notes:

- (10) Computed using the cost and hour data from page 2. Divide the current year amount for each element by the prior year amount, subtract 1 and multiply by 100.
- (11) Computed using the cost and hour data from page 2. Divide the budget year amount for each element by the current year amount, subtract 1 and multiply by 100.

**APPENDIX E: COLLECTIONS FOR REIMBURSEMENTS OF DOD-OWNED AIRCRAFT  
(FIXED/ROTARY WING)**

**DEPARTMENT OF \_\_\_\_\_(1)**  
**ACCOUNTS TO WHICH COLLECTIONS ARE TO BE DEPOSITED FOR**  
**REIMBURSEMENTS FOR THE USE OF DOD-OWNED AIRCRAFT (FIXED WING)**  
**FISCAL YEAR \_\_\_\_\_(2)**  
**(DOLLAR AMOUNT PER HOUR)**

<b>Aircraft</b>	<b>DoD</b>	<b>Federal Agency and FMS Users</b>			<b>All Other Users</b>			
	<b>O&amp;M</b>	<b>O&amp;M</b>	<b>MilPers</b>	<b>Total</b>	<b>O&amp;M</b>	<b>MilPers</b>	<b>Asset Utl</b>	<b>Total</b>
<b>(3)</b>	<b>(4)</b>	<b>(5,6)</b>	<b>(5,6)</b>	<b>(5,6)</b>	<b>(7)</b>	<b>(7)</b>	<b>(7)</b>	<b>(7)</b>

## INSTRUCTIONS

- (1) Insert Army, Navy or Air Force, as applicable.
- (2) Insert the applicable [\(current\)](#) fiscal year.
- (3) Separately list and provide data for each type/model/series of aircraft (fixed or rotary wing) in the DoD Component's inventory which is subject to reimbursement as a composite rate of all Service Components (Active, Guard, and Reserve).
- (4) The DoD rate will include costs for (8)--Fuel, (9)--DLRs, (10)--Depot Maintenance, and (11)--Other. This rate is to be used for interdepartmental (e.g., Navy to Air Force) billing purposes. Location of calculation instructions in this appendix are indicated by the number in parenthesis before the name of the cost category.
- (5) The Other Federal Agency Rate will include costs for (8)--Fuel, (9)--DLRs, (10)--Depot Maintenance, (11)--Other, and (12)--Crew Salary. Location of calculation instructions in this appendix are indicated by the number in parenthesis before the name of the cost category.
- (6) The FMS rate will include costs for (8)--Fuel, (9)--DLRs, (10)--Depot Maintenance, (11)--Other, (12)--Crew Salary. Location of calculation instructions are indicated by the number in parenthesis before the name of the cost category.
- (7) The Public Rate will include costs for (8)--Fuel, (9)--DLRs, (10)--Depot Maintenance, (11)--Other, (12)--Crew Salary, (13)--Asset Utilization and an unfunded civilian retirement cost (The civilian fringe benefit rate--to be used in this calculation--will be obtained annually from the OUSD(C), Program/Budget, Operations Directorate, 3C749, the Pentagon, Washington, DC 20301-1100) for any civilian personnel costs included in (4), (5), (6), (7) or (8). Location of calculation instructions in this appendix are indicated by the number in parenthesis before the name of the cost category.
- (8) Fuel costs will be equal to the corresponding amounts shown in the related OP-20 Exhibit for the applicable type/model/series. (If for any reason, the OP-20 Exhibit series does not include an applicable type/model/series of aircraft, fuel costs will be computed using the same methodology as that used for aircraft included in the OP-20 Exhibit series, i.e., by dividing the total cost of fuel for the fiscal year for each type of aircraft by the total number of flying hours for that same aircraft.) Services should also include fuel costs for non-fly fuel directly supporting the flying hour program (such as fuel used in engine test cells and auxiliary powers units). [Fuel costs are consistent with the current year's fuel price per barrel, set at the standard fuel price effective October 1 for the respective fiscal year, i.e., the FY 2024 reimbursable rates are consistent with the FY 2024 Standard Fuel Price effective October 1, 2024.](#)
- (9) Depot-level reparable (DLR) costs will be equal to the corresponding amounts shown in the related OP-20 Exhibit series for the applicable type/model/series. (If for any reason, the OP-20 Exhibit series does not include an applicable type/model/series of aircraft, DLR costs will be computed using the same methodology as that used for aircraft included in the OP-20 Exhibit

series, i.e., by dividing the total DLR costs for the applicable fiscal year by the total number of flying hours for that same aircraft.)

(10) Include an hourly rate for depot maintenance cost for airframes, engines, and components for the applicable type/model/series. This cost will be an average cost for that type/model/series and be computed by dividing the total amount of depot maintenance budgeted for the applicable type/model/series by the number of flying hours budgeted for that type/model/series.

(11) Other costs will equal corresponding “other” amounts shown in the related OP-20 Exhibit series (for Air Force, this is equal to the consumables required in Exhibit OP-20). (If for any reason, the OP-20 Exhibit series does not include an applicable type/model/series of aircraft, other costs will be computed using the same methodology as that used for aircraft included in the OP-20 Exhibit series, i.e., by adding all operating costs ((other than fuel, DLRs, depot maintenance, crew salary, and asset utilization)) and dividing the total of such other costs for the applicable fiscal year by the total number of flying hours.) If for any reason the OP-20 Exhibit does not include details for contract logistics support (CLS), use a five-year average of variable CLS or equivalent costs and hours.

(12) Crew salary amounts will be computed based on the number and grade of military personnel operating the aircraft. Crew salary costs will be computed by:

(a) Multiplying the standard number of crew members in each applicable military grade times the annual Military Standard Composite Rate for that grade available on the reimbursable rates page of the OUSD(C) website. For Federal Agencies and Public rates, use the applicable rates in the “Annual Rate Billable to Other Federal Agencies” column. For the FMS rate, use the applicable rate in the “Annual DoD Composite Rate” column plus the annual acceleration factor.

(b) Dividing the result of (a) by 2080 (hours) to convert the annual rate to an hourly rate, by grade.

(c) Multiplying the results of (b) by a factor of 1.14 percent for both officers and enlisted personnel. (This calculation increases the hourly rate by 14 percent for officers and enlisted personnel fringe benefits.)

(d) Adding the amounts arrived at in (c) for each grade, to arrive at a total hourly rate for the entire crew.

NOTE: The computation of crew salary amounts should be supported by a separate table attached to this exhibit.

(13) The asset utilization amount will be computed by applying an asset utilization factor of 4 percent times the sum of columns (8)--Fuel, (9)--DLRs, (10)--Depot Maintenance, (11)--Other and (12)--Crew Salary for each specific aircraft.

(14) Provide a brief narrative to explain significant changes between fiscal years.

**\*APPENDIX F: MEDICAL AND DENTAL SERVICES RATE COMPUTATION****SUBMITTED BY THE OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE  
(HEALTH AFFAIRS)**

Budget exhibit includes Inpatient, Outpatient, Pharmacy and other rates. This exhibit is to be included only in the President's budget. The format of the budget exhibit for medical, dental, and pharmacy rates may vary slightly from year to year due to the addition/deletion of rates, changes in nomenclature, updated notes, and other unforeseen reasons. The tables are for informational purposes only.

**INPATIENT, OUTPATIENT AND OTHER RATES AND CHARGES****\*1.0 Inpatient Rates**

Room and Board rates are the weighted average of occupied bed day (OBD) Rates at each MTF within a Regional Charge Table. Final Room and Bed rates include rates for Intensive Care (1.2X) and Step-Down Care (1.1X). Room and board rates are a direct result of the previous fiscal year's costs associated with providing care at the inpatient level, and do not include medications, supplies, procedures performed, or any additional expenses other than providing a room and bed for the patient. Room and Board rates consist of the Full Cost rate, and adjustments are applied such as the Interagency Rate (IAR) or the International Military Education and Training (IMET) rate.

The IMET program is a key funding component of U.S. security assistance that provides training on a grant basis to students from allied and friendly nations. Authority for the IMET program is found pursuant to 22 U.S.C. 2347. Funding is appropriated from the International Affairs budget of the Department of State. Not all foreign national patients participate in the IMET program. The IAR rates are used to bill other federal agencies. The full/Third Party Collection (TPC) rates are used to bill insurance carriers, pay patients, and other payers.

Each MTF providing inpatient care has a regionally assigned room and board full cost rate, step-down rate, and intensive care unit rate. The total number of inpatient stay days not including the date of discharge, multiplied by the MTF's regional daily room and board rate is the charge submitted on the institutional claim for total room and bed charges. In addition, other itemized supplies and ancillary services performed during the inpatient stay (laboratory, radiology, pharmacy) will be included in the total amount of charges on the institutional claim payers will use for reimbursement purposes. Professional fee charges related to an inpatient stay are captured separately on a professional claim. The Department of Defense (DoD) publishes this data annually for hospital reimbursement rates under TRICARE/CHAMPUS pursuant to 32 CFR 199.14(a)(1). Examples of how to calculate the reimbursement charges for room and board follow.

Examples Applying Room and Board Rates to Compute Inpatient Stay Charges

The cost to be recovered for an inpatient stay is the product of the regionally applied room and bed rate and other itemized inpatient charges. This includes the costs of both inpatient institutional and professional services. In the examples, billing is at the full/TPC rate for the calculation of the room and board charges only.

For this example, an MTF assigned to a Texas regional fee schedule will be used to calculate room and board charges. For each day of an inpatient stay, a revenue code is assigned and drives the daily rate at which a room and board charge is applied.

Date of Admission	Date of Discharge	Total Days	Regional Charge Table
October 1, 2024	October 11, 2024	10	Texas
Revenue Code	CDM Description	Room and Board Rate	Total Room and Board Rate Charges
151	Med/Surg (Full cost rate)	\$2,001.24	\$20,012.40

The total room and bed charge is the number of days multiplied by the room and board rate. Additional ancillary and other facility charges may be accrued on an institutional claim as well.

The full table of the current regional room and board rates and other itemized rates are published on the [Defense Health Agency Uniform Business Office \(UBO\) website](#) and [Comptroller Financial Management Reports website](#).

## \*2.0 Outpatient Rates

Outpatient Rates are the charges for professional and institutional health care services provided in MTFs financed by the Defense Health Program Appropriation. These rates are used to submit claims for reimbursement of the costs of the health care services provided by MTFs in accordance with the various MTF Cost Recovery Programs: Medical Services Account (MSA), Third Party Collections and Medical Affirmative Claims (MAC).

MTFs utilize charging and billing methodology aligned with the modernized electronic health record and billing system. Health care service procedure codes outlined in the Inpatient and Outpatient Rates policy letters are housed in the MHS Charge Description Master (CDM) for itemized billing of patient care provided in MTFs.

Outpatient Rates consists of CHAMPUS Maximum Allowable Charge (CMAC) Rate Tables (modified for UBO use); Dental Rates; Immunization/Injectable Rates; Anesthesia Rates; and Durable Medical Equipment/Durable Medical Supplies (DME/DMS) Rates.

Outpatient Rates are updated annually on a CY basis, with an effective date [set by the DHA UBO Program Office and outlined in the outpatient rates policy letter](#). The actual rate tables are not included in this section, due to size. The current CY Outpatient rates are on the Defense Health Agency (DHA) Management Control & Financial Studies UBO Website.

### CMAC Rates

[TRICARE](#) CMAC Reimbursement rates, established under 32 CFR 199.14(j), are used to determine the appropriate charge for the professional and technical components of services based on the Healthcare Common Procedure Coding System (HCPCS) methodology, which includes the Current Procedural Terminology (CPT®) codes. DHA UBO CMAC rates differ from standard TRICARE CMAC rates in that DHA UBO CMAC rates are formatted for [MHS](#) military billing systems and include charges for additional services not reimbursed by TRICARE. DHA UBO CMAC rates pertain to professional services (e.g., office and clinic visits), ancillary services (e.g., laboratory and radiology) and [Observation](#) professional services.

DHA UBO CMAC rates are calculated for distinct “localities”. These localities recognize differences in local costs to provide health care services in the different geographic regions in which MTFs are located. Each MTF Defense Military Information System Identification (DMIS ID) is mapped to its corresponding CMAC locality code to obtain the correct rates. For all MTFs located outside the continental United States, Alaska, and Hawaii, the national average CMAC locality file (300) is used except for Guam and Puerto Rico which have their own CMAC localities. The complete DMIS ID-to-CMAC Locality table is available on the DHA UBO Website.

For each CMAC locality, the DHA UBO creates two sub-tables of rates: CMAC and Component. The [Component](#) rate table specifies [which](#) rates to use for CPT® codes, which can be provided as distinct professional and technical components, or as a combined professional and technical service. A separate rate is provided for each component. UBO CMAC rates for billing of professional services are available on the DHA UBO Website.

[For use in the MHS CDM, CMAC localities are further mapped to DHA Markets in an effort to consolidate into fewer regional price fee schedules. The MHS approved a Parent-Child Defense Medical Information System \(DMIS\) Identifier \(ID\) Market Mapping methodology to serve as a new MTF Regional Grouping Transition Plan. This methodology is known as the Regional Charge Table approach. At a high level, the Market Mapping Assignment will decrease the number of locality charge tables from the 100+ CMAC Charge Tables to 15 Regional Charge Tables for use within the MHS CDM.](#)

### Dental Rates

The UBO Dental Rate Table consists of MTF dental charges [and are](#) based on a flat rate multiplied by the DoD established dental weighted value (DWV) for each American Dental Association (ADA) Current Dental Terminology (CDT) procedure code. The dental flat rate represents the average DoD cost of dental services at all dental treatment facilities. [The example](#)



illustrates the Full Outpatient Rate (FOR) dental charge for ADA CDT code D0270. The Dental rates table may be found on DHA UBO Website.

Example: CY 2024 Dental Rates

CDT Code	Clinical Service	DoD DWV	FOR Rate
D0270	Bitewing – Single radiographic image	0.37	\$

### Immunization/Injectable Rates

Immunization or injectable rate charges are applicable for any administered immunization, injection or medication in the MTFs. UBO Immunization rates are based on DHA TRICARE injectable rates whenever TRICARE rates are available. If there is no TRICARE rate available, Purchased Care Data is used to derive rates. Rates are derived from Purchased Care Data by using the Military Health System Management Analysis and Reporting Tool or M2 system. This reporting tool allows for querying and detailed trend analysis including summaries and detailed views of population, clinical, and financial data from all MHS regions worldwide. Data pulled from previous and current FY (to date) allows calculation of average amount allowed for rate use. Outlier rates are adjusted using historical Purchased Care Data of up to five (5) years.

The UBO Immunization/Injectable rate table consists of the CPT®/HCPCS Code, rate, and the short and long descriptions. The current CY Immunization rate table is found on the DHA UBO Website.

Example: CY 2024 Immunization Rate Table

CPT®/HCPCS Code	Rate	Short Description	Long Description
90288	\$	BOTULISM IG, IV	BOTULISM IMMUNE GLOBULIN, HUMAN, FOR INTRAVENOUS USE

### Anesthesia Rates

Anesthesia charges are split into base rates and interval rates. The anesthesia base rates are determined by multiplying the anesthesia relative value base unit by the locality-specific TRICARE anesthesia conversion factor (RVU base unit \* locality-specific TRICARE anesthesia conversion factor). The anesthesia interval rates are determined per interval of time; the rate calculation for one anesthesia time-based interval is the RVU interval unit of 1 multiplied by the locality-specific TRICARE anesthesia conversion factor (Interval of 1 \* locality-specific TRICARE anesthesia conversion factor). An RVU interval unit of 1 is equal to 15 minutes. The total charge for professional anesthesia-based rates is calculated by adding the base rate to the interval rate multiplied by the number of time units in 15-minute intervals. Total professional anesthesia-based rate = [(base rate) + (interval rate \* number of 15-minute time intervals)]



TRICARE provides the anesthesia RVU base units for each anesthesia procedure. The locality-specific TRICARE anesthesia conversion factors are mapped based on TRICARE locality. The calculated anesthesia rates are for professional anesthesia-based services performed within the MTFs.

The UBO Anesthesia rate table consists of the CPT® Code, rate, and the short and long descriptions. The current CY Anesthesia [Rate table](#) is published on the DHA UBO Website.

Example: CY 2024 [Anesthesia](#) Rate Table

CPT® Code	Rate	Short Description	Long Description
01820	\$	ANESTH, LOWER ARM PROCEDURE	ANESTHESIA ALL CLOSED PROC RADIUS, ULNA, WRIST, HAND BONES

Durable Medical Equipment/Durable Medical Supplies (DME/DMS) Rate:

UBO DME/DMS rates are based on the CMS Medicare Fee Schedule floor rate when available. If there is no Medicare Fee Schedule floor rate, Purchased Care data is used to establish a rate based on the average amount allowed. [Additionally, the Defense Medical Logistics Standard Support \(DMLSS\) Master Catalog](#) captures the average price paid for over 100,000 medical supplies commonly used by DHA. Only DMLSS line items with an associated HCPCS code listed in the DMLSS Master Catalog will be utilized to develop a weighted average unit cost.

The UBO DME/DMS rate table consists of the alpha numeric HCPCS Code, the description and the rate. The current CY DME/DMS Rate table is published on the DHA UBO Website.

Example: CY 2024 [DME/DMS](#) Rate Table

HCPCS Code	Description	Rate
A4620	Variable concentration mask	\$

### \*3.0 Pharmacy Rates

[Outpatient](#) Pharmacy rates are established on a unit measure price basis (e.g., cost per tablet) and are standardized for National Drug Codes (NDCs) within each generic sequence number (GSN). Pharmacy rates are derived from the Managed Care Pricing File (MCPF) and are based on TRICARE allowable charges, Average Wholesale Price (AWP) or Prime Vendor Program (PVP) prices listed for the NDCs in the MCPF. Rates are computed based on the median unit measure cost for all of the listed AWP NDCs in each GSN group. The median unit measure price is applied to all the NDCs in that GSN group.

Inpatient Pharmacy rates are established using a conversion of HCPCS/CPT level pricing established by the DHA UBO for any applicable immunizations/injectables, to an NDC level price for NDCs that map to a HCPCS/CPT code with an assigned rate. For NDCs that are not linked to a code with an assigned rate, the outpatient pharmacy rate NDC level pricing is assigned. For any remaining NDCs with no price, a stacked price is assigned based on the GSN.

The Pharmacy tables consist of the 11-digit NDC number, the corresponding name/description of the drug (generic or brand), the form of the dosage (tablet, capsule, powder), the strength of the dosage and the current unit price. Pharmacy rates are updated biannually, [dates are set by the DHA UBO Program Office](#). Available Pharmacy rates are available on the DHA UBO Website.

Example: CY 2024 Pharmacy Rate Table

NDC	Name/Description	Dose Form	Dose Strength	Unit Price
64842012006	LYTGOBI	TA	xxx	\$

**\*4.0 Cosmetic Surgery**

Elective cosmetic procedures *are not* TRICARE covered benefits. Elective cosmetic procedures provided in MTFs are restricted to TRICARE-eligible beneficiaries, including TRICARE for Life, on a “space-available” basis. Patients receiving elective cosmetic procedures (e.g., Active Duty personnel, retirees, family members, and survivors) are responsible for charges for all services (including implants, injectables, anesthesia, and other separately billable items) associated with elective cosmetic procedures. A list of elective cosmetic procedures and their associated rates can be found on the DHA UBO Website.

Professional Charges for Elective Cosmetic Procedures

Professional charges for elective cosmetic procedures are based on the [CY 2024](#) CMAC national average when available. When CMAC allowable charges are not available, charges are determined based on estimates of the medical resources required relative to procedures that have CMAC pricing. Professional charges for elective cosmetic procedures are applied in both inpatient and ambulatory settings. Elective cosmetic charges are not adjusted for the treating MTF’s geographical location.

CMAC [CY 2024](#) “facility physician” allowable charges are used for the professional component for services furnished by a provider in a hospital operating room or designated Ambulatory Procedure Unit (APU). CMAC [CY 2024](#) “non-facility physician” allowable charges are used for the professional component for services furnished in a provider’s office.

### Institutional Charges for Elective Cosmetic Procedures

Institutional charges for elective cosmetic procedures are based on the procedure performed and the location of the service provided (i.e., provider's office/minor surgery room, hospital operating room (either on an outpatient or inpatient basis), operating room of a MTF that is not a hospital (i.e., does not provide inpatient services)).

For elective cosmetic procedures conducted in a provider's office/minor surgery room, the institutional fee is included in the "non-facility physician" professional charge.

The institutional charge for elective cosmetic procedures performed in a hospital operating room on an outpatient basis is based on the APV flat rate for the primary procedure with no additional institutional charge for bilateral or additional procedures.

The institutional charge for elective cosmetic procedures performed in an operating room of a facility that is not a hospital is also based on the APV flat rate for the primary procedure with no additional institutional charge for bilateral or additional procedures.

The institutional charge for an elective cosmetic procedure performed in a hospital on an inpatient basis is calculated by multiplying the CY 2024 TRICARE Adjusted Standardized Amount (ASA), \$8,552.20, by the relative weighted product (RWP) associated with the Diagnostic Related Group (DRG).

If an elective cosmetic procedure is combined with a medically necessary procedure during the same surgical visit, the elective cosmetic procedure charge is adjusted to avoid duplicate institutional charges. The institutional charge, for an elective cosmetic procedure, when combined with a medically necessary procedure is reduced by 50 percent (%) from the initial charge.

Most ancillary services (e.g., laboratory, radiology, and routine pre-operative testing) are included in the institutional pricing methodology described. Ancillary services and supplies not included are billed at the FOR.

### Anesthesia Charges for Elective Cosmetic Procedures

Anesthesia rates associated with elective cosmetic procedures include anesthesia professional services. Anesthesia charges are calculated using the CY 2024 national anesthesia conversion factor, multiplied by the sum of base units and national average time units (measured in 15-minute increments) of the primary procedure. An additional anesthesia charge, based on additional minutes of service, is added for secondary procedures performed during the same surgical encounter. Anesthesia charges are applied in both inpatient and ambulatory settings. The current CY **Elective Cosmetic** Rate table is published on the DHA UBO Website.

## \*APPENDIX G: MILITARY COMPOSITE STANDARD PAY AND REIMBURSEMENT RATES

DEPARTMENT OF THE \_\_\_\_\_ FOR FISCAL YEAR \_\_\_\_\_

Grade	Average Strength	Basic Pay	Retired Pay Accrual	Basic Allowance for Housing	Basic Allowance for Subsistence/SIK	Incentive and Special Pay	Permanent Change of Station	Miscellaneous Expense	Eligible Retiree Health Care Accrual	Acceleration Factor	DoD Composite Standard Pay Rate	Rate Billable to DoD Entities	Rate Billable to Other Federal Entities	Rate Billable to FMS Entities
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
O-10 <sup>1/</sup>														
O-9 <sup>1/</sup>														
O-8 <sup>1/</sup>														
O-7 <sup>1/</sup>														
O-6 <sup>2/</sup>														
O-5														
O-4														
O-3														
O-2														
O-1														
WO-5														
WO-4														
WO-3														
WO-2														
WO-1														
Cadets/Midshipmen														
E-9														
E-8														
E-7														
E-6														
E-5														
E-4														
E-3														
E-2														
E-1 <sup>3/</sup>														

Notes:

1/ Basic pay for grades O-7 to O-10 is limited by Level II of the Executive Schedule.

2/ Basic pay for grade O-6 is limited by Level V of the Executive Schedule.

3/ E-1 basic pay must be no less than four months at the E-1 "4 months or less" monthly rate plus eight months at the E-1 "2 or less" monthly rate.

## MILITARY COMPOSITE STANDARD PAY AND REIMBURSEMENT RATES

## INSTRUCTIONS

Each Military Service must complete an Appendix G using the attached standard format. The heading to each Appendix G consists of three lines. The first line identifies the appendix by number, the second line states “MILITARY COMPOSITE STANDARD PAY AND REIMBURSABLE RATES,” and the third line identifies the Military Service that has developed the rates and the fiscal year that the rates will be used.

The Military Composite Standard Pay and Reimbursement Rates exhibit for the Budget Year should include the following cost elements listed for each report column. Amounts listed **must** be equal to corresponding amounts contained in the applicable Military Service's justification book in support of their military personnel appropriation budget request included in the latest President's budget:

(Column 1) Average Strength. Include the average strength, as provided in the President's budget justification.

(Column 2) Basic Pay. Include the average basic pay amounts by pay grade, as provided in the President's budget justification, Budget Subactivity (BSA) 1-A, Pay and Allowance of Officers, BSA 2-A, Pay and Allowances of Enlisted Personnel, and BSA 3-A, Pay and Allowances of Cadets and Midshipmen. The cadet and midshipmen rate is computed as a single rate for all cadets and midshipmen. Basic Pay for O-7 to O-10 pay grades is limited by Level II of the Executive Schedule. **Basic pay for grade O-6 is limited by Level V of the Executive Schedule. E-1 basic pay must be no less than four months at the E-1 “4 months or less” monthly rate plus eight months at the E-1 “2 or less” monthly rate.**

(Column 3) Retired Pay Accrual. Include average retired pay accrual amounts by pay grade, as provided in the President's budget justification, BSA 1-B, Retired Pay Accrual for Officers, and BSA 2-B, Retired Pay Accrual of Enlisted. The applicable retired pay accrual percentage is statutory and published annually.

(Column 4) Basic Allowance for Housing (BAH). Compute the BAH rate separately for officers and enlisted personnel by pay grade, using amounts from the President's budget justification books. The officer rate is computed by dividing BSA 1-F, BAH for officers by the average strength of officer personnel. The enlisted rate is **calculated** by dividing BSA 2-K, BAH for enlisted by the average strength of enlisted personnel.

(Column 5) Basic Allowance for Subsistence. Compute the basic allowance for subsistence rate separately, for officers and enlisted personnel, by pay grade, and for cadets and midshipmen, using amounts from the President's budget justification books. The officer rate is computed by dividing BSA 1-G, Basic Allowance for Subsistence for officers, by the officer average strength by grade. The enlisted rate is [calculated](#) by adding BSA 4-A, Basic Allowance for Subsistence for enlisted, BSA 4-B, Subsistence-in-Kind (SIK) for enlisted, and BSA 4-C, Family Subsistence Supplemental Allowance (FSSA), and then dividing the total by the enlisted average strength by grade. Compute a single rate for cadets and midshipmen.

(Column 6) Incentive and Special Pays. Compute the Incentive and Special Pay rate separately for officers and enlisted personnel by pay grade, using amounts from the President's budget justification books. Add the incentive and special pay amounts [for each pay grade](#) and then divide the sum by the average end strength, separately for officers and enlisted personnel. The officer rate is computed by adding the amounts for BSA 1-D, Incentive Pay for officers, and BSA 1-E, Special Pay for officers, then dividing the sum by the average strength [of](#) officer personnel. The enlisted rate is computed by adding the amounts for BSA 2-D, Incentive Pay for enlisted, BSA 2-E, Special Pay for enlisted, BSA 2-F, Special Duty Assignment Pay for enlisted, BSA 2-G, Reenlistment Bonus, BSA 2-H, Enlistment Bonus, BSA 2-I, Education Benefits (College Fund), and BSA 2-J, Loan Repayment Program, then dividing the sum by the average strength for enlisted personnel.

(Column 7) Permanent Change of Station (PCS) Expense. This element represents the average cost of amounts provided in the President's budget justification books for PCS travel, Budget Activity 5. Compute the average PCS by adding the following types of travel each for officers, enlisted personnel, and cadets, from the BSAs contained in the justification books: [BSA 5-A, Accession Travel](#), [BSA 5-B, Training Travel](#), [BSA 5-C Operational Travel between duty stations \(within CONUS and within overseas\)](#), [BSA 5-D, Rotational Travel to and from overseas](#), [BSA 5-E, Separation Travel](#), and [BSA 5-F, Travel of Organized Units](#). The sum of BA-5 is divided by the average strength separately for officer and enlisted personnel. Compute a single rate for cadets and midshipmen.

(Column 8) Miscellaneous Expense. This rate is the average computed separately for officers and enlisted personnel by pay grade, and for cadets and midshipmen, of amounts provided in the President's budget justification books for Budget Activity 6, Other Military Personnel Costs, and other amounts for miscellaneous allowances and payments for officers, enlisted, and cadets/midshipmen as contained in BSAs listed in the following matrix:

<u>Miscellaneous Expense</u>	<u>Officer</u>	<u>Enlisted</u>
TSP Matching Contributions	BSA 1-C	BSA 2-C
Clothing Allowances	BSA 1-J	BSA 2-N
Station Allowances, Overseas	BSA 1-H	BSA 2-L
CONUS COLA	BSA 1-I	BSA 2-M
Family Separation Allowances	BSA 1-K	BSA 2-O
Separation Payments	BSA 1-L	BSA 2-P
Special Compensation for Assistance with Activities of Daily Living	BSA 1-M	BSA 2-Q
Social Security Tax-Employer's Contribution	BSA 1-N	BSA 2-R
Other Military Personnel Costs	BA 6	BA 6

Sum the amounts in each of the categories for officer and enlisted [personnel](#) by pay grade and divide the sum by the average strength of officer and enlisted by pay grade, as shown in the budget justification materials. A single rate [must](#) be used for cadets and midshipmen.

(Column 9) Medicare-Eligible Retiree Health Care (MERHC) Accrual. The annual rate is provided in OUSD(Comptroller) budget guidance. It covers the cost of future [healthcare](#) benefits for current officer and enlisted personnel once they retire and become Medicare-eligible, as well as their dependents and annuitants. It does not apply to cadets and midshipmen. See Volume 12, Chapter 16, Paragraph 5.7, for additional information about Reimbursements of MERHC. [To compute the Daily or Hourly Rate of the reimbursement from FMS Entities to be deposited into the Miscellaneous Receipts Account 3041, apply the Daily \(.00452\) or Hourly \(.00057\) factor to the per capita normal cost for the MERHC accrual. Do not use this if the assignment is annual.](#)

(Column 10) Acceleration Factor. This rate is provided by the OUSD(Comptroller) and covers the medical health care costs of active duty personnel and their dependents associated with the Defense Health Program. It does not apply to cadets and midshipmen. [To compute the Monthly or Daily Rate of the reimbursement from Other Federal Entities to be deposited into the Defense Health Program \(97\\*0130\), apply the Monthly \(.09083\) or Daily \(.00303\) factor to the acceleration factor. Do not use this if the assignment is annual. To compute the Daily or Hourly Rate of the reimbursement from FMS Entities to be deposited into the Defense Health Program \(97\\*0130\), apply the Daily \(.00452\) or Hourly \(.00057\) factor to the acceleration factor. Do not use this if the assignment is annual.](#)

(Column 11) DoD Composite Standard Pay Rate. This rate **must** be used when determining the military personnel appropriations cost for budget/management studies. **Still, it** should not be considered a **fully burdened** cost **for** military personnel **to make** workforce-mix decisions. Enter the sum of columns (2) through (9). Rates include a per capita normal cost for MERHC accruals since MERHC accruals are counted as part of the Military Departments' discretionary budget authority.

(Column 12) Rate Billable to DoD Entities. This rate **must** be used when obtaining reimbursement for services provided to entities **inside** the DoD. See Volume 11A, Chapter 1, Paragraph 2.3, for billing DoD entities. Add columns (2) through (8). Rates exclude the per capita normal cost of MERHC accruals. Beginning with FY 2006, MERHC accruals are paid from the General Fund of the Treasury and cannot be reimbursed to the Services' personnel accounts during the year of execution. **To compute a Monthly Rate, apply a factor of .08333 (1/12). To calculate a Daily Rate, apply a factor of .00278 (1/360). Per Volume 7A, Chapter 1, Paragraph 3.2.1, "compute monthly compensation as if each month had 30 days"; "the daily rate is 1/30 of the monthly rate."**

(Column 13) Rate Billable to Other Federal Entities. This rate **must** be used when obtaining reimbursement for services provided to other federal **entities** outside of the DoD. See Volume 11A, Chapter 1, Paragraph 2.3, for billing other federal entities. Add columns (10) and (12). Rates include an acceleration factor to cover medical costs for **active-duty** personnel and their dependents. Reimbursements of the acceleration factor **must** be deposited into the Defense Health Program (97\*0130). Rates exclude the per capita normal cost of MERHC accruals. Beginning with FY 2006, MERHC accruals are paid from the General Fund of the Treasury and cannot be reimbursed to the Services' personnel accounts during the year of execution. Military labor **must** be charged to non-DoD organizations **based on** actual hours worked or assigned (detailed). To compute a **Monthly Rate, apply a factor of .09083 (1.09/12). To compute a Daily Rate, apply a factor of .00303 (1.09/360). This factor represents a leave factor of 9% and compensates for wages paid during leave. Do not use this factor if the assignment is annual. This factor assumes the member will be contracted for no less than 30 days, resulting in leave accrued. If a member is contracted for less than 30 days, use the Daily Rate factor provided under (Column 12) Rate Billable to DoD Entities. Per Volume 7A, Chapter 35, Paragraph 2.2.2, "Leave accrues to a Service member serving on active duty for 30 days or more. It accrues at the rate of 2½ days for each month of active service. For partial months, it accrues at the rate of ½ day for any period of 6 days or less."** To compute the Monthly or Daily Rate of the reimbursement from Other Federal Entities to be deposited into the Defense Health Program (97\*0130), apply the Monthly (.09083) or Daily (.00303) factor to the acceleration factor. Do not use this factor if the assignment is annual.

(Column 14) Rate Billable to Foreign Military Sales (FMS) Entities. This rate **must** be used when obtaining reimbursement for services provided to FMS Entities. Add columns (9) and (13). **Reimbursement procedures for FMS are specifically addressed in the Volume 15, Chapter 8, Paragraph 2.2. 22 U.S.C. § 2761(a)(1)(C) of the Arms Export Control Act requires foreign countries or international organizations, in the case of the sale of a defense service, to pay "the full cost to the United States Government of furnishing such service."** Therefore, the acceleration factor and the per capita normal cost for MERHC accruals **must** be included in the DoD



Annual Rate Billable to FMS. Reimbursement of the acceleration factor **must** be deposited into the Defense Health Program (97\*0130). Reimbursement of the per capita normal cost for MERHC accrual **must** be deposited into the Miscellaneous Receipts Account 3041. See Volume 12, Chapter 16, Paragraph 5.7, for additional information about Reimbursements of MERHC. Military labor **must** be charged to non-DoD organizations **based** on actual hours worked or assigned (detailed). To compute a **Daily Rate**, **apply** a factor of .00057 (1.18/2087). **To calculate** an **Hourly Rate**, **apply** a factor of .00057 (1.18/2087). This represents a leave/holiday factor of 18%. This factor compensates for wages paid during leave or holiday and only **applies** when reimbursements are based on time worked. Do not use this factor if the assignment is full-time. **When computing the daily or hourly reimbursable rates for FMS Entities, see Volume 15, Chapter 7, Exhibit 7-12, for examples of military personnel services price computation. To compute the Daily or Hourly Rate of the reimbursement from FMS Entities to be deposited into the Miscellaneous Receipts Account 3041, apply the Daily (.00452) or Hourly (.00057) factor to the per capita normal cost for the MERHC accrual. Do not use this if the assignment is annual. To compute the Daily or Hourly Rate of the reimbursement from FMS Entities to be deposited into the Defense Health Program (97\*0130), apply the Daily (.00452) or Hourly (.00057) factor to the acceleration factor. Do not use this if the assignment is annual.**

\*APPENDIX H: REIMBURSEMENT COST FOR CONTRACT ADMINISTRATION AND RELATED SUPPORT SERVICES  
FURNISHED TO THE NASA

DoD COMPONENT _____	Prior Year <sup>(1)</sup> (PY)	Current Year (CY)	Budget Year (BY)
<u>Gross Workyear Cost</u>			
A. Total Salaries of Direct Labor Personnel <sup>(2)</sup>	\$ _____	\$ _____	\$ _____
B. Number of Direct Labor Personnel Full-Time Equivalents (FTEs) <sup>(2)</sup>	_____	_____	_____
C. Average Salary of Direct Labor Personnel [(A) ÷ (B)]	\$ _____	\$ _____	\$ _____
D. Total Salaries of Indirect Supervision & Administrative Personnel <sup>(2)</sup>	\$ _____	\$ _____	\$ _____
E. Indirect Supervision & Administrative Salaries per FTE [(D) ÷ (B)]	\$ _____	\$ _____	\$ _____
F. Total Salaries of Regional, District and Headquarters Personnel <sup>(2)(3)</sup>	\$ _____	\$ _____	\$ _____
G. Regional, District and Headquarters Salaries per FTE [(F) ÷ (B)]	\$ _____	\$ _____	\$ _____
H. Personnel Benefits <sup>(2)</sup>	\$ _____	\$ _____	\$ _____
I. Average Personnel Benefits Costs per FTE [(H) ÷ (B)]	\$ _____	\$ _____	\$ _____
J. Total Cost of Personnel Service [(C) + (E) + (G) + (I)]	\$ _____	\$ _____	\$ _____
K. Total Travel Costs <sup>(3)(4)</sup>	\$ _____	\$ _____	\$ _____
L. Average Travel Costs per FTE [(K) ÷ (B)]	\$ _____	\$ _____	\$ _____
M. Other Support Costs <sup>(3)(5)</sup>	\$ _____	\$ _____	\$ _____
N. Average Support Costs per FTE [(M) ÷ (B)]	\$ _____	\$ _____	\$ _____
O. Total Gross Work-Year Cost [(J) + (L) + (N)]	\$ _____	\$ _____	\$ _____
<u>Direct Work-Hours</u>			
P. Work-Hours Available (see OMB circular No. A-11, Section 85)	_____	_____	_____
Q. Less Holidays	88	88	88
R. Less Annual Leave <sup>(3)</sup>	_____	_____	_____
S. Less Sick Leave <sup>(3)</sup>	_____	_____	_____
T. Less Other Leave (e.g., Military, Jury and Administrative) <sup>(3)</sup>	_____	_____	_____
U. Less Training Time	_____	_____	_____
V. Total Direct Work-Hours [(P) - (Q) - (R) - (S) - (T) - (U)]	_____	_____	_____
Gross Cost Per Direct Hour [(O) ÷ (V)]	\$ _____	\$ _____	\$ _____

REIMBURSEMENT COST FOR CONTRACT ADMINISTRATION AND RELATED SUPPORT SERVICES  
FURNISHED TO THE NASA

Notes:

- (1) The amounts reflected should be the “actual” cost and work-hour data for the most recently completed fiscal year. This should be the FY 20PY of the President’s budget.
- (2) The amounts reflected should be that shown in the “Total” column of the attached schedule, “Personnel Cost For Contract Administration and Related Support Services Furnished to the NASA” (pages 3 and 4) for the applicable year, i.e., PY, CY, BY.
- (3) Separately, show basis of computation.
- (4) Includes all travel costs, i.e., local, temporary additional duty, and permanent change of station, of the civilian and military personnel included under items (A), (D) and (F).
- (5) Includes other expenses such as supplies, equipment, training and communications.

## Personnel Cost for Contract Administration and Related Support Services Furnished to the NASA

DoD COMPONENT _____	Civilian (a)	Military (b)	Total (a) + (b)
<u>Gross Workyear Cost for Prior Year (Actual)</u>			
A. Total Salaries of Direct Labor Personnel <sup>(6)</sup>	\$ _____	\$ _____	\$ _____
B. Number of Direct Labor Personnel Full-Time Equivalents (FTEs)	_____	_____	_____
C. Average Salary of Direct Labor Personnel [(A) ÷ (B)]	\$ _____	\$ _____	\$ _____
D. Total Salaries of Indirect Supervision & Administrative Personnel <sup>(7)</sup>	\$ _____	\$ _____	\$ _____
E. Indirect Supervision & Administrative Salaries per FTE [(D) ÷ (B)]	\$ _____	\$ _____	\$ _____
F. Total Salaries of Regional, District and Headquarters Personnel <sup>(8)</sup>	\$ _____	\$ _____	\$ _____
G. Regional, District and Headquarters Salaries per FTE [(F) ÷ (B)]	\$ _____	\$ _____	\$ _____
H. Personnel Benefits <sup>(9)</sup>	\$ _____	\$ _____	\$ _____
I. Average Personnel Benefits Costs per FTE [(H) ÷ (B)]	\$ _____	\$ _____	\$ _____
J. Total Cost of Personnel Service [(C) + (E) + (G) + (I)]	\$ _____	\$ _____	\$ _____
<u>Gross Workyear Cost for Current Year</u>			
A. Total Salaries of Direct Labor Personnel <sup>(6)</sup>	\$ _____	\$ _____	\$ _____
B. Number of Direct Labor Personnel Full-Time Equivalents (FTEs)	_____	_____	_____
C. Average Salary of Direct Labor Personnel [(A) ÷ (B)]	\$ _____	\$ _____	\$ _____
D. Total Salaries of Indirect Supervision & Administrative Personnel <sup>(7)</sup>	\$ _____	\$ _____	\$ _____
E. Indirect Supervision & Administrative Salaries per FTE [(D) ÷ (B)]	\$ _____	\$ _____	\$ _____
F. Total Salaries of Regional, District and Headquarters Personnel <sup>(8)</sup>	\$ _____	\$ _____	\$ _____
G. Regional, District and Headquarters Salaries per FTE [(F) ÷ (B)]	\$ _____	\$ _____	\$ _____
H. Personnel Benefits <sup>(9)</sup>	\$ _____	\$ _____	\$ _____
I. Average Personnel Benefits Costs per FTE [(H) ÷ (B)]	\$ _____	\$ _____	\$ _____
J. Total Cost of Personnel Service [(C) + (E) + (G) + (I)]	\$ _____	\$ _____	\$ _____

## Personnel Cost for Contract Administration and Related Support Services Furnished to the NASA

DoD COMPONENT _____	Civilian (a)	Military (b)	Total (a) + (b)
<u>Gross Workyear Cost for Budget Year</u>			
A. Total Salaries of Direct Labor Personnel <sup>(6)</sup>	\$ _____	\$ _____	\$ _____
B. Number of Direct Labor Personnel Full-Time Equivalents (FTEs)	_____	_____	_____
C. Average Salary of Direct Labor Personnel [(A) ÷ (B)]	\$ _____	\$ _____	\$ _____
D. Total Salaries of Indirect Supervision & Administrative Personnel <sup>(7)</sup>	\$ _____	\$ _____	\$ _____
E. Indirect Supervision & Administrative Salaries per FTE [(D) ÷ (B)]	\$ _____	\$ _____	\$ _____
F. Total Salaries of Regional, District and Headquarters Personnel <sup>(8)</sup>	\$ _____	\$ _____	\$ _____
G. Regional, District and Headquarters Salaries per FTE [(F) ÷ (B)]	\$ _____	\$ _____	\$ _____
H. Personnel Benefits <sup>(9)</sup>	\$ _____	\$ _____	\$ _____
I. Average Personnel Benefits Costs per FTE [(H) ÷ (B)]	\$ _____	\$ _____	\$ _____
J. Total Cost of Personnel Service [(C) + (E) + (G) + (I)]	\$ _____	\$ _____	\$ _____

## Notes:

(6) Include the salary expenses of direct civilian and military personnel, e.g., contract administrators, and auditors.

a. Civilian. The cost of civilian personnel assigned full-time to NASA requirements should reflect the annual salary for the applicable pay grades. Otherwise, an hourly rate of 1/2087 of the annual rate **must** be used and a leave and holiday factor of 18 percent of pay cost added.

b. Military. The cost of military personnel assigned full-time to NASA requirements should be based on the annual Military Composite Pay rates. Otherwise, an hourly rate of 1/2080 of the annual Military Composite Pay rate **must** be used and a leave and holiday factor of 14 percent of pay cost added.

(7) Include the indirect salary expenses for civilian and military personnel that perform supervisory and administrative (clerical) functions. Such costs are computed as indicated in (6)a. and (6)b.

(8) Include the indirect salary expenses for civilian and military personnel at the district, regional and headquarters level. Such costs are computed as indicated in (6)a. and (6)b.

(9) Include the fringe benefit expenses for all civilian and military personnel included in items (A), (D) and (F).

a. Civilian. Fringe benefits are computed by multiplying civilian personnel costs by the civilian fringe benefit rate. The fringe benefit rate must be that reported for the applicable fiscal year on the OP-8 exhibit, "Civilian Personnel Costs."

b. Military. Fringe benefits are computed by multiplying separately the officer and enlisted salaries by 6 percent for officers and 18 percent for enlisted personnel.

## Variances in The Reimbursement Cost for Contract Administration and Related Support Services Furnished to the NASA

<b>DoD COMPONENT</b> _____		
<u>Gross Workyear Cost</u>	Ratio of PY to CY <sup>(10)</sup>	Ratio of CY to BY <sup>(11)</sup>
Average Salary of Direct Labor Personnel	_____ %	_____ %
Indirect Supervision & Administrative Salaries Per FTE	_____ %	_____ %
Regional, District and Headquarters Salaries Per FTE	_____ %	_____ %
Total Cost of Personnel Services	_____ %	_____ %
Total Travel Costs	_____ %	_____ %
Other Support Costs	_____ %	_____ %
Total Gross Workyear Costs	_____ %	_____ %
<u>Direct Work-Hours</u>		
Annual Leave	_____ %	_____ %
Sick Leave	_____ %	_____ %
Other Leave (e.g., Military, Jury, Administrative)	_____ %	_____ %
Training Time	_____ %	_____ %
Total Direct Work-Hours	_____ %	_____ %
Gross Cost Per Direct Labor Hour	_____ %	_____ %
Provide narrative explaining variance in any element greater than three percent:		

## Notes:

(10) Computed using the cost and hour data from page 2. Divide the current year amount for each element by the prior year amount, subtract 1 and multiply by 100.

(11) Computed using the cost and hour data from page 2. Divide the budget year amount for each element by the current year amount, subtract 1 and multiply by 100.

**VOLUME 11A, CHAPTER 7: “INTERNATIONAL NARCOTICS CONTROL PROGRAM”****SUMMARY OF MAJOR CHANGES**

Changes are identified in this table and also denoted by *blue font*.

Substantive revisions are denoted by an (\*) symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by ***bold, italic, blue, and underlined font***.

The previous version dated *May 2013* is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
All	Updated format in accordance with the DoD Financial Management Regulation (FMR) Revision Standard Operating Procedures (SOP).	Revision
1.0	Renamed the section and paragraphs to comply with the DoD FMR Revision SOP, provided clarifying language in the Overview paragraph, and in the Purpose paragraph to specify chapter limitations.	Revision



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## CHAPTER 7

### INTERNATIONAL NARCOTICS CONTROL PROGRAM

#### \*1.0 GENERAL

##### 1.1 Overview

The DoD's International Narcotics Control Program (INCP) directly supports the Foreign Assistance Act (FAA) of 1961. The FAA's key objectives are to suppress the illicit manufacturing and trafficking of narcotics and psychotropic drugs, money laundering, precursor chemical diversion, and to progressively eliminate the illicit cultivation of the crops from which narcotic and psychotropic drugs are derived. While the FAA addresses statutory responsibilities for multiple agencies, the DoD is specifically tasked as a key partner in the training of foreign allies on illegal narcotics interdiction and the prevention of illegal narcotics trafficking.

##### 1.2 Purpose

This chapter provides pricing guidance for INCP transactions, explains special cost computation scenarios, and identifies procedures for the disposition of proceeds from collections. \*It does not provide guidance and procedures on the DoD's national drug and counterdrug activities as it focuses exclusively on the department's international training efforts and partnership with the Department of State.

##### 1.3 Authoritative Guidance

The financial management policy and procedures addressed in this chapter are in accordance with Section 632 (c) of the FAA.

#### 2.0 SUPPORT OF INTERNATIONAL NARCOTICS CONTROL PROGRAM

##### 2.1 Billing

Section 632 (c) of the FAA explains special pricing requirements when services, including training, are provided by the Department of Defense to the Department of State in support of the INCP. Billing must be made within 30 calendar days after the monthly services are rendered. The payment due date must be no more than 30 days from the date of the invoice. Bills rendered under this program are not subject to audit by the customer.

##### 2.2 Pricing

The following rules must be followed by DoD Components when determining amounts to be collected as reimbursements for orders from the Department of State that cite INCP financing.

2.2.1. INCP Training. The tuition rate for DoD training provided to support INCP is an incremental rate comparable to the International Military Education and Training (IMET) rate. DoD FMR Volume 15 provides a detailed explanation on tuition rates, direct and indirect costs of international student training, and IMET training price exceptions not covered in this chapter. The cost elements to include in the pricing are as follows:

2.2.1.1. Civilian Instructors and School Support Staff. It is anticipated that additional costs charged to the INCP for civilian instructors will be minimal for courses or groupings of courses when either the ratios of students to instructors or U.S. students to international students is high. Courses must be reviewed to determine the additional cost incurred resulting from international student attendance. Classroom or technical courses that are similar, or that utilize instructors who teach more than one course, may be grouped for computation purposes.

2.2.1.1.1. For groups of courses, an estimate must be made of the number of U.S. students in each course and the number of civilian instructors and civilian staff required. A second projection must be made of the total number of students to be enrolled in applicable courses, both U.S. and international, and the number of civilian instructors and civilian staff required. Base both projections on the maximum number of student output by civilian instructors or civilian staff rather than on optimum class size. The difference in the number of civilian instructors and civilian staff between the two projections represents the additional civilian instructors and/or civilian staff required. Applicable additional civilian instructors and civilian staff must be priced in accordance with Volume 11A, Chapter 1. This value, divided by the total number of INCP students, represents the additional cost per INCP student for the course (or courses).

2.2.1.1.2. When there is a one-for-one or one-for-two relationship of civilian instructors to students, the instructor in all cases is considered additional. If the entire class is composed of INCP students, the instructor, and staff must be considered additional in the pricing formula.

2.2.1.2. Military Instructors and Military School Support Staff. There must be no charges to the INCP program for military personnel conducting training courses.

2.2.1.3. Equipment Overhaul and Maintenance. The overhaul and maintenance of major items of equipment, when computed on an hourly use basis, must be considered additional resources to a course based on estimated utilization hours.

2.2.1.4. Simulators. Simulator hours must be considered additional costs. Simulator costs must include pay of the operators, supplies and equipment maintenance. Allocate simulator costs to the course using an equitable distribution across the total hours available.

2.2.1.5. Supplies, Materiel, Training Aids, Ammunition. Charge the replacement costs of items not returned or reusable (including petroleum, oil, and lubricants) expended in the conduct of training as an additional cost.

2.2.1.6. Lost or Damaged Equipment. If equipment was lost or damaged during training and it was found to be the result of an international student's negligence, the additional cost to be charged **must be** the actual costs of the repairs or replacement cost of the equipment.

2.2.1.7. Base Support (That Is, Indirect Student Costs). A standard weekly rate **must be** charged for INCP training conducted on DoD installations. The fixed weekly amount **must be** the same **amount** used for billing DoD appropriations reimbursed by the International Military Education and Training (IMET) program. See Volume 15, Chapter 7, subparagraph 23.4.2, for additional details.

2.2.1.8. Food Preparation. Meal operating/food preparation costs are additive to other food costs. The weekly meal operating and food preparation costs for INCP students must be the **same amount** used in billing DoD appropriations reimbursed by the IMET program when courses are conducted on DoD installations and students use DoD appropriated dining facilities.

2.2.1.9. Instructor Training. Special courses provided on a non-routine basis to US instructors and personnel are considered additional costs and must be charged accordingly. Charge the normal cost rate for all required training conducted at a U.S. training facility in direct support of the INCP program (i.e., the Department of State). Treat special courses conducted by a Management Service Team (MST) away from the normal training institution as dedicated service, and charge the full cost billed to the INCP program.

2.2.1.10. Facilities and Equipment. The costs of any facilities or equipment acquired primarily for the support of international students enrolled in the INCP program are considered additional costs.

2.2.1.11. Field Studies Program (FSP). The full cost of the FSP to the U.S. Government is considered an additional cost.

2.2.1.12. Shipment of Retainable Instructional Materials (RIM). The shipment of **RIM** to students must be included in the tuition rate applicable to INCP students. Apply shipping charges to the same DoD billing appropriations reimbursed by the IMET program. See Volume 15, Chapter 7, subparagraphs 22.10, 23.4.3.3, and 24.8.3 for additional details.

2.2.1.13. Travel and Per Diem. Instructor and student travel and per diem associated with the provision of training must be considered additional costs, to include transportation, living allowances, and medical expenses.

## 2.2.2. Other DoD Services

2.2.2.1. DoD Services Provided Incident to Normal Mission Accomplishment. When support of the INCP is accomplished incidental to performance of a DoD mission requirement, there are no additional costs incurred. However, an extended mission or overall cost increase constitutes the reimbursement of the cost over and above the scheduled mission cost.

2.2.2.2. Scheduled DoD Transportation. Air and ocean transportation services performed by the U.S. Transportation Command on scheduled movements [must](#) be priced, where applicable, at current tariff rates for DoD Components.

2.2.2.3. Detailed Personnel. All costs incurred in connection with the detail of DoD personnel to the Department of State to support the INCP--both civilian and military--are considered additional expenses and must be priced at the normal rate charged to other Federal Agencies.

2.2.3. Supplies and Equipment. Section 482 of the FAA prohibits the procurement of weapons or ammunition from funds authorized for this program. Thus, any specific order for a weapon or ammunition that cites the appropriations provided to finance INCP either must be rejected or returned for a new fund citation. Supplies and equipment that can be provided must be priced in accordance with Chapter 1. [Additionally, Chapter 1 establishes](#) pricing policy for excess and non-excess material.

## 2.3 Disposition of Proceeds

Section 632(c) of the FAA mandates that applicable collections from the Department of State must be reimbursed to the financing DoD appropriation account.

## VOLUME 11A, CHAPTER 8: “INTERNATIONAL ACQUISITION AND CROSS-SERVICING AGREEMENTS”

### SUMMARY OF MAJOR CHANGES

All changes are denoted by **blue** font.

Substantive revisions are denoted by an (\*) symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by **bold, italic, blue, and underlined font**.

The previous version dated **July 2022** is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
All	Updated formatting to comply with current administrative instructions. Adjusted paragraph numbering to accommodate movements during revisions.	Revision
1.3	Updated cited references for accuracy and relevancy.	Revision / Addition
2.0	Moved Definitions from paragraph 9.0 to paragraph 2.0 in the revised version. Deleted the Acronyms portion of the previous version and conformed with the standard rule for spelling out acronyms on first use.	Revision / Deletion
3.2.2	Added the prohibition of transferring logistic support, supplies, and services to countries that Department of Defense does not have a current Acquisition and Cross-Servicing Agreement (ACSA).	Revision / Addition
3.8.2	Provided clarification on the use of ACSA Ratification form.	Revision
6.2	Updated the narratives for relevancy. Added two Minimum Essential Data Elements (MEDE) and aligned all MEDEs with the recently published Chairman of the Joint Chief of Staff Instruction 2120.01E, “Acquisition and Cross-Servicing Agreements.”	Revision / Addition
8.0	Clarified language on accepting reimbursement to a “current year appropriation” for a prior year sale whose appropriation is expired or cancelled.	Revision

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## CHAPTER 8

**INTERNATIONAL ACQUISITION AND CROSS-SERVICING AGREEMENTS**

## 1.0 GENERAL

## 1.1 Overview

The Department of Defense (DoD) strengthens key international partnerships through the acquisition and transfer of logistic support, supplies, and services (LSSS) between DoD and certain countries and regional organizations. These acquisitions and transfers are accomplished through Acquisition and Cross-Servicing Agreements (ACSA), on a reimbursement basis, or by replacement-in-kind (RIK), or by exchange of supplies or services of an equal value (equal-value-exchange (EVE)). The use of these agreements strengthens alliances and provides beneficial support for U.S. service members and respective members of foreign militaries when U.S. supplies are not readily available.

## 1.2 Purpose

This chapter provides guidance and instructions for pricing and disposition of proceeds for reimbursable ACSA orders. For management of ACSA orders, this chapter acknowledges the ACSA Global Automated Tracking and Reporting System (AGATRS) as the DoD System of Record in accordance with paragraph 7.p. of Enclosure A, Chairman of the Joint Chiefs of Staff Instruction (CJSCI) 2120.01E ([CJCSI 2120.01E](#)), “Acquisition and Cross-Servicing Agreements.”

## \*1.3 Authoritative Guidance

1.3.1. The financial management policy and related requirements addressed in this chapter are in accordance with the applicable provisions of the following sources and apply to all ACSA and Acquisition only Agreements (AOA), allowing the U.S. DoD to acquire LSSS from, and in some cases provide LSSS to authorized parties.

1.3.2. Title 10, United States Code, Chapter 138, Subchapter 1, [Sections 2341 – 2350](#), ([10 U.S.C. §§ 2341 - 2350](#)), “Acquisition and Cross-Servicing Agreements”

1.3.3. [15 U.S.C. Chapter 96](#), “Electronic Signatures in [Global and National Commerce](#)”

1.3.4. [31 U.S.C. § 1341](#), “Limitations on expending and obligating amounts”

1.3.5. [31 U.S.C. § 1502](#), “Balances Available”

1.3.6. [42 U.S.C. § 2011](#), “Congressional declaration of policy”

1.3.7. Office of Management and Budget Circular No. A-130 ([OMB Circular No. A-130](#)), “Managing Information as a Strategic Resource”

1.3.8. DoD Directive 2010.09 ([DoDD 2010.09](#)), “Acquisition and Cross-Servicing Agreements”

1.3.9. DoD Instruction 1300.26 ([DoDI 1300.26](#)), “DoD Financial Management Certification Program”

1.3.10. [DoDI 5530.03](#), “International Agreements”

1.3.11. Federal Acquisition Regulation, Part 1, Subpart 1.6, Section 1.602-3 ([FAR 1.602-3](#)), “Ratification of unauthorized commitments”

1.3.12. [CJCSI](#) 2120.01E

1.3.13. [Joint Staff ACSA Website](#), Joint Staff Repository for ACSA agreements, implementing arrangements and relevant program management documents

1.3.14. United Nations Charter, Chapter VI ([UN Charter Ch VI](#)), “Pacific Settlement of Disputes”

1.3.15. [UN Charter Ch VII](#), “Action with Respect to Threats to the Peace, Breaches of the Peace, and Acts of Aggression”

## \*2.0 DEFINITIONS

This section is provided to define terms used in the context of ACSA.

### 2.1 Accounts Payable

Amounts owed to other entities for goods and services received (actual or constructive receipt), progress in contract performance, and rents due.

### 2.2 Accounts Receivable

Amounts owed to the DoD for goods and services provided (actual or constructive), progress in contract performance, and rents from other entities.

### 2.3 Acquisition

The act of obtaining ownership or benefiting from logistical support, supplies and/or services.

### 2.4 Acquisition Cross-Servicing Agreement (ACSA)

See definition for Cross-servicing agreement.

## 2.5 ACSA Authorities

For the purposes of this instruction, the legal authorities conferred under 10 U.S.C. §§ 2341 – 2350.

## 2.6 ACSA Global Automated Tracking and Reporting System (AGATRS)

The DoD system of record for the Office of the Secretary of Defense, Joint Staff, Combatant Commands (CCMDs), and Services to build, track, and manage ACSA orders for logistic support, supplies, and services. This system also serves as the worldwide library for ACSAs and their associated Implementing Arrangements (Ias).

## 2.7 ACSA Order

A legal instrument entered into under the authority of 10 U.S.C. § 2342.

## 2.8 Acquisition only Agreement

A legal instrument entered under the authority of 10 U.S.C. 2341.

## 2.9 Active Hostilities

The employment of offensive action and counterattacks to deny a contested area or position to the enemy in an environment resulting from an attack or other use of force against the United States, United States Forces, or other designated persons or property to preclude or impede the mission and/or duties of United States Forces, including the recovery of United States personnel or vital United States Government property, in which the host government forces do not have control of the territory and population in the intended operational area.

## 2.10 Activities

An organizational unit of a Military component which performs a specific function.

## 2.11 Agreement

A negotiated and typically legally binding arrangement between parties as to a course of action in return for money or the reciprocal provisions of logistic support, supplies, and services by such government or organization to elements of the armed forces.

## 2.12 Allotment

Subdivisions of apportionments that are made by the heads of agencies, or their designee, to incur obligations within a prescribed amount. Subdivision and distribution of an allotment (e.g., sub-allotments and allocations to operating agencies or installation-level accounting activities) must contain at least the same legal and other limitations applicable to the original allotment. Such

subdivisions and distributions may establish additional legal and other limitations applicable to execution of budgetary resources.

### 2.13 Authorization

Approval or permission.

### 2.14 Bill

Notice of payment due, normally sent to the recipient of the LSSS as a reminder of the recipient's debt. Need not be accompanied by the 1-3a.

### 2.15 Bona Fide Need

Orders citing an annual or multiyear appropriation must serve a current need arising, or existing, in the fiscal year (or years) for which the appropriation is available for obligation.

### 2.16 Collections

Amounts received during the fiscal year. Collections are classified into two major categories: offsetting receipts (amounts deposited to receipt accounts) and offsetting collections. Offsetting collections are receipts or credits credited to an appropriation or fund account.

### 2.17 Combatant Command (CCMD)

A unified or specified command with a broad continuing mission under a single commander established and so designated by the President, through the Secretary of Defense and with the advice and assistance of the CJCS. CCMDs typically have geographic or functional responsibilities.

### 2.18 Component

One of the subordinate organizations that constitute a joint force.

### 2.19 Contingency Operation

A situation requiring a sequence of tactical actions with a common purpose or unifying theme, or the carrying out of a strategic, operational, tactical, service, training, or administrative military mission in response to natural disasters, terrorists, subversives, or as otherwise directed by appropriate authority to protect United States interests.

### 2.20 Cross-Servicing Agreement

An international agreement, authorized by law, which allows for reciprocal provision of logistic support, supplies, and services on a reimbursement basis, specifically allowed by 10 U.S.C. §§ 2341 and 2342.

## 2.21 Disbursement

Amounts paid by Federal Agencies, by cash or cash equivalent, during the fiscal year to liquidate government obligations. “Disbursement” is often used interchangeably with the term “outlay.” In budgetary usage, gross disbursements represent the amount of checks issued and cash or other payments made, less refunds received. Net disbursements represent gross disbursements less income collected and credited to the appropriation or fund account, such as amounts received for goods and services provided. For purposes of matching a disbursement to its proper obligation, the term disbursement refers to the amount charged to a separate line of accounting.

## 2.22 DoD Component

The Office of the Secretary of Defense, the Military Departments, the organization of the Joint Chiefs of Staff, the CCMDs, the DoD Inspector General, the DoD field activities, and the Defense Agencies.

## 2.23 Electronic Funds Transfer (EFT)

The act of debiting or crediting accounts in financial institutions by wire rather than source documents, such as paper checks. Processing typically occurs through the Federal Reserve Bank clearing houses.

## 2.24 Exchange

Replacement of a reciprocal nature of logistic support, supplies or services with similar logistic support, supplies or services of equal value through either a RIK or an EVE transfer.

## 2.25 Implementing Arrangement

A supplementary arrangement that prescribes details, terms, and conditions to implement cross-servicing agreements effectively.

## 2.26 Invoice

A demand for payment with an accompanying 1-3a describing the transfer of the LSSS.

## 2.27 Non-Combat Operations

A military mission carried out as a result of a calamitous situation or catastrophic event that occurs naturally or through human activities, which threatens or inflicts human suffering on a scale that may warrant emergency relief assistance from the United States Government or from foreign partners: to directly relieve or reduce human suffering, disease, hunger, or privation; or to assist in the event of mass casualties, damage, or disruption severely affecting the population, infrastructure, environment, economy, national morale, and/or government functions in the country or territory where the event occurred.

## 2.28 Obligations

Amount resulting from orders placed, contracts awarded, services received, and similar orders during an accounting period that will require payment during the same or a future period.

## 2.29 Offsetting Collections

Collections from Federal Government accounts or from orders with the public. The two major categories of offsetting collections are offsetting receipts (amounts deposited to receipt accounts) and offsetting collections credited to appropriation or fund accounts.

## 2.30 Order

A written request, in an agreed-upon format and signed by an authorized individual, for the provision of specific logistic support, supplies, and services pursuant to an acquisition or cross-servicing agreement, acquisition only authority agreement, or implementing arrangement with an approved foreign partner for LSSS on a reimbursable basis.

## 2.31 Participating non-NATO countries

The government of a country not a member of the NATO which is designated by the Secretary of Defense as a government with which the Secretary of Defense may enter into agreements only after consultation with the Secretary of State to determine that such a designation for such purpose is in the interest of the national security of the United States., and notification of appropriate Congressional Committees of the intended designation, not less than 30 days before the date of official Secretary designation.

## 2.32 Ratification

The recognition or adoption of an unauthorized order, obligation or commitment, retroactively, by an official with proper authority after following a reconciliatory process.

## 2.33 Reciprocal

Consisting of or functioning in an even and mutually beneficial manner between two parties.

## 2.34 Reimbursements

Amounts earned and collected for property sold or services furnished either to the public or to another Federal accounting entity. To be an appropriation reimbursement, the collection must be authorized by law, for credit to the specific appropriation or fund account.

### 2.35 Transfer

Selling, Leasing, Loaning, or otherwise providing logistic support, supplies, and services pursuant to an ACSA subject to reciprocal reimbursement.

### 2.36 Undelivered Orders

The value of goods and services ordered and obligated that have not been received. This amount includes any orders for which advance payment has been made but for which delivery or performance has not yet occurred.

### 2.37 Unit

Any military element whose structure is prescribed by competent authority or a quantity adopted as a standard of measure.

## 3.0 GENERAL POLICY

### 3.1 Liquidation of Credits and Liabilities

**3.1.1. Monetary reimbursement occurs via a monetary instrument in the currency of the supplying nation as payment for LSSS.** The recipient is responsible for the total cost of the order, to include additional fees imposed by financial institutions for payment processing. Exchange/Replacement reimbursements use RIK or EVE transfers as the means of repayment where equal value is the actual, estimated, or negotiated price at the time of order approval. Signatures of the recipient and the supplier for the terms of the agreement are required and constitute approval.

**3.1.2. Reimbursement Order Liquidation Method.** The reimbursement due date is 30 days from the date of invoice, demand letter, or notice of payment due unless a specific due date is established by statute, contract provision, or notice of indebtedness (see Volume 16, Chapter 6, paragraph 3.1). The bill is then distributed by the Component or by the Accounts Receivable Office (ARO) (see Volume 4, Chapter 3, paragraph 3.4). Bills must be accompanied by the completed Form (usually, Form 1-3a generated in AGATRS), or document containing all minimum essential data elements, used to document the issue and receipt of supplies and services. Payment due date must not be more than 30 days from the date of the invoice (see Chapter 1, paragraph 2.3), unless terms of the ACSA agreement or Implementing Arrangement specify a different payment timeline. A payment extension of 30 to 120 days from the due date is permissible, if initiated by the recipient and based upon their processing capabilities, with mutual written agreement of all parties.

**3.1.3. Exchange/Replacement Order Liquidation Method.** Exchange/Replacement orders must be recorded and accrued in compliance with Generally Accepted Accounting Principles. Recorded Accounts Payables and Accounts Receivables related to the exchange of goods and services must be settled through the issue or receipt, as applicable, of the thing of equal value or replacement item, within 12 months of the original (initial) order date of delivery, or within 90 days of an agreed upon settlement conference documented via the authorizing signatory certifying

authority to the ACSA agreement. If not settled within this period, the exchange/replacement order must convert to a monetary reimbursable order and then be settled according to Volume 16, Chapter 6. The resulting accounts receivable or accounts payable must be liquidated, expeditiously, if possible. Upon conversion to a direct bill, any delinquency greater than 90 days will result in the termination of DoD support to the ACSA supported entity until delinquent orders are liquidated.

### 3.2 Prohibitions

3.2.1. Inventories of Supplies. Inventories of supplies for elements of the United States Forces must not be increased in anticipation of a request for support under the authority of, 10 U.S.C. §§ 2341 – 2350 and DoDD 2010.09.

\* 3.2.2. Prohibitions on Transfers. DoD Components, must not agree to or carry out: (1) transfers in exchange for property whose acquisition by DoD is prohibited by law; (2) transfers of source, byproduct, or special nuclear materials subject to 42 U.S.C. § 2011, the Atomic Energy Act of 1954; (3) transfers of LSSS to countries with which the DoD does not have a current ACSA pursuant to 10 USC 2342(d); or (4) transfers of chemical munitions.

3.2.3. Mandated Separation of Duties. Safeguards to ensure proper separation of Duties.

Commands will ensure that proper safeguards are in place to include ensuring that a single individual performs only one of the following functions.

3.2.3.1. Initiation of the ACSA Transaction requirement;

3.2.3.2. Signing to Authorize the ACSA Order as the Logistics Officer;

3.2.3.3. Receipt, inspection, and acceptance of the ACSA supplies or services that are transferred with the Order; and

3.2.3.4. Signing the ACSA Order as the Finance Officer confirming disbursement of payment or acceptance of the re-imbursement payment.

### 3.3 Obligation and Earned Reimbursement Limitations

3.3.1. Apply the obligations and earned reimbursement limitations without regard to offsetting balances; that is, only the original gross values of sales and purchases are to be considered for purposes of the limitations. These limitations do not apply during periods of active hostilities involving the armed forces and are allocated by the Joint Staff.

3.3.2. Financial Obligation Recording. Duly appointed and trained financial personnel must record entries in the appropriate financial systems in accordance with DoDI 1300.26.

3.3.3. Authorized Personnel. Financial Personnel must have on a file a Department of Defense Form 577 (DD Form 577), appointing them to the role as the financial certifying official.



Persons authorized as ACSA Signature Officials must have on file an official delegation memo from higher authority.

**3.3.3.1. Recording Obligations.** Within 10 days of an order authorization, the corresponding obligation or reimbursable credit must be recorded in the appropriate financial system as prescribed in Volume 3, Chapter 8, paragraph 3.3.

**3.3.3.2. Recording Accounts Payable (ACSA Monetary Buys).** Obligations (and any adjustments) must be established and recorded in the appropriate financial system for the amounts of orders placed and contracts awarded that will require payment as prescribed in Volume 10, Chapter 1, paragraph 3.1 for the current or some future accounting period.

**3.3.3.3. Recording Accounts Receivable (ACSA Monetary Sales).** Amounts due to the DoD will be recorded as sales for the amounts of the orders that will establish a claim to cash or other asset as prescribed in Volume 4, Chapter 1, section 4.0.

**3.3.3.4. Recording Accounts Payable (RIK/EVE Buys).** Recognize the liability when the DoD and the partner nation complete the ACSA order. Record amounts in the appropriate financial system for the amount or negotiated amount of orders placed that may require payment as prescribed in Volume 4, Chapter 8, paragraph 3.2 for the current or future accounting period.

**3.3.3.5. Recording Accounts Receivable (RIK/EVE Sales).** Amounts due to the DoD will be recorded in the appropriate receivables account in the financial system for the amount of orders regardless of the method of reimbursement, as prescribed in Volume 4, Chapter 4, paragraph 5.4.

**3.3.3.6. Aging of Accounts Payable and Accounts Receivable:** Accounts Payable and Accounts Receivable will begin aging upon the acceptance and/or certification by both parties at the on-going reconciliation of support conferences. Until orders and settlement terms have been agreed to and certified, by both parties, Accounts Payables and Accounts Receivables will remain in a current non-delinquent 0-30 day category for financial reporting and management-monitored metrics.

### **3.3.4. Department Level Obligation Naming Standard**

**3.3.4.1. Standard Format.** Within the respective Financial Systems, Services, Components and Agencies using the ACSA Acquire/Transfer process must establish, at the highest level, an ACSA identifier, more specifically a unique document type/entry code. This must be accompanied by a required field to document the AGATRS generated ACSA requisition number. In the absence of a unique document type/entry code, or in the interim during establishment, organizations will identify a free-text field for entry of a standard Department-wide format of the word “ACSA\_” followed by the AGATRS generated ACSA Order Requisition Number. Example ACSA\_JO-12345-001.

Example → ACSA (word)\_\_\_AGATRS ACSA Order Requisition #

3.3.4.2. Standard Format Tracking. Services/Components/Agencies must communicate their accounting procedures, document type/entry code, in addition to their respective field choice back to OUSD(A&S) and OUSD© and distribute to all subordinates for inclusion in all financial operating procedures regarding ACSA.

### 3.3.5. Obligation Limitations

3.3.5.1. Acquisitions from North Atlantic Treaty Organization (NATO) Countries, NATO Subsidiary Bodies, the United Nations (UN) Organization or Any Regional International Organization. The total amount that may be obligated by DoD for reimbursable orders (purchases) with NATO countries, NATO subsidiary bodies, the UN Organization, or any regional international organization must not exceed \$200 million during any fiscal year. Of the \$200 million limitation, no more than \$50 million in obligations may be incurred for the acquisition of supplies other than petroleum, oil, and lubricants (POL).

3.3.5.2. Acquisitions from non-NATO Member Countries. The total amount that may be obligated by the DoD for reimbursable orders (purchases) with a non-NATO member country (with which the United States has an acquisition or cross-servicing agreement) must not exceed \$60 million during any fiscal year. Of the \$60 million limitation, no more than \$20 million in obligations may be incurred for the acquisition of supplies (materiel) other than POL.

### 3.3.6. Earned Reimbursement Limitation

3.3.6.1. Transfers to NATO countries, NATO subsidiary bodies, the United Nations Organization or Any Regional International Organization. The total amount of earned reimbursable credits (sales) to NATO countries, NATO subsidiary bodies, the UN Organization, or any regional international organization of which the United States is a member that DoD can accrue must not exceed \$150 million during any fiscal year.

3.3.6.2. Transfers to Non-NATO Member Countries. The total amount of earned reimbursable credits (sales) to a non-NATO member country (with which the United States has an acquisition or cross-servicing agreement) that DoD can accrue must not exceed \$75 million during any fiscal year.

Figure 8-1. Limitations Table

Category 1		Member countries of the North Atlantic Treaty Organization (NATO), subsidiary bodies of NATO, or from the United Nations Organization or any regional international organization of which the United States is a member.					
Category 2		A country which is <b>NOT</b> a member of NATO, but with which the United States has one or more acquisition or cross-servicing agreements.					
PER FISCAL YEAR	Category	Normal Operations	Limit on Acquisition of Supplies	Active Hostilities	Contingency Operations	Non-Combat Operations	Sale, Purchase, or Exchange of petroleum, oils, or lubricants
ALLOWED REIMBURSABLE LIABILITY	1	\$200,000,000	\$50,000,000	Waived	Waived	Waived	Waived
	2	\$60,000,000	\$20,000,000	Waived	Waived	Waived	Waived
ALLOWED REIMBURSABLE CREDITS	1	\$150,000,000	\$0	Waived	Waived	Waived	Waived
	2	\$75,000,000	\$0	Waived	Waived	Waived	Waived

### 3.4 Requests for Authorization to Use Limitations

Obligation/Earned Reimbursement Limitations are allocated by the Joint Staff. Each organization entering reimbursable purchases or sales under ACSA, must request authorization. Requests must be accompanied by a justification, including a prioritization of requirements. The requests must be submitted to the cognizant CCMD through the requesting organization's appropriate Component command. The authorizations do not increase the amount of obligational or apportioned anticipated reimbursable authority, but rather allow use of existing budget authority to enter into purchases or sales under the authority of [10 U.S.C. § 2347](#). Requests must identify the categories of support as identified in figure B-1 in Appendix B.

### 3.5 Waiver During Contingency or Non-Combat Operations

When United States Forces are involved in a contingency operation or non-combat operation (including an operation in support of the provision of humanitarian or foreign disaster assistance or in support of peacekeeping operations under [UN Charter VI or VII](#)), the restrictions in paragraphs 2.3 and 2.4 are waived for the purposes and duration of that operation.

### 3.6 Issuance of the Authorization

The cognizant CCMD must review and approve requests for authorization. If the total amount requested by all Component commands exceeds established limitations, the cognizant CCMD must review the justifications and make appropriate reductions to requested amounts as needed. Each cognizant CCMD must advise the Military Departments of authorizations distributed.

### 3.7 Distribution of Authorization Received

Upon receipt of an authorization from a CCMD, Component commands must authorize their activities to enter into reimbursable orders under [10 U.S.C. § 2342](#). No activity or unit may enter into such orders without proper authorization. Recipients of an authorization must establish procedures to ensure that authorized dollar amounts are not exceeded.

### 3.8 Ratification of Unauthorized ACSA Orders

3.8.1. Ratification is the confirmation or adoption of an unauthorized act after the fact. Ratification, as used in this subsection, means the act of approving an unauthorized commitment by an official who has the authority to do so. An unauthorized commitment, as used in this subsection, can be procedural or funding related, or a mix of both. Procedural errors occur when the person who approved the ACSA order was not in possession of the required authority to approve the ACSA order. Funding errors occur when the funds required to cover the ACSA order are insufficient.

\* 3.8.2. FAR 1.602-3 provides a useful guide on how to carry out ratification properly and avoid an Antideficiency Act (ADA) violation under 31 U.S.C. § 1341 and Volume 14, Chapter 3. The official with authority to ratify an ACSA order must work with the official's corresponding legal office and Financial Manager(s) (to include those at Higher Headquarters) to determine if ratification is available and the best course of action. If ratification is deemed appropriate, the official authorized to ratify the ACSA order must use the process laid out by their component to answer the questions identified in this subparagraph and [investigate](#) to capture necessary documentation for adjudication/approval. Figure A-1, ([Appendix A](#)) the ACSA Ratification [or similar form with the same information should](#) be used to document and capture the questions in subparagraphs 3.8.2.1 through 3.8.2.6.

3.8.2.1. Determine Why: The obligating party must document the reasons why the ACSA order was signed and why such an obligation is inappropriate.

3.8.2.2. Determine U.S. Benefit: Document the benefit(s) to the U.S. Government provided by ratification of the unauthorized commitments. Include the bona fide U.S. Government requirement necessitating ratification.

3.8.2.3. Remedial Corrective Actions: Describe all remedial corrective actions, disciplinary actions, or both that were taken; describe all action(s) taken to preclude recurrence.

3.8.2.4. Determine Measures for non-recurrence: Identify the measures undertaken to ensure that the obligating party and the foreign partner will not enter into such orders in the future.

3.8.2.5. Determine Funding Availability: Determine that (1) proper funding was available at the time the obligation was incurred and (2) proper funding remains available at the time of ratification.

3.8.2.6. Adjudication Approval Determination: Investigate and conduct resolution at the lowest level possible. If unable to resolve, elevate and work in conjunction with the Commander, Director, and Comptroller/Budget Officer in preparation for General Officer or [Senior Executive Service](#) assessment and requirement for Legal review. If unable to resolve, elevate to higher headquarters. For orders greater than \$1 million, forward findings through command channels to Joint Staff (J4 and Comptroller) for adjudication and approval. If disapproved, reverse the ACSA order under the unauthorized transfer and return the LSSS to the original owning party or begin ADA violation investigation and reporting (see Volume 14, Chapter 3, section 2.0).

#### 4.0 ACCOUNTING FOR REIMBURSABLE LOGISTIC SUPPORT, SUPPLIES, AND SERVICES

##### 4.1 Military Department (Appropriation Holder) Procedures

The Assistant Secretary (Financial Management and Comptroller) of a Military Service will record specifically apportioned reimbursable program authority at the appropriation level as specified in the apportionment document received from the OMB. Specifically, apportioned reimbursements are amounts earned and collected for property sold or services furnished under [10 U.S.C. § 2346](#). Within the Department, a reimbursement program must be authorized for the account by the Under Secretary of Defense (Comptroller), Program and Financial Control Directorate (P&FC) through the budget preparation process and included in the budget submission materials to Congress. Procedures for recording the authorization and tracking its use are contained in Volume 3, Chapters 13, 14 and 15. The allocation document forwarded to a CCMD will clearly differentiate between direct program authority and specifically apportioned reimbursable authority included in the funding document.

##### 4.2 Unified Command (Allocation Holder) Accounting Procedures

Unified commands will ensure that controls are in place to track amounts of specifically apportioned reimbursable authority included in the funding documents (allotments) issued to installation commands and operating units.

##### 4.3 Installation Command/Operating Unit (Allotment Holder) Procedures

Installation commands and operating units will record the receipt of an allotment containing specifically apportioned reimbursable authority, for which reimbursable orders must be placed, before the authority may be used. Procedures for recording the authorization and tracking its use are contained in Volume 3, Chapter 15. An allotment of anticipated reimbursable authority does not provide obligational authority. An allotment of anticipated reimbursable program authority provides the authority to accept reimbursable orders. The accepted reimbursable order provides the obligational authority. In the case of country-to-country agreements, reimbursable orders are those documents or forms specified in the agreement or amendments thereto.

## 5.0 REPORTS ON ACSA ORDERS

This section prescribes the requirement for the quarterly report required by DoDD 2010.09. This report is designed to advise the [Chairman of the Joint Chief of Staff \(CJCS\)](#) on reimbursable orders related to the purchase or sale of mutual logistics support, supplies, and services with a foreign entity.

### 5.1 Applicability and Scope

The reporting requirements apply to the Office of the Secretary of Defense, Military Departments, the CJCS, the CCMDs, and the Defense Agencies. Amounts reported as reimbursable orders must be supported by country-to-country or multinational agreements for mutual logistics support between the United States and the Governments of other NATO countries, NATO subsidiary bodies, UN Organization, any regional international organization of which the [United States](#) is a member, and other eligible foreign countries.

### 5.2 Report Format

The quarterly report must be prepared in the formats contained in figures B-2, B-3, B-4, and B-5 (see [Appendix B](#)). The CJCS may modify the report formats as the Chairman deems appropriate, as long as the revised formats meet the minimum information requirements.

### 5.3 Frequency and Distribution

The quarterly report must be submitted as follows:

5.3.1. No later than 15 days after the end of the preceding fiscal quarter, the commanders of the CCMDs must submit to the CJCS, a detailed report, by fiscal year, for each country-to-country or multinational order entered under the authority of 10 U.S.C. [§§ 2341 - 2350](#), that was in effect during the prior quarter, itemized by reimbursable order.

5.3.2. The Military Departments and Defense Agencies must assist, as necessary, the CCMDs in preparing the quarterly report.

## 6.0 OTHER REQUIREMENTS

### 6.1 Acquisition [and](#) Cross-Servicing Agreement Global Automated Tracking and Reporting System (AGATRS)

AGATRS is the DoD system of record for the Joint Staff, CCMDs, and Services to manage ACSA orders. AGATRS is an unclassified, [web-based](#) system that provides a worldwide automated means of building, tracking, and managing orders throughout their life cycle. AGATRS will be used to fully document all transfers of LSSS under ACSA authorities to meet the filing, tracking, and reporting requirements established in paragraphs [6.3](#) and [6.4](#). Refer to current versions of the CJCSI 2120.01E and DoDD 2010.09 for additional information and instruction regarding AGATRS use and responsibilities.

## \*6.2 Documentation Forms

6.2.1. Forms used to document the issue or receipt of supplies and services under the authority of 10 U.S.C. § 2342 are subject to a bilateral or multinational agreement. The DoD standard form for ACSA order/receipt/invoice is the Form 1-3a producible via AGATRS. For orders with NATO, the form found in the E-Library on the NATO Website, [NATO Standardization Agreement 2034](#), “NATO Standard Procedures for Mutual Logistics Assistance” is often used. Any form used must include the following minimum information requirements.

6.2.2. Agreement and/or Implementing Arrangement: The ACSA identification number and, if applicable, IA identification number under which the Order is placed.

6.2.3. Order or Requisition Number: Show the AGATRS system-assigned number unique to the specific order. This number is system-assigned based on ordering country/organization, Julian date, and document requisition number. For example, “AS-210131-003” would indicate the third order executed for Australian forces 31 January 2021.

6.2.4. [Required Delivery Date and Location](#) / Date and Place of Delivery: Delivery place and date of LSSS, or, in the case of an Exchange Order, an agreed return date and place of replacement transfer. The date and place delivery of LSSS is required by the recipient. In the case of an Exchange Transaction, include an agreed date and place for delivery of the replacement LSSS. [Include a delivery of schedule, if applicable.](#)

6.2.5. [Agreed Return/Replacement Date and Location](#): In the case of an exchange transaction, include a date by which return/replacement must be accomplished, a place return/replacement is to be accomplished, and a return/replacement schedule, if applicable.

6.2.6. Quantity and Description of Material/Services Requested: Quantity and description of LSSS requested, to include National Stock Number (NSN) of Materiel when applicable. In the event of an Exchange Order, list the replacement line items.

6.2.7. Unit of Issue: [The way the quantity is measured or expressed, also known as](#) Unit of Measurement, such as each, dozen, gallon, pound, ream, or yard.

6.2.8. Quantity Furnished: Number of units issued or received, as applicable.

6.2.9. Unit price: show the price, based on unit of issue, in the currency of the billing country.

6.2.10. Total Value of Furnished Line Item: Quantity furnished multiplied by unit price.

6.2.11. Total Order Amount: Total value of all line items expressed in the currency of the billing country.



6.2.12. Currency of the Billing Country: Billing country is determined by which party provided LSSS.

6.2.13. Method of Reimbursement: Indicate whether the order is reimbursable by monetary instrument (cash, check or Electronic Funds Transfer (EFT)), RIK, or EVE.

6.2.14. Limitation of Government Liability: Show the maximum liability of the ordering/receiving organization. [If a firm fixed price or total validated value cannot be established prior to order authorization, show the maximum liability of the ordering/receiving organization.](#)

6.2.15. Fund Citation or Certification of Availability of Funds: Show the funding source when advance payments are to be provided, or, if funding is not to be paid in advance, include a certification that funds are available. This should always occur prior to [signatures by the authorized requestor and acceptor.](#)

6.2.16. Authorized Ordering Official: Obtain and show name (typed or printed), signature (wet scanned, digital or graphic), signature date, title and organization of authorized ordering/requisitioning representative. Additional information on electronic processes and digital signatures is available in Appendix II of the OMB Circular No. A-130.

6.2.17. Authorized Acceptance Official: Obtain and show name (typed or printed), signature (wet scanned, digital or graphic), signature date, title and organization of authorized acceptance representative [in accordance with](#) Appendix II of OMB Circular No. A-130.

6.2.18. Receiving Representative: Obtain and show name (typed or printed), signature (wet scanned, digital or graphic), signature date, title and organization of individual acknowledging receipt and acceptance of LSSS [in accordance with](#) Appendix II of OMB Circular No. A-130.

6.2.19. Invoicing Official. Supplying Representative. Obtain and show name (typed or printed), title, organization, and signature (wet scanned, digital or graphic), signature date of individual acknowledging receipt, and acceptance of LSSS was supplied. [in accordance with](#) Appendix II of OMB Circular No. A-130.

6.2.20. Designated Office Responsible for Payment: Name, e-mail and mailing address of the office responsible to receive bill and submit monetary reimbursement for LSSS received. (Note: Not mandatory for exchange orders unless, failing proper replacement or return of LSSS, monetary remuneration is required.)

6.2.21. Designated Billing Office: Name, e-mail or mailing address of the office responsible for preparing and delivering bills for LSSS provided. For U.S. [buy orders](#), must include the [designated](#) office responsible for payment. [For payee to be designated upon remittance, show the organization responsible for receiving monetary payment. Include all details necessary to receive cash, check or electronic fund transfers.](#) This is not required for exchange orders unless Monetary reconciliation is required.



6.2.22. Additional Special Requirements, if any: Examples include such special notations as transportation or special packaging. Show any additional needs of the receiving organization, if applicable.

6.2.23. Payee Banking Information: Include bank name, address, account name, account number, International Banking Account Number (IBAN), and Society for Worldwide Interbank Financial Telecommunication (SWIFT) Code.

6.2.24. Financial Coordinator has the responsibility to provide signature verifying the order has been fully disbursed or collected in the financial system of record.

### 6.3 Accounting for Funds and Reimbursements

Any organization receiving an authorization to incur obligations or receive reimbursements pursuant to authority in [10 U.S.C. § 2344](#) for an activity or unit for which it provides accounting and finance support, must capture or obtain data on the use of this authority and must provide for the appropriate targets or limitations within the affected allotments. Similarly, receipt of the earned reimbursement authority requires the establishment of a customer order subsystem to capture data on the use of such authority. Source documents pertaining to the authorized dollar amount and its use, such as obligations (DoD undelivered orders for materiel or services and accrued expenditures based on receipt of the materiel or services ordered), disbursements (liquidation of unpaid accrued expenditures), accounts payable (the unpaid portion of accrued expenditures), accounts receivable (earned reimbursements), and collections (receipt of payment to liquidate accounts receivable) must be recorded promptly in the financial records. Accounting for reimbursable orders under these authorizations must be maintained within the appropriate accounting records to assure crediting of remittances in accordance with paragraphs 6.3, 6.1, and sections 7.0 and 8.0.

### 6.4 Exchange Orders and History Files

Control over exchange orders must be established and maintained through use of an exchange order history file. Input to the history file must be made by submission of each individual order form which must include the minimum information prescribed in paragraph 7.2. AGATRS will be used to fulfill this purpose, ensuring compliance with DoDD 2010.09.

## 7.0 PRICING REIMBURSABLE ORDERS

10 U.S.C. §§ 2341 - 2350, authorize two methods for pricing reimbursable orders. The method used is dependent upon the ability of the [Secretary of Defense \(SecDef\)](#) to negotiate for the adoption of specific pricing principles for reciprocal application. Pricing procedures under each of the alternatives are set forth in paragraphs 6.1 and 6.2. Additional pricing information is found in Chapter 1 and Volume 15, Chapter 7, [paragraph 3.1](#).

## 7.1 Reciprocal Pricing Principles

When a reciprocal pricing agreement is negotiated between the United States and another authorized party, pricing by the supplying country must be in accordance with the following:

7.1.1. For new procurements, the price charged to a recipient country by the supplying country must be no less favorable than that charged the armed forces of the supplying country by its contractors. The price charged must allow for differentials due to delivery schedules, points of delivery, and other similar considerations.

7.1.2. For supplies from inventories of the supplying country, or for logistics support and government services, the supplying country must charge the recipient country the same prices as it charges its own armed forces for identical supplies or services. When the DoD is the supplier, the price charged must be identical to rates charged by the DoD Components for cross-service logistics support or services. Guidance on pricing such support or services is in Chapter 1. The DoD price to be charged is the price for type of sale "To Another DoD Component" as indicated in Chapter 1 and Chapter 4. Where a price for a particular product or service is not otherwise specified, agreement on a price should be reached prior to execution. Failing that, a "not to exceed amount," establishing the upper limits of the financial liability of the receiving party, must be established.

## 7.2 Nonreciprocal Pricing Principles

To the extent that a DoD Component cannot achieve mutual acceptance by another country of reciprocal pricing principles, or in the case of a NATO subsidiary body, the following procedures must apply:

7.2.1. U.S. commanders delegated authority to negotiate, approve, or execute orders pursuant to DoDD 2010.09 must determine that the price for acquiring supplies or services is fair and reasonable. This determination must be supported by a price analysis based on prior experience and supporting data, and consideration of all applicable circumstances. If this determination cannot be made, no purchases or sales must take place.

7.2.2. Any transfer of supplies or services by United States Forces must be subject to the pricing provisions of 10 U.S.C. § 2344.

## \*8.0 DISPOSITION OF PROCEEDS

Any payment for materiel or services provided by United States Forces and initially recorded as a sale order, must be credited to the appropriation, fund or account used in incurring the obligation. [If such fund is expired, credit the payment into an appropriate appropriation, fund, or account currently available for the purposes for which the expenditures were made \(see 10 U.S.C. § 2346\).](#) Payment for an order initially recorded as an exchange of materiel or services but converted into a sale due to non-receipt of replacement materiel or services, must be credited to the appropriation or fund currently available for the same purposes for which the expenditures were made.

## 9.0 DEBT COLLECTION ACTIONS

The DoD policy is to conduct timely and aggressive debt collection action, with follow-up efforts as necessary, to ensure debt owed to the DoD by a foreign entity is collected and held to an absolute minimum. All collection activity must [comply](#) with the provisions of the applicable agreement between the DoD and the foreign entity, CJCSI 2120.01E, and Volume 16, Chapter 6, which also contains elevations procedures for foreign indebtedness.

## APPENDIX A: RATIFICATION OF UNAUTHORIZED COMMITMENTS

Figure A-1. Ratification Form

ACSA RATIFICATION FORM FOR APPROVAL/RATIFICATION OF UNAUTHORIZED TRANSACTIONS (ACSA FMR Vol 11a Chapter 8)		
This form is only for the Acquisition and Cross-Servicing Agreement (ACSA) Program and may not be used for ratifications of unauthorized commitments under the Federal Acquisition Regulation (FAR).		
Amount (\$)	To ACSA Program Manager	Date of commitment (YYYYMMDD)
For (item or service)	Committing unit or activity	
<p align="center"><b>PART I — Description of Commitment and Unit Commander's Review</b></p> <p>The individual making the unauthorized ACSA transaction will complete part I, section A, blocks 1 through 5; provide the required documentation; date, sign, and forward the form to his or her immediate supervisor who will complete part 1, section A, blocks 6 and 7. The immediate supervisor will then forward the form to the appropriate individual (unit commander, director or activity chief, O6/GS15 equivalent) who will complete part I, section B. All information must be provided in detail with documentation attached.</p>		
<p align="center"><b>Section A — Commitment Circumstances</b></p> <p><b>1. Statement by individual who made the commitment and whether or not that person is an ACSA implementing and approving official (ACSA IAO):</b></p>		
<p><b>2. Explain why ACSA procedures were not followed.</b> For cash transactions, regulations require certification of funds and a counter-signed ACSA order before goods or services are provided.</p>		
<p><b>3. Describe bona fide Government requirement necessitating the commitment.</b></p>		

Figure A-1. Ratification Form (continued)

<b>4. Describe Government received benefits</b> (State the value of the benefit and other pertinent facts.)		
<b>5. List and attach all relevant documents</b> (Include statements of requirements, previous or draft ACSA order, invoices, and other evidence of the transaction.)		
<b>Individual making unauthorized ACSA transaction</b>		
<b>Name, grade, and title</b>	<b>Date (YYYYMMDD)</b>	<b>Signature</b>
<b>6. Describe attempts to resolve unauthorized transaction</b> (for example, cancelling transaction, returning merchandise, individual paying from personal funds)		
<b>Financial Analyst verifying funds resolution attempts</b>		
<b>Name, grade, and title</b>	<b>Date (YYYYMMDD)</b>	<b>Signature</b>
<b>7. Comments of Immediate supervisor of individual making unauthorized ACSA transactions:</b>		
<b>Supervisor</b>		
<b>Name, grade, and title</b>	<b>Date (YYYYMMDD)</b>	<b>Signature</b>

Figure A-1. Ratification Form (continued)







For (item or service)		Committing unit or activity			
<p align="center"><b>Section B — Commander, Director, or Activity Chief</b></p> <p>Completed by unit commander, director, or activity chief (O6/GS15 equivalent). Complete blocks 1 through 4 and forward the form to the CCMD and MILDEP ACSA Program Manager, International Agreements Division, Office of the Deputy Chief of Staff.</p>					
<p><b>1. Describe special remedial corrective action, disciplinary action, or both that were taken</b> (Include a description of any administrative action to be taken or explain why no disciplinary action was considered necessary.)</p>					
<p><b>2. Describe action taken to prevent recurrence of unauthorized ACSA transactions:</b></p>					
<p><b>3. I have reviewed part I, section A, and verify that the information is accurate and complete, that the Government received a benefit and associated value from the subject transaction, and—</b></p> <table border="0"> <tr> <td><input type="checkbox"/> Concur with the subject transaction</td> <td><input type="checkbox"/> Do not concur (explain nonconcurrence)</td> </tr> </table>				<input type="checkbox"/> Concur with the subject transaction	<input type="checkbox"/> Do not concur (explain nonconcurrence)
<input type="checkbox"/> Concur with the subject transaction	<input type="checkbox"/> Do not concur (explain nonconcurrence)				
<p><b>4. A completed purchase request and commitment form (from applicable system) has been prepared and is attached</b> (required if ratification is recommended). The purchase request and commitment must specifically state that funds were available at the time the unauthorized ACSA transaction was made and are still available.</p> <p align="center"><input type="checkbox"/> Yes <input type="checkbox"/> No</p>					
Name, grade, and title		Commander or director Date (YYYYMMDD)	Signature 		
<p align="center"><b>Section C — Transactions in Excess of the Simplified Acquisition Threshold</b></p> <p><b>5. For transactions in excess of the simplified acquisition threshold</b> (currently \$150,000), recommendation of the first general officer or Senior Executive Service (SES) equivalent in the chain of command</p> <p>Based on the foregoing determination: <input type="checkbox"/> Recommend approval <input type="checkbox"/> Recommend disapproval</p>					
Name, grade, and title		First General Officer or SES Equivalent in the Chain of Command Date (YYYYMMDD)	Signature 		

Figure A-1. Ratification Form (continued)

For (item or service)	Committing unit or activity	
<b>PART II</b> <b>Section A — Legal Review</b> Completed by the Contract and Fiscal Law Division, Office of the Judge Advocate. Based on the foregoing determination, The Judge Advocate has—		
<input type="checkbox"/> No legal objection	<input type="checkbox"/> Legal objection (explain)	
<b>Legal Reviewer</b>		
Name, grade, and title	Date (YYYYMMDD)	Signature
		
<b>Section B — ACSA Program Manager</b> Completed by the ACSA Program Manager, International Agreements Division, Office of the Deputy Chief of Staff. Based on the foregoing determination, the subject unauthorized ACSA transaction is—		
<input type="checkbox"/> Approved		
<input type="checkbox"/> Disapproved (explain).		
<b>ACSA Program Manager</b>		
Name, grade, and title	Date (YYYYMMDD)	Signature
		
<b>Section C — CJCS Program Manager</b> For transactions in excess of \$1M recommendation of the CJCS J4, the subject unauthorized ACSA transaction is—		
<input type="checkbox"/> CJCS Approved		
<input type="checkbox"/> CJCS Disapproved		
<b>CJCS Program Manager</b>		
Name, grade, and title	Date (YYYYMMDD)	Signature
		

APPENDIX B: QUARTERLY REPORT FORMATS

Figure B-1. Request for Authorization

<u>Category of Support</u>	<u>Requested Authorization</u>	
	<u>Obligations (Purchases)</u>	<u>Earned Reimbursements (Sales)</u>
POL	\$ _____	\$ _____
Other Materiel	_____	
Maintenance	_____	
Services	_____	
TOTAL	\$ _____	\$ _____



Figure B-2. Liabilities Report – NATO

LIABILITIES REPORT - NATO							
Country							
POL	POL						
	Order #	Commodity	Item	Amount	Delivered	Undelivered	Disbursed
	xxxxxxxxxx	xxxxxxxxxx	xxxxxxxxxx	xxxxxxxxxx	xxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx
		xxxxxxxxxx	xxxxxxxxxx	xxxxxxxxxx	xxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx
	Total Order			xxxxxxxxxx	xxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx
Total				xxxxxxxxxx	xxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx
Supplies	Supplies						
	Order #	Commodity	Item	Amount	Delivered	Undelivered	Disbursed
	xxxxxxxxxx	xxxxxxxxxx	xxxxxxxxxx	xxxxxxxxxx	xxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx
		xxxxxxxxxx	xxxxxxxxxx	xxxxxxxxxx	xxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx
	Total Order			xxxxxxxxxx	xxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx
Total				xxxxxxxxxx	xxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx
Supplies Ceiling				xxxxxxxxxx			
Supplies Available Ceiling				xxxxxxxxxx			
Services	Services						
	Order #	Commodity	Item	Amount	Delivered	Undelivered	Disbursed
	xxxxxxxxxx	xxxxxxxxxx	xxxxxxxxxx	xxxxxxxxxx	xxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx
		xxxxxxxxxx	xxxxxxxxxx	xxxxxxxxxx	xxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx
	Total Order			xxxxxxxxxx	xxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx
Total				xxxxxxxxxx	xxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx
Country Total				xxxxxxxxxx	xxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx
Country Ceiling				xxxxxxxxxx			
Country Ceiling Available				xxxxxxxxxx			

Figure B-3. Liabilities Report, Non-NATO

LIABILITIES REPORT - Non-NATO							
Country							
POL							
	Order #	Commodity	Item	Amount	Delivered	Undelivered	Disbursed
	xxxxxxxxxx	xxxxxxxxxx	xxxxxxxxxx	xxxxxxxxxx	xxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxx
		xxxxxxxxxx	xxxxxxxxxx	xxxxxxxxxx	xxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxx
	Total Order			xxxxxxxxxx	xxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxx
Total				xxxxxxxxxx	xxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxx
Supplies							
	Order #	Commodity	Item	Amount	Delivered	Undelivered	Disbursed
	xxxxxxxxxx	xxxxxxxxxx	xxxxxxxxxx	xxxxxxxxxx	xxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxx
		xxxxxxxxxx	xxxxxxxxxx	xxxxxxxxxx	xxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxx
	Total Order			xxxxxxxxxx	xxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxx
Total				xxxxxxxxxx	xxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxx
Supplies Ceiling				xxxxxxxxxx			
Supplies Available Ceiling				xxxxxxxxxx			
Services							
	Order #	Commodity	Item	Amount	Delivered	Undelivered	Disbursed
	xxxxxxxxxx	xxxxxxxxxx	xxxxxxxxxx	xxxxxxxxxx	xxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxx
		xxxxxxxxxx	xxxxxxxxxx	xxxxxxxxxx	xxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxx
	Total Order			xxxxxxxxxx	xxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxx
Total				xxxxxxxxxx	xxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxx
Country Total				xxxxxxxxxx	xxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxx
Country Ceiling				xxxxxxxxxx			
Country Ceiling Available				xxxxxxxxxx			

Figure B-4. Credit Reports, NATO

CREDITS REPORT - NATO							
Country							
POL							Outstanding
	Order #	Commodity	Item	Amount	Delivered	Undelivered	Balance
	XXXXXXXX	XXXXXXXX	XXXXXXXX	XXXXXXXX	XXXXXXXX	XXXXXXXXXX	XXXXXXXXXX
		XXXXXXXX	XXXXXXXX	XXXXXXXX	XXXXXXXX	XXXXXXXXXX	XXXXXXXXXX
	Total Order			XXXXXXXX	XXXXXXXX	XXXXXXXXXX	XXXXXXXXXX
Total				XXXXXXXX	XXXXXXXX	XXXXXXXXXX	XXXXXXXXXX
Supplies							Outstanding
	Order #	Commodity	Item	Amount	Delivered	Undelivered	Balance
	XXXXXXXX	XXXXXXXX	XXXXXXXX	XXXXXXXX	XXXXXXXX	XXXXXXXXXX	XXXXXXXXXX
		XXXXXXXX	XXXXXXXX	XXXXXXXX	XXXXXXXX	XXXXXXXXXX	XXXXXXXXXX
	Total Order			XXXXXXXX	XXXXXXXX	XXXXXXXXXX	XXXXXXXXXX
Total				XXXXXXXX	XXXXXXXX	XXXXXXXXXX	XXXXXXXXXX
Services							Outstanding
	Order #	Commodity	Item	Amount	Delivered	Undelivered	Balance
	XXXXXXXX	XXXXXXXX	XXXXXXXX	XXXXXXXX	XXXXXXXX	XXXXXXXXXX	XXXXXXXXXX
		XXXXXXXX	XXXXXXXX	XXXXXXXX	XXXXXXXX	XXXXXXXXXX	XXXXXXXXXX
	Total Order			XXXXXXXX	XXXXXXXX	XXXXXXXXXX	XXXXXXXXXX
Total				XXXXXXXX	XXXXXXXX	XXXXXXXXXX	XXXXXXXXXX
Country Total				XXXXXXXX	XXXXXXXX	XXXXXXXXXX	XXXXXXXXXX
Country Ceiling				XXXXXXXX			
Country Ceiling Available				XXXXXXXX			

Figure B-5. Credits Report, Non-NATO

CREDITS REPORT - Non-NATO							
Country							
POL							Outstanding
	Order #	Commodity	Item	Amount	Delivered	Undelivered	Balance
	xxxxxxxxx	xxxxxxxxx	xxxxxxxxx	xxxxxxxxx	xxxxxxxxx	xxxxxxxxxxx	xxxxxxxxx
		xxxxxxxxx	xxxxxxxxx	xxxxxxxxx	xxxxxxxxx	xxxxxxxxxxx	xxxxxxxxx
	Total Order			xxxxxxxxx	xxxxxxxxx	xxxxxxxxxxx	xxxxxxxxx
Total				xxxxxxxxx	xxxxxxxxx	xxxxxxxxxxx	xxxxxxxxx
Supplies							Outstanding
	Order #	Commodity	Item	Amount	Delivered	Undelivered	Balance
	xxxxxxxxx	xxxxxxxxx	xxxxxxxxx	xxxxxxxxx	xxxxxxxxx	xxxxxxxxxxx	xxxxxxxxx
		xxxxxxxxx	xxxxxxxxx	xxxxxxxxx	xxxxxxxxx	xxxxxxxxxxx	xxxxxxxxx
	Total Order			xxxxxxxxx	xxxxxxxxx	xxxxxxxxxxx	xxxxxxxxx
Total				xxxxxxxxx	xxxxxxxxx	xxxxxxxxxxx	xxxxxxxxx
Services							Outstanding
	Order #	Commodity	Item	Amount	Delivered	Undelivered	Balance
	xxxxxxxxx	xxxxxxxxx	xxxxxxxxx	xxxxxxxxx	xxxxxxxxx	xxxxxxxxxxx	xxxxxxxxx
		xxxxxxxxx	xxxxxxxxx	xxxxxxxxx	xxxxxxxxx	xxxxxxxxxxx	xxxxxxxxx
	Total Order			xxxxxxxxx	xxxxxxxxx	xxxxxxxxxxx	xxxxxxxxx
Total				xxxxxxxxx	xxxxxxxxx	xxxxxxxxxxx	xxxxxxxxx
Country Total				xxxxxxxxx	xxxxxxxxx	xxxxxxxxxxx	xxxxxxxxx
Country Ceiling				xxxxxxxxx			
Country Ceiling Available				xxxxxxxxx			

## VOLUME 11A, CHAPTER 9 “SUPPORT OF INTERNATIONAL MILITARY ACTIVITIES”

### SUMMARY OF MAJOR CHANGES

Changes are identified in this table and also denoted by blue font.

Substantive revisions are denoted by a (\*) preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by **bold, italic, blue and underlined font**.

The previous version dated December 2024 is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
All	Administrative updates were completed in accordance with the Department of Defense Financial Management Regulation Revision Standard Operating Procedures.  <u>April 2025</u> : Updates from the previous version dated December 2024 remain in blue font due to the visibility of NATO information.	Revision
1.3.13	Incorporated additional authoritative guidance reference for Title 39 United States (U.S.) Code, Section 406, “Postal Services at Armed Forces Installations.”	Revision
Policy Memo 3.3.8.3	The Deputy Chief Financial Officer policy memorandum, “Access to the Military Postal Service by U.S. Civilians Occupying Positions at the North Atlantic Treaty Organization on a Direct Hire Basis, (FPM24-04),” dated March 12, 2024, was incorporated into the chapter and cancelled.  <u>April 2025</u> : Added reference to the Military Postal Procedural Manual.	Cancellation
Table 9-1	The table was updated to reflect forecasted laydown of U.S. military positions within International Military Headquarters in the U.S. European Command area of responsibility.	Revision

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## CHAPTER 9

### SUPPORT OF INTERNATIONAL MILITARY ACTIVITIES

#### 1.0 GENERAL

#### 1.1 Overview

This chapter assigns responsibilities and establishes guidance for the support of international organizations, and for providing reimbursable and nonreimbursable support.

#### 1.2 Purpose

1.2.1. Establishes administrative arrangements, reimbursement, and billing procedures, and identifies a method to compute the dollar value of credits due the U.S. for the support of international military activities.

1.2.2. Identifies the support that Department of Defense (DoD) Components can expect to receive from international military organizations and whether such support is on a reimbursable or nonreimbursable basis.

1.2.3. Establishes guidance for financing the U.S. contributions to and the receipt of credits from the international military organizations with which the U.S. participates.

1.2.4. Establishes guidance for paying U.S. personnel employed by international military organizations, and for verifying the credits received from the organizations for such personnel.

1.2.5. Does not apply to the provision of intelligence or cryptologic support provided under authorities other than those cited herein.

#### 1.3 Authoritative Guidance

The financial management policy and related requirements prescribed in this chapter are in accordance with the applicable provisions of the following sources:

1.3.1. [Title 5 United States Code \(U.S.C.\) Section 102](#), “Military departments”;

1.3.2. [10 U.S.C. § 161](#), “Combatant commands: establishment”;

1.3.3. [10 U.S.C. § 164](#), “Commanders of combatant commands: assignment; powers and duties”;

1.3.4. [10 U.S.C. § 421\(a\)](#), “Funds for foreign cryptologic support”;



1.3.5. [10 U.S.C. § 2344\(a\)](#), “Methods of payment for acquisitions and transfers by the United States”;

1.3.6. [10 U.S.C. § 2667](#), “Leases: non-excess property of military departments and Defense Agencies”;

1.3.7. [22 U.S.C. § 2751](#), “Need for international defense cooperation and military export controls; Presidential waiver; report to Congress; arms sales policy”;

1.3.8. [10 U.S.C. § 2801](#), “Scope of chapter; definitions”;

1.3.9. [10 U.S.C. § 2802](#), “Military construction projects”;

1.3.10. [22 U.S.C. § 2778\(b\)\(2\)](#), “Control of arms exports and imports”;

1.3.11. [31 U.S.C. § 1353](#), “Acceptance of travel and related expenses from non-Federal sources”;

1.3.12. [31 U.S.C. § 1535](#), “Agency agreements”;

\* 1.3.13. [39 U.S.C. § 406](#), “Postal Services at Armed Forces Installations”;

1.3.14. [DoD Directive \(DoDD\) 2010.09](#), “Acquisition and Cross-Servicing Agreements”;

1.3.15. [DoDD 5015.02](#), “DoD Records Management Program”;

1.3.16. [DoDD 5100.03](#), “Support of the Headquarters of Combatant and Subordinate Unified Commands”;

1.3.17. [DoDD 5101.1](#), “DoD Executive Agent”;

1.3.18. [DoD Instruction \(DoDI\) 1000.17](#), “Detail of DoD Personnel to Duty Outside the Department of Defense”;

1.3.19. [DoDI 4000.19](#), “Support Agreements”;

1.3.20. [DoDI 5210.60](#), “Security Clearance Program for U.S. Citizens Employed Directly by the North Atlantic Treaty Organization (NATO)”;

1.3.21. [DoDI 5530.03](#), “International Agreements”; and

## 2.0 DEFINITIONS AND GUIDELINES

### 2.1 Military Department

Military Department refers to one of the departments within DoD created by the National Security Act of 1947 as amended ([NSA 1947](#)), which are the Department of the Army, the Department of the Navy, and the Department of the Air Force.

### 2.2 Military Service

Military Service is established by [the](#) NSA 1947 and refers to the Army, Navy, Air Force, Marine Corps, and Coast Guard when operating as a part of the Navy in accordance with law (see the definition of “Service” in the [DoD Dictionary of Military and Associated Terms](#) as amended).

### 2.3 Military Unit

Military Unit refers to any military element whose structure is prescribed by competent authority (see the definition of “Unit” in Joint Chiefs of Staff Publication 1 ([JP 1](#))).

### 2.4 Military Element

Military Element refers to any military organization formed to perform a specific function under a joint force commander’s headquarters (see the definition of “Element” in JP 1).

### 2.5 Nonreimbursable Support

2.5.1. The DoD provides nonreimbursable support to international military organizations in two forms: (1) through a financial contribution to the budget of the international organization, or (2) by assignment of U.S. military elements to the international organization under the terms of international treaties or agreements (see DoDI 5530.03). The U.S. military elements may be assigned either on a long or short-term basis.

2.5.2. Short-term assignments are typically for the purpose of participating in joint exercises or maneuvers under the auspices of the international organization.

2.5.3. Long-term assignments typically involve filling an existing billet on the staff of an international organization.

2.5.4. Support under subparagraphs 2.5.1 and 2.5.2 are not reimbursable to DoD. An exception to this policy is the support by members of a U.S. military element who provide services that were included in the budget of the international organization (e.g., a U.S. Military member who occupies an international civilian billet). These costs are reimbursable (see section 4.0).

## 2.6 Reimbursable Support

All other support provided to the international military organization and military elements of participating foreign countries is reimbursable to the performing DoD Component and must be provided under one of the authorities described in paragraphs: 4.2, Arms Export Control Act (AECA); 4.3, NATO Mutual Support Act (NMSA); 4.4, Other than AECA and NMSA.

## 2.7 Support for U.S. Military Elements/Units

The U.S. military element of an international military organization is supported by the international organization and the administrative agent (see paragraph 3.3) on a nonreimbursable basis. The administrative agent must ensure support provided to the U.S. military elements of an international organization is equal in scope and quality to all organizations [that](#) it supports at a comparable location. Other U.S. military units in the area, including units of the administrative agent, also may receive support from the international organization, but on a reimbursable basis. The Military Department concerned, and the international organization will execute a support agreement between them when those military units receive support.

## 2.8 Table of Distribution and Allowance

[Tables of distribution and allowance \(TDA\)](#) refer to a military unit that is organized to perform unique missions for which a Table of Organization & Equipment (TO&E) does not exist. A TDA may contain combinations of military, civilian, and contractor man-year equivalent positions.

## 2.9 Table of Organization and Equipment (TO&E)

A [TO&E](#) is comprised of military personnel and refers to the capabilities, organizational structure, and required personnel and equipment for a military unit to accomplish its mission.

## 3.0 RESPONSIBILITIES

### 3.1 Under Secretary of Defense (Comptroller)

The Under Secretary of Defense (Comptroller) provides financial policy with regard to support agreements and designates the administrative agent responsible for arranging support to U.S. military elements at an international military organization. Geographic proximity to existing support infrastructure and mission compatibility is the primary criteria used to assign administrative agent duties. Current designations are provided in Table 9-1. The Military Services must request updates to this table as needed to reflect changes in available support infrastructure within a geographic area.

### 3.2 Secretaries of the Army and the Air Force

3.2.1. The Secretary of the Army must program and budget the annual U.S. contributions to the various NATO bodies in the Army Operations and Maintenance (O&M) appropriation.

3.2.2. The Secretary of the Army must program and budget for the annual U.S. contributions to other recognized multinational headquarters, such as the NATO Force Structure and the NATO Response Force in which the U.S. participates.

3.2.3. The Secretary of the Air Force must budget for the NATO Airborne Early Warning Program Management Agency (NAPMA).

### 3.3 Administrative Agent

The administrative agent must:

3.3.1. Budget for the U.S. contributions to designated non-NATO international military organizations. When the Army is not the administrative agent for a NATO body or other multinational headquarters, the designated agent provides the Army with program and budget information on the annual contribution for inclusion in the Army's O&M appropriation. Budgeting for the NAPMA constitutes an exception to this policy (see subparagraph 3.2.3.).

3.3.2. Coordinate with appropriate U.S. representatives at the international military organizations to ensure that effective procedures and controls are prescribed for budgeting, obligating, disbursing, and receiving credits incident to administering the U.S. contributions.

3.3.3. Program and allocate resources in a manner that will provide the international organization with the highest possible level of support under paragraphs 4.2, 4.3, and 4.4 consistent with financial constraints that may be imposed through the normal program and budget process.

3.3.4. Support U.S. military elements attached to the designated international military organization on a nonreimbursable basis unless the support is an international budget cost or is a budget responsibility of another Military Department (see paragraph 3.4). The standards and directives of the administrative agent govern the level and type of support furnished. The level and type of support is consistent with the highest possible level of support allowable under this chapter while not violating those same governing standards and directives. Support requirements based upon input provided by the U.S. military element are included in the administrative agent's annual budget. The administrative agent must obtain support from the most efficient and economical source, [including](#) local sources while ensuring that no parallel support facility is established (see DoDI 4000.19).

3.3.5. Provide U.S. military elements, which are TO&E or equivalent units, with replacement consumable and nonconsumable material, obtaining peculiar items when necessary from supply systems of the parent Military Service on a reimbursable basis.

3.3.6. Provide U.S. military elements, which are TDA or equivalent units, both with initial and replacement consumable and nonconsumable material.

3.3.7. Establish a table of allowances, unit allowance lists, base allowance lists, and other authorization documents for U.S. military elements attached to the international military organization.

3.3.8. Budget for the cost of civilian employees of the U.S. Government assigned to positions in international military organizations. These employees retain their status as U.S. employees and are paid from U.S. funds at the appropriate U.S. scale of pay and allowances.

3.3.8.1. The pay and allowances are budgeted at the appropriate international pay scale by the international military organization to which they are assigned. A sum equal to the amount of such pay and allowances at the international pay scale must be collected from the international organization and reflected in the reimbursable portion of the DoD budget. The DoD direct budget must absorb any differences.

3.3.8.2. The U.S. civilians who occupy positions in international military organizations on a direct-hire basis (not as U.S. Government employees), as provided for by DoDI 5210.60, will be governed by the provisions of that firm offer of employment and other applicable U.S. Government regulations that deal with such employment. The international military organization concerned will remunerate those U.S. civilians at the applicable international pay scale; however, these U.S. civilians will not be entitled to the same pay and allowances or benefits as those of U.S. Government employees, [except for Military Postal Access \(MPS\) access benefits as defined in subparagraph 3.3.8.3.](#)

\* 3.3.8.3. The U.S. civilians who are employed by the North Atlantic Treaty Organization (NATO) on a direct-hire basis (not as U.S. Government employees) and perform functions in support of the U.S. Armed Forces have access to the U.S. Military Postal Service (MPS) at locations outside of the continental United States. This policy allows NATO direct hires MPS access. In accordance with 39 U.S.C. § 406, "Postal Services at Armed Forces Installations", funds must not be obligated or expended to establish, maintain, or expand a post office established for the purpose described in 3.3.8.2. Refer to the [Military Postal Procedural Manual](#) for implementing guidance on Military Postal Service support for U.S. citizens employed by NATO.

### 3.4 Secretaries of the Military Departments

The Secretaries of the Military Departments with military personnel assigned to a U.S. military element must:

3.4.1. Budget and fund for personnel costs of military personnel of that [component](#) included in the U.S. military element.

3.4.2. Budget and fund for personally assigned equipment provided to military personnel of that [component](#) included in the U.S. military element.

3.4.3. Make initial issuance to TO&E or equivalent units of that **component** assigned or attached to U.S. military elements.

3.4.4. Budget and fund **component** peculiar requirements, such as flying qualifications, medical examinations, personnel training and development, and social actions, for military personnel of that component.

3.4.5. Support other requirements. Costs are chargeable to the administrative agent on an interservice (reimbursable) basis.

3.4.6. Provide appropriate support to foreign military elements or to international military organizations in accordance with paragraphs 4.2, 4.3, or 4.4, herein, unless identified in this chapter as items of nonreimbursable support.

### 3.5 Head of a U.S. Military Element

The Head of a U.S. military element must support the international military organization on a nonreimbursable basis, except for the costs of a military member who is assigned to an international civilian position, or when such support requires augmentation of the element's normal manpower, equipment, or other resources from other U.S. sources.

### 3.6 Head of a DoD Component

The Head of a DoD Component must:

3.6.1. Support the international military organization and participating foreign countries on a reimbursable basis, in accordance with the AECA or the NMSA unless otherwise specified in this chapter.

3.6.2. Ensure the use of appropriate internal controls and oversight measures (e.g., support agreements manager assignments) and documentation of reimbursable support agreements to support financial audits, in accordance with DoDI 4000.19 and DoDD 5015.02.

### 3.7 Commander of a Unified Combatant Command

The Commander of a Unified Combatant Command must coordinate the activities of the administrative agents concerned in implementing this chapter within the command theater of operations.

### 3.8 Head of an International Military Organization

The Head of an International Military Organization must support U.S. military elements on a nonreimbursable basis for those support areas set forth in the scope of the budget for international military headquarters and agencies (see Table 9-1.).

## 4.0 REIMBURSEMENTS

### 4.1 Reimbursements Due the U.S. from International Military Organizations for U.S. Personnel (Military or Civilian) Occupying International Civilian Positions.

4.1.1. A sum equal to the pay and allowances established for the occupied positions at the international scale must be credited to the U.S. as an offset to the U.S. contribution to the international organization.

4.1.1.1. The administrative agent must determine the amount of credit due and initiate a quarterly [\*Standard Form \(SF\) 1080\*](#), Voucher for Transfers between Appropriations and/or Funds, to transfer funds from the U.S. contribution to the international budget to the applicable financing DoD appropriation.

4.1.1.2. As an exception to this offset credit procedure, international military organizations located in the continental U.S. (CONUS), to which contributions are made in U.S. dollars, must make direct reimbursement of the international pay and allowance equivalent to the administrative agent for any U.S. personnel assigned to international civilian positions.

4.1.2. The administrative agent must screen the personnel administration and payroll computations for U.S. employees, as performed by the international organization, to ensure the accuracy and sufficiency of data and credits granted.

### 4.2 Reimbursements Due the U.S. from International Military Organizations for Reimbursable Support Provided Pursuant to the AECA.

When DoD services are performed, articles delivered from inventory or new procurement initiated under the authority of the AECA, the pricing and billing must be in accordance with Volume 15.

### 4.3 Reimbursements Due the U.S. from International Military Organizations for Reimbursable Support Provided Pursuant to NMSA.

When DoD services are performed or articles delivered from inventory under the authority of the NMSA, pricing must be in accordance with Chapter 8 and billing must comply with the international agreement negotiated in accordance with DoDD 2010.09.

### 4.4 Reimbursements Due the U.S. from International Military Organizations for Reimbursable Support Provided Under Authorities Other than the AECA, NMSA, or this Regulation.

4.4.1. Leases of real and personal property are authorized by 10 U.S.C. § 2667 and must be priced in accordance with Volume 2B and Volume 12. Property with a life expectancy of less than 3 years or a value of less than \$1,000 and provided under the authority of the AECA (paragraph 4.2) or NMSA (paragraph 4.3) must be provided on a sales basis. In the event that DoD services or materiel are provided under authorities other than the AECA, NMSA, or this Regulation, the DoD Component providing that support must obtain a legal opinion supporting the use of such other legal

authority before providing the service or materiel. The legal opinion must be retained for audit verification.

4.4.2. The designated official of the DoD Component furnishing the support must:

4.4.2.1. Originate promptly and in detail an SF 1080 to bill the administrative agent or the designated coordinating agent.

4.4.2.2. Prepare the invoice for reimbursable support on the basis of constructive delivery.

4.4.2.3. Distribute the SFs 1080 as follows:

4.4.2.3.1. Submit two copies of the SF 1080, with supporting details, to the international military organization receiving the services or materiel for verification of the charge.

4.4.2.3.2. Forward the original (disbursement SFs 1080) and the collection copy (SF 1080), without supporting detail, to the administrative agent or the designated coordinating agent.

4.4.2.3.3. Retain additional copies, with supporting details as may be required by the billing office, pending receipt of executed vouchers.

4.4.3. The administrative agent or the designated coordinating agent must (1) request that the comptroller of the NATO command or the appropriate international organization concerned provide a monthly listing of charges that have been accepted, and (2) ensure that such charges are reflected as offset credits to the U.S. in the contributions to the international budgets.

4.4.4. The coordinating agent must match the monthly listing of accepted charges with outstanding SFs 1080 and process the SFs 1080 for accepted charges as payments to the billing office. Upon receipt of the validated SFs 1080, the billing office must process the collection.

4.4.5. The designated coordinating agent must verify that the offset credits are applied to the U.S. contributions to the international organization through a reconciliation of individual SF 1080 billings to the monthly list of accepted charges.

4.4.6. When materiel or services are furnished to international military organizations that are located within the CONUS and contributions are made in U.S. dollars, the U.S. military activity providing the support is responsible for billing the international military organization directly and obtaining reimbursement in U.S. dollars.



## 5.0 SCOPE OF BUDGET FOR INTERNATIONAL MILITARY HEADQUARTERS AND AGENCIES

The international budget includes the types of costs, except as limited by exclusions in the following paragraphs, in such order and form as may be determined by the appropriate financial reviewing authorities. The following paragraphs are illustrative of the types of costs accepted by the NATO Military Budget Committee as an international charge. The comptroller of the international military organization concerned, and the U.S. representative must be consulted if there is doubt whether the cost of any article or service is properly an international charge.

### 5.1 Civilian Personnel, Administrative Staff

Pay and authorized allowances of personnel employed by an international headquarters for the performance of international functions, including secretarial, clerical, or technical assistance. For U.S. military and civilian personnel, see paragraph 4.1.

### 5.2 Civilian Personnel, Operational Staff

Pay and authorized allowance of personnel locally hired for custodial, industrial, or operational purposes. This includes upkeep of the premises and fixed or movable equipment used by the headquarters or its support units or fixed installations; supervision or operation of headquarters' fixed and movable equipment other than office equipment; and operation of headquarters enlisted mess facilities.

### 5.3 Rents and Maintenance

Rental of office space, barracks, warehouses, and other commercial-type buildings, including taxes; cost of utilities, liquid and solid fuels, sewage and garbage disposal service; supplies and material for janitorial and hygienic services (national support unit barracks excluded); and supplies, material, and contractual expenses for maintenance, repair, and minor alterations to buildings and facilities, including replacement of minor installations and fixed equipment when damaged or worn beyond repair.

### 5.4 Operation of General Services

Stationary and general office supplies for the headquarters and all units assigned in direct support; rental of office equipment required to supplement available equipment in accordance with internationally approved standards; printing, binding, and reproduction; purchase of maps, charts, and terrain models for peace time use; newspapers, periodicals, and library supplies; photo supplies and photographic processing; and drugs and other expendable medical supplies for first aid stations.

## 5.5 Communications

Procurement and installation of switchboards, radio transmitters and receivers, telephone exchanges, and mobile communications equipment including related signal vehicles; rental of commercial type equipment for additional requirements; repair and maintenance of communications equipment, including supplies and spare parts; cost of commercial communications, including installation and reinstallation charges for leased or other use of local, national, and international telephone, telegraph, and teletype circuits; and postage and postal fees.

## 5.6 Transportation

Rental or purchase of passenger and cargo vehicles; petroleum, oil, and lubricant products for such vehicles and other equipment used in direct support of international headquarters; supplies and spares required for organizational maintenance of vehicles and related equipment; commercial freight, local hauling, and express charges for internationally procured supply and equipment items, including shipping charges for contribution-in-kind from member nations to place of receipt.

## 5.7 Travel of International Staff

5.7.1. Civilian Personnel. Transportation and per diem costs of temporary duty travel on official business.

5.7.2. U.S. Military Personnel. When traveling on official business under travel orders issued by an authorized international headquarters that directs payment to be charged to international funds, the costs of such travel are payable as follows:

5.7.2.1. From International Funds. Cost of transportation furnished by Military Airlift Command and/or a common carrier, to include taxi fares and privately owned conveyances under previously approved conditions.

5.7.2.2. From U.S. Appropriated Funds. Per diem and other expenses authorized by U.S. travel regulations, and the costs under subparagraph 5.7.2.1, for personnel who are members of an international military headquarters that does not maintain a centralized international budget for such purposes.

## 5.8 Exercises and Maneuvers

When directly related to an allied command training exercise, the cost of commercial communication services and facilities provided solely to fill a requirement of the exercise on behalf of the participating nations; civilian labor hired in connection with the exercise by the interallied headquarters and not specifically for any one nation; temporary installations for interallied field headquarters not available from organic equipment of participating troops or the headquarters and not properly chargeable to the host nation; rental of additional commercial transportation required at interallied headquarters for the exercise; utility costs for interallied headquarters if at a place other than an existing military post; and reproduction of photographs and film strips, required by the directing staff for subsequent international training or critique purposes, when the source of production is other than a military unit.

## 5.9 Representational and Hospitality

Representational and hospitality expenses of the Supreme Commanders for international purposes.

## 5.10 Contingencies

Claims for losses by fire, theft, and other damages; and costs to employ legal representation in civil court actions.

## 5.11 Construction

Design and new construction of buildings and facilities, including housing, structures, utilities, modification; and alteration of existing buildings and facilities, including fixed equipment, sewage, gas, water, and electrical supply systems, roads, and approaches.

## 5.12 Furniture and Equipment

Office furniture and equipment procured within internationally approved standards for the direct support of international headquarters and agency activities; equipment for maintenance of kitchens, shops, heating electrical plants; and furniture used in barracks, messes, recreation rooms, and dining rooms and clubs.

\*Table 9-1. International Military Headquarters and Related Agencies and Administrative Agents Responsible for Their Support and for Support to U.S. Elements

Headquarters or Agency	Administrative Agent
<b>A. North Atlantic Treaty Organization (NATO)</b>	
1. <u>NATO Headquarters (HQ)</u>	
a. International Military Staff (IMS) (Brussels, Belgium (BE))	Army
b. U.S. Delegation to the Military Committee (USDELMC) (Brussels, BE)	Army
c. Canada-U.S. Regional Planning Group (Brussels, BE)	Army
2. <u>Allied Command Operations (ACO)</u>	
a. (1) Supreme Headquarters Allied Powers Europe (SHAPE) J2 Targets (Molesworth, UK)	Air Force
(2) SHAPE (Mons, BE)	Army
b. HQ Allied Joint Force Command Brunssum (HQ JFCBS) (Brunssum, Netherlands (NL))	Army
(1) Joint Logistics Support Group Brunssum (JLSGBS)	Army
c. HQ Allied Maritime Command (HQ MARCOM) (Northwood, United Kingdom (UK))	Air Force

Table 9-1. International Military Headquarters and Related Agencies and Administrative Agents Responsible for Their Support and for Support to U.S. Elements (Continued)

<b>Headquarters or Agency</b>	<b>Administrative Agent</b>
d. HQ Allied Air Command (HQ AIRCOM) (Ramstein, Germany (GE))	Air Force
(1) Allied Combined Air Operations Center Uedem (CAOC UE) (Kalkar/Uedem, GE)	Air Force
(2) Allied Combined Air Operations Center Torrejon (CAOC TJ) (Torrejon, Spain (SP))	Navy
(3) Allied Deployable Air Command and Control Center (DACCC) (Poggio Renatico, Italy (IT))	Army
e. HQ Allied Land Command (HQ LANDCOM) (Izmir, Turkey (TU))	Air Force
f. HQ NATO Communication and Information Systems Group (HQ NCISG) (Mons, BE)	Army
(1) 2nd NATO Signal Battalion (NSB 2) (Naples, IT)	Navy
g. HQ Allied Joint Force Command Naples (HQ JFCNP) (Naples, IT)	Navy
(1) Joint Logistics Support Group Naples (JLSGNP)	Navy

Table 9-1. International Military Headquarters and Related Agencies and Administrative Agents Responsible for Their Support and for Support to U.S. Elements (Continued)

Headquarters or Agency	Administrative Agent
h. Other Staff and Commands Responsible to Supreme Allied Commander Europe (SACEUR)	
(1) Immediate Response Force (Maritime)	
(a) Standing NATO Maritime Group 1 (SNMG 1) (Northwood, UK)	Navy
(b) Standing NATO Maritime Group 2 (SNMG 2) (Naples, IT)	Navy
(2) HQ Allied Command Counter-Intelligence (HQ ACCI) (Mons, BE)	Army
(3) NATO Intelligence Fusion Centre (NIFC) (Molesworth, UK)	Air Force
(4) HQ NATO Airborne Early Warning and Control Force Geilenkirchen (HQ NAEW&C Force GK) (Geilenkirchen, GE)	Air Force
(5) NATO Alliance Ground Surveillance Force (NAGSF) (Sigonella, IT)	Navy
(6) NATO Alliance Ground Surveillance (NAGS) Support Element Liaison (Ramstein, GE)	Air Force
(7) NATO AGS Staff Element Integrating Office (SEIO) (Mons, BE)	Army

Table 9-1. International Military Headquarters and Related Agencies and Administrative Agents Responsible for Their Support and for Support to U.S. Elements (Continued)

Headquarters or Agency	Administrative Agent
3. <u>Allied Command Transformation (ACT)</u>	
a. Headquarters, Supreme Allied Command Transformation (SACT) (Norfolk, Virginia (VA))	Navy
b. ACT Staff Element Europe (SEE) (Mons, BE)	Army
c. ACT Representative Europe (REPEUR) (Brussels, BE)	Army
d. Joint Warfare Center (JWC) (Stavanger, Norway (NO))	Air Force
e. Joint Analysis and Lessons Learned Center (JALLC) (Monsanto, Portugal (PO))	Navy
f. Joint Force Training Center (JFTC) (Bydgoszcz, Poland (PL))	Army
4. <u>NATO Memorandum of Understanding (MOU) Organizations</u>	
a. High Readiness Force (Maritime) UK (HRF(M)-UK) (Portsmouth, UK)	Air Force
b. High Readiness Force (Maritime) IT (HRF(M)-IT) (Taranto, IT)	Navy
c. HQ High Readiness Force (Maritime) – FR (HQ HRF(M)-FR) (Toulon, France (FR))	Navy

Table 9-1. International Military Headquarters and Related Agencies and Administrative Agents Responsible for Their Support and for Support to U.S. Elements (Continued)

Headquarters or Agency	Administrative Agent
d. High Readiness Force (Maritime) SP (HRF(M)-SP) (Rota, SP)	Navy
e. HQ NATO Naval Striking and Support Forces (HQ STRIKFORNATO) (Lisbon, PO)	Navy
f. HQ Multinational Corps Northeast (MNC-NE) (Szczecin, PL)	Army
(1) NATO Force Integration Unit (NFIU) (Tallinn, Estonia (EE))	Navy
(2) NATO Force Integration Unit (NFIU) (Riga, Latvia (LV))	Navy
(3) NATO Force Integration Unit (NFIU) (Vilnius, Lithuania (LT))	Air Force
4) NATO Force Integration Unit (NFIU) (Bydgoszcz, PL)	Army
(5) NATO Force Integration Unit (NFIU) (Szekesfeharvar, Hungry (HU))	Air Force
(6) NATO Force Integration Unit (NFIU) (Bratislava, Slovakia (SK))	Army
g. HQ Allied Rapid Reaction Corps (ARRC) (Gloucester, UK)	Air Force



Table 9-1. International Military Headquarters and Related Agencies and Administrative Agents Responsible for Their Support and for Support to U.S. Elements (Continued)

Headquarters or Agency	Administrative Agent
h. HQ NATO Rapid Deployable Corps - GE/NL (NRDC-GNL) (Munster, GE)	Army
i. HQ NATO Rapid Deployable Corps - TU (NRDC-T) (Istanbul, TU)	Air Force
j. HQ NATO Rapid Deployable Corps - IT (HQ NRDC-IT) (Solbiate Olona (Varese), IT)	Army
k. HQ NATO Rapid Deployable Corps - SP (NRDC-S) (Valencia, SP)	Navy
l. HQ NATO Rapid Deployable Corps - GR (NRDC GR) (Thessaloniki, Greece (GR))	Army
m. HQ Allied Submarine Command (ASC) (Norfolk, VA)	Navy
n. NATO Special Operations HQ (NSHQ) (Mons, BE)	Army
o. NATO Joint Electronic Warfare Core Staff (JEWCS) (Royal Air Force Station Yeovilton, UK)	Air Force
p. European Corps (EUROCORPS) HQ (Strasbourg, FR)	Army
q. HQ Rapid Reaction Corps (RRC) – France (HQ RRC-FR) (Lille, FR)	Army

Table 9-1. International Military Headquarters and Related Agencies and Administrative Agents Responsible for Their Support and for Support to U.S. Elements (Continued)

Headquarters or Agency	Administrative Agent
r. HQ Multinational Division South-East (HQ, MND-SE) (Bucharest, Romania (RO))	Army
(1) NATO Force Integration Unit (NFIU) (Sofia, Bulgaria (BU))	Air Force
(2) NATO Force Integration Unit (NFIU) (Bucharest, RO)	Army
s. Joint Force Command (JFCNF) (Norfolk, VA)	Navy
t. Joint Support & Enabling Command (JSEC) (Ulm, GE)	Army
u. HQ Multinational Division North East (MND NE) (Elblag, PL)	Army
5. <u>NATO Centers of Excellence (COE)</u>	
a. Joint Air Power Competence Center (JAPCC) (Kalkar, GE)	Air Force
b. Center of Excellence - Defense Against Terrorism (COE DAT) (Ankara, TU)	Air Force
c. Center of Excellence – Command and Control (C2 COE) (Utrecht, NL)	Army
d. Center of Excellence - Military Engineering (MILENG COE) (Ingolstadt, GE)	Army

Table 9-1. International Military Headquarters and Related Agencies and Administrative Agents Responsible for Their Support and for Support to U.S. Elements (Continued)

<b>Headquarters or Agency</b>	<b>Administrative Agent</b>
e. Center of Excellence – Human Intelligence (HUMINT COE) (Oradea, RO)	Army
f. Center of Excellence – Cooperative Cyber Defense (CCD COE) (Tallinn, EE)	Navy
g. Center of Excellence – Counter Improvised Explosive Devices (C-IED COE) (Madrid, SP)	Navy
h. Center of Excellence -- Explosive Ordnance Disposal (EOD COE) (Trencin, SK)	Army
i. Center of Excellence -- Joint Chemical, Biological, Radiological and Nuclear Defense (JCBRN COE) (Vyskov, Czech Republic (CZ))	Army
j. Center of Excellence for Military Medicine (MILMED COE) (Budapest, HU)	Air Force
k. Combined Joint Operations from the Sea Center of Excellence (CJOS COE) (Norfolk, VA)	Navy
l. Modeling and Simulation Center of Excellence (M&S COE) (Rome, IT)	Navy
m. Center of Excellence – Energy Security (ES COE) (Vilnius, Lithuania (LT))	Air Force

Table 9-1. International Military Headquarters and Related Agencies and Administrative Agents Responsible for Their Support and for Support to U.S. Elements (Continued)

Headquarters or Agency	Administrative Agent
n. Counter Intelligence Center of Excellence (CI COE) (Krakow, PL)	Army
o. Strategic Communications Center of Excellence (StratCom COE) (Riga, LV)	Navy
6. <u>Other NATO Command and Staff Organizations/Agencies</u>	
a. NATO Support Agency (NSPA) (Capellen, Luxembourg (LU))	Air Force
(1) NATO Airlift Management Program (Papa, HU)	Air Force
(2) NATO Hawk Management Office (Ruell-Malmaison, FR)	Army
b. NATO Science and Technology Organization (STO)	
(1) Collaboration Support Office (CSO) (Paris, FR)	Air Force
(2) Center for Maritime Research and Experimentation (CMRE) (La Spezia, IT)	Navy
c. NATO Airborne Early Warning and Control Program Management Organization (NAPMO) (Brunssum, NL)	Army
d. NATO Standardization Agency (NSA) (Brussels, BE)	Army

Table 9-1. International Military Headquarters and Related Agencies and Administrative Agents Responsible for Their Support and for Support to U.S. Elements (Continued)

Headquarters or Agency	Administrative Agent
e. NATO Defense College (NADEFCOL) (Rome, IT)	Navy
f. NATO School Oberammergau (NSO) (Oberammergau, GE)	Army
g. U.S. Mission to NATO (USNATO) (Brussels, BE)	Army
h. United States National Military Representative (USNMR) to SHAPE (Mons, BE)	Army
<u>7. NATO Communications and Information Agency (NCIA)</u>	
a. HQ NATO Communications and Information Agency (NCIA) (Brussels, BE)	Army
b. Sector Mons (Mons, BE)	Army
(1) Squadron Stavanger (Stavanger, NO)	Air Force
(2) Squadron Northwood (Northwood, UK)	Air Force
c. Sector Brunssum (Brunssum, NL)	Army
(1) Squadron Ramstein (Ramstein, GE)	Air Force

Table 9-1. International Military Headquarters and Related Agencies and Administrative Agents Responsible for Their Support and for Support to U.S. Elements (Continued)

Headquarters or Agency	Administrative Agent
(2) Detachment Udem (Kalkar/Uedem, GE)	Air Force
d. Sector Naples (Naples, IT)	Navy
(1) Squadron Izmir (Izmir, TU)	Air Force
(2) Detachment Poggio Renatico (Poggio Renatico, IT)	Army
e. Sector Lisbon (Lisbon, PO)	Navy
(1) Squadron Madrid (Madrid, SP)	Navy
f. Sector Norfolk (Norfolk, VA)	Navy
g. NSCA CIS Logistics Depot (CLD) (Brunssum, NL)	Army
h. NATO Programming Center (NPC) (Glons, BE)	Army
i. NATO Communications and Information Academy (Oeiras, PO)	Navy
j. NATO Communications, Command and Control Agency (NC3A) (Brussels, BE)	Army

Table 9-1. International Military Headquarters and Related Agencies and Administrative Agents Responsible for Their Support and for Support to U.S. Elements (Continued)

<b>Headquarters or Agency</b>	<b>Administrative Agent</b>
<b>B. Inter-American Defense Board (IADB)</b>	Army
<b>C. Joint Mexican-United States Defense Commission (JMUSDC)</b>	Army
<b>D. Permanent Joint Board on Defense, Canada-United States (PJBD)</b>	Air Force
<b>E. U.S.-Spanish Combined Military Coordination and Planning Staff (CMCPS)</b>	Air Force
<b>F. Republic of Korea/United States Combined Forces Command (ROK/US)</b>	Army



**DEPARTMENT OF DEFENSE**

**FINANCIAL MANAGEMENT REGULATION**

**CHAPTER 10: "ARCHIVED"**

**UNDER SECRETARY OF DEFENSE  
(COMPTROLLER)**



**VOLUME 11A, CHAPTER 11: “[SALE OF SPECIAL OR TECHNICAL SERVICES TO STATE AND LOCAL GOVERNMENTS](#)”****SUMMARY OF MAJOR CHANGES**

All changes are denoted by [blue font](#).

Substantive revisions are denoted by an asterisk (\*) symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by [bold, italic, blue, and underlined font](#).

The previous version dated [June 2021](#) is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
All	Updated format in accordance with the Financial Management Regulation, Revision Standard Operating Procedures.	Revision
1.1	Removed conflict with guidance given at 2.2.2 and 2.2.3 “Overarching legal authority to sell to state or local governments is not provided in this chapter because specific legal authority must be identified to make such sales.”	Deletion

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## CHAPTER 11

**SALE OF SPECIAL OR TECHNICAL SERVICES TO STATE AND LOCAL GOVERNMENTS**

## 1.0 GENERAL

## \*1.1 Purpose

The purpose of this chapter is to provide the policy for the sale of special or technical services to both state and local governments and provide guidance on amounts that must be recouped when the DoD Components perform these services. This guidance supplements the standards for financial accounting for receivables, and budgetary accounting for reimbursements, discussed in [Volume 4, Chapter 3](#) and [Volume 3, Chapter 15](#).

## 1.2 Authoritative Guidance

The financial management policy and related requirements promulgated throughout this chapter are in accordance with the applicable provisions of:

1.2.1. Office of Management and Budget ([OMB Circular A-97](#), “Rules and Regulations Permitting Federal Agencies to Provide Specialized or Technical Services to State and Local Units of Government Under Title III of the Intergovernmental Cooperation Act of 1968”; and

1.2.2. Title 31, United States Code, Section 6505 ([31 U.S.C. § 6505](#)), “Authority to provide specialized or technical services.”

## 2.0 POLICY AND REPORTING

## 2.1 Policy Requirements

It is the policy of the Department to cooperate to the maximum extent possible with state and local governments to provide specialized or technical services. Such services generally must supplement and not supplant any services provided under other authority.

2.1.1. **Pricing.** [Price](#) specialized or technical services to state and local governments as a sale to private parties at the full costs to the Department. General rules on determining reimbursable amounts vary as there are several categories with applicable guidance to follow when determining amounts for collection. Components may also use guidance found in other sources as applicable. Refer to Chapter 1 for more details.

2.1.2. **Disposition of Proceeds.** [Deposit](#) payments received by Components for providing service to the credit of the appropriation or account from which the costs of providing the services were paid or are to be charged. [Deposit](#) unfunded portions of the costs of such services to the U.S. Treasury as miscellaneous receipts.

## 2.2 Types of Services

### 2.2.1. **Components** specialized or technical services **are as follows:**

2.2.1.1. Any existing statistical or other studies and compilations, development projects, results of technical tests and evaluations, technical information, surveys, reports, documents, and any such materials developed or prepared in the future to meet the needs of the federal government or to carry out normal responsibilities.

2.2.1.2. Preparation of statistical or other studies and compilations, development projects, technical tests and evaluations, technical information, surveys, reports, documents, and assistance in the conduct of such activities, and in the preparation of such materials authorized by law to conduct or prepare:

2.2.1.3. Training of the type authorized by law to conduct for DoD personnel.

2.2.1.4. Technical aid in the preparation of proposals for development and other projects, which provide grants-in-aid or other assistance, provided such aid primarily develops recipients' capability to prepare their own proposals.

2.2.1.5. Technical information, data processing, communications and personnel management systems services, and technical advice on improving logistical and management services normally provided **within** the **Department** under existing authorities.

2.2.2. Any of the specialized or technical services provided by a Component to states and their political subdivisions under other authorities also may be provided under the authority of OMB Circular A-97.

2.2.3. If a Component receives a request for specialized or technical services not covered in 2.2.1, but that is consistent with the OMB Circular A-97, and which the Component has special competence to provide, the Component must forward the request to the Assistant Secretary of Defense (Sustainment) (ASD(S)) for submission to OMB for review. If **the validity of a** service request is **in doubt**, the Component should forward the request to the ASD(S) for review.

## 2.3 Conditions Under Which Services May Be Provided

**Provide** specialized or technical services, covered under OMB Circular A-97 at the discretion of the Component head, only under the following conditions:

2.3.1. **Provide** such services only to states, their political subdivisions, and combinations or associations of such governments, their agencies, and instrumentalities.

2.3.2. **Provide** such services only upon the written request of a state or its political subdivision. Requests normally must be made by the chief executive of such entities and must be addressed to the head of the Component involved.

2.3.3. Such services may not be provided unless the servicing Component maintains similar services for its own use under the policies and procedures set forth in OMB Circular A-76, “Performance of Commercial Activities”, and subsequent changes thereto. In addition, in accordance with the policies set forth in OMB Circular A-76, the requesting entity must certify that procurement of such services cannot be reasonably and quickly made through ordinary business channels.

2.3.4. Such services may not be offered if they require any staff additions or involve expenditures for additional equipment or other facilities solely for the purpose of providing such services, except when the costs of such services are charged to the user.

2.3.5. Provide such services only upon payment or arrangement for reimbursement to the Component involved by the unit of government making the request. This includes salaries and all other identifiable direct and indirect costs of performing such services.

2.3.6. Do not disseminate technical service information to third party governmental entities or associations, unless expressly authorized by the originating Component.

2.3.7. When a Component denies a service request it must provide a statement to the entity making the request indicating the reasons.

## 2.4 Reporting Requirements

The head of each federal agency will furnish annually to the respective Committees of the Senate and the House of Representatives a summary report on the scope of the services provided under OMB Circular A-97. These reports will be prepared as of the end of each calendar year and will indicate the nature of the services rendered, the names of the States and political subdivisions involved, and the cost of the work. Do not include services provided under other authorities in the reports.

**VOLUME 11A, CHAPTER 12 “MAJOR RANGE AND TEST FACILITY BASE”****SUMMARY OF MAJOR CHANGES**

Changes are identified in this table and also denoted by [blue font](#).

Substantive revisions are denoted by an asterisk (\*) preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by [\*\*\*bold, italic, blue and underlined font\*\*\*](#).

The previous version dated [July 2016](#) is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
1.2	Added applicable and non-applicable Department of Defense (DoD) entities.	Addition
1.3	Removed 10 United States Code (U.S.C.) Section 2681 for the renumbered 10 U.S.C. Section 4175, and added Statement of Federal Financial Accounting Standard 4, “Managerial Cost Accounting Standards & Concepts” and DoD Instruction 4000.19, “Support Agreements” to the Authoritative Guidance section.	Revision/ Addition
3.1	Updated responsible organization from Under Secretary of Defense (USD) Acquisition, Technology & Logistics to USD Research & Engineering.	Revision
4.3.2	Updated listed organizations to include the Space Force.	Addition
4.4.2.2.2	Added language requiring charging indirect costs to non-DoD customers.	Addition

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## CHAPTER 12

**MAJOR RANGE AND TEST FACILITY BASE**

## 1.0 GENERAL

## 1.1 Overview

The Major Range and Test Facility Base (MRTFB) is a national asset that is sized, operated, and maintained primarily for Department of Defense (DoD) acquisition programs to provide the necessary instrumentation, infrastructure, and workforce to support developmental and operational test and evaluation, but also available to non-DoD users having a valid requirement for its capabilities. The MRTFB is operated and maintained primarily for DoD test and evaluation support missions under the oversight of the Director, Test Resource Management Center (TRMC). The MRTFB provides test and evaluation support to the DoD Components responsible for developing, testing, or operating weapons systems. It serves Federal, state, local, and allied foreign governments as well as commercial users when a valid requirement for range, lab, or installed system test facility capabilities exists. MRTFB missions vary from testing missiles, aircraft, and integrated space capabilities to ensuring that electrical components can survive in various environments. The MRTFB is designed to assure the most cost-effective development and testing of materiel, and warfighting capabilities and provide for inter-service compatibility, efficiency, and equity without influencing technical testing decisions or inhibiting legitimate and valid testing.

## \*1.2 Purpose

This chapter provides a reimbursable policy for the DoD MRTFB. This policy applies to the Office of the Secretary of Defense, the Military Departments, the Office of the Chairman of the Joint Chiefs of Staff, the Combatant Commands, the Office of the Inspector General of the Department of Defense, the Defense Agencies, the DoD Field Activities, and all other organizational entities within the Department of Defense (hereafter referred to collectively as the “DoD Components”). This chapter does not apply to the commercial space launch activities of the Space Launch Delta 30 and Space Launch Delta 45 contained in Chapter 13. Additionally, this chapter does not apply to the sale of samples, drawings, information, equipment, and certain services contained in Chapter 14.

## \*1.3 Authoritative Guidance

1.3.1. Title 10, United States Code (U.S.C.), Section 2208. Sections 2208(a)(2) and 2208(o) of Title 10 authorize the Secretary of Defense to establish working capital funds (WCFs) for activities that provide common services across DoD and to other persons outside DoD when authorized by law.

1.3.2. 10 U.S.C. § 4175. Section 4175 of Title 10 authorizes the Secretary of Defense to enter contracts with commercial entities that desire to conduct commercial test and evaluation activities at an MRTFB.



1.3.3. [Statements of Federal Financial Accounting Standards 4 \(SFFAS 4\)](#): “Managerial Cost Accounting Standards & Concepts.” This statement requires cost accounting systems to accumulate costs.

1.3.4. [DoD Directive \(DoDD\) 3200.11](#), “Major Range and Test Facility Base (MRTFB).” This Directive promulgates the policy and responsibilities of the MRTFB.

1.3.5. [DoD Instruction \(DoDI\) 3200.18](#), “Management and Operation of the Major Range and Test Facility Base (MRTFB).” This Instruction implements policy and assigns responsibilities for the management and operation of the MRTFB.

1.3.6. [DoDI 4000.19](#), “Support Agreements.” This Instruction includes requirements for support agreements.

## 2.0 DEFINITIONS

2.0.1. [MRTFB](#). The designated core set of DoD Test and Evaluation (T&E) infrastructure and associated workforce is preserved as a national asset to provide T&E capabilities to support the DoD acquisition system.

2.0.2. [MRTFB Activity](#). Organizational command element of a DoD Component that manages MRTFB capabilities and resources.

2.0.3. [Non-DoD Component Users](#). Federal, state, or local government agencies; allied foreign governments; defense contractors; commercial entities, and private organizations.

2.0.4. [Direct Costs](#). Direct costs are attributable to using the facility or resource for testing under a particular program. DoD Component users must reimburse MRTFB activities for direct costs readily identifiable with a particular program. Chargeable direct costs include labor, contract labor (which includes a portion of general and administrative expense and overhead), software licenses, material, minor construction, utilities, equipment, supplies, items damaged or consumed during testing, prepositioning of aircraft (to include fuel and Aviation Depot Level Repairable charges), vessels, instrumentation, targets, and threat systems; and any resource or item maintained for a particular program. Direct costs must be billed in accordance with Chapter 1 and must be identified as a job or function served in support of a user order.

2.0.5. [Indirect Costs](#). Indirect costs are overhead costs of the MRTFB activities and are not to be charged to DoD Component users. Indirect costs are maintenance facility or resource operating, upgrading, and modernizing costs. Indirect costs do not include any incremental costs directly attributable to the use of the facility or resource for specific testing under a particular program. The following are examples of types of indirect costs, although the list is not all inclusive:

2.0.5.1. General administrative services, security, rent, operating and maintenance costs for buildings, equipment, and utilities;

2.0.5.2. Preventative and usage maintenance;

2.0.5.3. Cost of leases, except when the cost of the lease can be directly associated with a specific user and the appropriation is available to fund the leases;

2.0.5.4. Upgrade or modernization of an MRTFB facility, not expressly needed for testing for a specific user;

2.0.5.5. Routine calibration of instruments;

2.0.5.6. Maintenance and repair of shop machinery; and

2.0.5.7. Replacement of obsolete equipment.

### 3.0 RESPONSIBILITIES

DoDD 3200.11 and DoDI 3200.18 established the following financial management responsibilities of MRTFB operations.

#### \*3.1 Under Secretary of Defense Research and Engineering (USD (R&E))

USD R&E, specifically the Director, TRMC will:

3.1.1. Review and provide oversight of proposed DoD budgets and expenditures for the MRTFB; and

3.1.2. Coordinate MRTFB decisions affecting financial policy and matters containing a monetary value (financial and non-financial) with the Under Secretary of Defense (Comptroller).

#### 3.2 DoD Chief Information Officer (CIO) and the Secretaries of the Military Departments

3.2.1. Plans, programs, and budgets for institutional costs of operation, maintenance, and sustainability of the MRTFB; and for capability improvements, modernization, and recapitalization; and

3.2.2. Implements a reimbursement system to define and collect user charges in accordance with Chapters 1 and 4.

### 3.3 MRTFB Users

3.3.1. Plan, budget, and fund the MRTFB activities for applicable direct and/or indirect costs; and

3.3.2. Promptly fund(s) the activity managing the MRTFB facilities or ranges for expenditures of any consumable items, any damage to property or equipment caused by the user in the preparation for, or conduct of, any activity on the facility or range or for direct costs incurred or executed for aborted and/or canceled tests.

## 4.0 POLICY

### 4.1 General

The MRTFB is managed and operated under uniform financial guidelines across the DoD Components. Accordingly, all direct and indirect costs charged to MRTFB users must be uniform and applied consistently among all the MRTFB activities. DoD Components must work with the Director, TRMC to ensure financial uniformity and consistency. MRTFB activities' costs are billed to (1) MRTFB users, (2) direct appropriations of the managing activity, or (3) other sources as directed by DoD.

### 4.2 MRTFB Costs

DoD Components (including DoD training) and Non-DoD Components use an MRTFB. The MRTFB charges DoD Component users only direct costs. The MRTFB charges Non-DoD Component user direct costs plus an appropriate level of indirect costs. Non-DoD users must not increase the institutions' costs to the DoD to operate the MRTFB.

### 4.3 Accounting

4.3.1. Cost information sets fees and reimbursements. Each MRTFB activity must accumulate and report as required, the costs of its activities for management and audit purposes. In accordance with the SFFAS 4, "Managerial Cost Accounting Standards & Concepts", costs must be accumulated by using cost accounting systems. Such systems must accurately capture full costs (i.e., direct costs or costs directly attributed to a specific user; and indirect costs or costs that cannot be directly attributed to a specific user) and determine user charges or standard rates under agreements entered pursuant to Chapter 1 and DoDI 4000.19, "Support Agreements". Additionally, appropriate separation of duties and levels of authorization must be implemented into the cost-tracking process to protect vulnerable areas such as controls over automatic user billing and rate validation. All rates must be applicable to the specific product or service provided. Each MRTFB activity must validate standard rates at least annually and adjust them accordingly to reflect unanticipated changes in costs or market values.

\* 4.3.2. In accordance with DoDD 3200.11, MRTFB activities are categorized as Army, Navy, Air Force, Space Force, or DoD CIO. Specifically, multiple assets comprise MRTFB activities, each of which is reported individually on its respective consolidated Balance Sheet under

General Property, Plant, and Equipment and further disclosed in Note 10 to the financial statements.

#### 4.4 Reimbursements for MRTFB Activity Usage

4.4.1. In accordance with DoDI 4000.19, MRTFB activities and DoD or Non-DoD Federal Component users must use support agreements (memorandums of agreement or understanding) to document and establish the General Terms and Conditions between buyers and sellers for all inter- and intra-governmental reimbursable transactions. Additionally, in accordance with Volume 1, Chapter 4, buyers and sellers must [adhere to and properly annotate](#) the Standard Line of Accounting when generating or accepting a reimbursable order (i.e., Military Interdepartmental Purchase Request). Moreover, reimbursement of direct costs incurred for [prepositioning test instrumentation or assets for executed](#), aborted or canceled tests or for damages to property or equipment caused by a user in the preparation for, or conduct of, any activity on the facility or range; [and consumables expended for an executed, aborted or canceled test](#) must be pursued to the extent permitted by law and DoD policy.

4.4.2. For support agreements established during and or after Fiscal Year (FY) 2017 and whose terms extend beyond FY 2017, MRTFB activities and DoD or Non-DoD Federal Component users [must](#) upload and store their agreements on the Department of the Treasury's G-Invoicing platform (formally Invoice Processing Platform).

4.4.3. Working Capital Fund Activities. MRTFB activities [using](#) WCFs, [fund](#) operations through reimbursable inter-governmental orders and user fees collected from non-Federal users. Under the stabilized price standardized cost recovery method, [Component](#) managers of WCF activities must set rates/prices based on full cost recovery and must charge users in accordance with established pricing policies contained in Volume 2B, Chapter 9 and Volume 11B.

4.4.4. Non-Working Capital Fund Activities. MRTFB [activities not](#) using WCFs [fund](#) operations through direct appropriations, reimbursable inter-governmental orders, and/or user fees collected from non-Federal users.

##### 4.4.4.1. DoD Component Users

4.4.4.1.1. Direct Costs. DoD Component users reimburse MRTFB activities for direct costs identifiable with a particular program or [user](#) order. [MRTFB bills](#) direct costs in accordance with Chapters 1 and 4 [attributable](#) to a job or function supporting a [user](#) order.

4.4.4.1.1.1. [One or more DoD users of an MRTFB activity, by](#) mutual agreement, [may fund](#) investments in new or existing test and evaluation facilities. This agreement, however, must explicitly delineate responsibilities for [asset](#) ownership/capitalization, funding, staffing, operating, and maintaining the facility, and must be approved by all parties prior to [obligating](#) any funds for the project.

4.4.4.1.1.2. Investments made under subparagraph 4.4.4.1.1 that change the composition of the MRTFB must conform to DoDI 3200.18.

4.4.4.1.1.3. Direct incremental costs (i.e., costs resulting from an increase in production) must be charged to DoD Component users.

4.4.4.1.2. Indirect Costs. MRTFB activities must not charge DoD Component users for indirect costs.

4.4.4.1.2.1. The MRTFB activity must not charge DoD Component users for Overhead (indirect) costs. Overhead costs must remain fully borne by and paid for by the institutionally funded program element accounts comprising the MRTFB's budgetary structure.

4.4.4.1.2.2. Do not charge indirect incremental costs to DoD Components.

4.4.4.1.3. Military Personnel Costs. As a rule, the applicable military personnel appropriations must fund the cost of direct (and indirect) military labor incurred in the performance of a service for, or the furnishing of materials to, another DoD Component user. Therefore, since a direct appropriation funds military labor, do not charge the cost of military labor for non-WCF activity. WCF activities must be reimbursed by their users for the cost of military labor as prescribed in Chapter 6.

#### 4.4.4.2. Non-DoD Component Users

4.4.4.2.1. Direct Costs. Charge non-DoD Component users for MRTFB direct costs readily identifiable with a particular program or user order. Charge military labor incurred by non-Working Capital Fund activities to non-DoD Component users on the basis of the actual hours worked or assigned. Price military personnel costs at the composite standard military pay rates in accordance with Chapter 6, Appendix G.

\* 4.4.4.2.2. Indirect Costs. Non-DoD Component users are to be charged and must reimburse MRTFB activities for indirect incremental costs unless such support is required by statute or (1) is authorized by DoD Joint Ethics Regulation or DoD Public Affairs guidance; or (2) is provided after approval of an exception, in writing.

4.4.4.2.2.1. Requests for exceptions may only be approved by the Secretary of Defense, the Deputy Secretary of Defense, the Chief Management Officer (if authorized by existing policy), the Secretaries of the Military Departments (if authorized by existing DoD policy), and the Under Secretaries of Defense (if authorized by existing DoD policy).

4.4.4.2.2.2. Refer to Chapter 1 subparagraph 1.3.4.

4.4.5. Foreign Military Sales. Foreign Military Sales users must reimburse MRTFB activities in accordance with Volume 15, Chapter 7. Foreign user countries or foreign commercial entities must purchase services from MRTFB activities through Foreign Military Sales procedures authorized under the Arms Export Control Act.

4.4.6. Government-Furnished Services. When an MRTFB activity **is** included in a contractual agreement as government-furnished services, the user must be charged based on the category of the contracting government agency (see subparagraphs 4.4.4.1 or 4.4.4.2).

#### 4.5 Disposition of Collections

4.5.1. Working Capital Fund Activities. **WCF** MRTFB activities are funded through inter-governmental orders and user fees collected from non-Federal users. Section 2208(h) of Title 10 U.S.C., provides general authority for retention and use of amounts collected under both inter-governmental orders and user fees. Reimbursable inter-governmental orders are valid budgetary resources available to an MRTFB activity for obligation; however, an MFTRB activity financed using WCFs **must** recognize user fees as a budgetary resource **when** collected from a non-Federal user.

4.5.2. Non-Working Capital Fund Activities. For an MRTFB activity not financed using WCFs, its operations **are** financed through direct appropriations, reimbursable inter-governmental orders, and/or user fees collected from non-Federal users. Inter-governmental orders under reimbursable statutory authorities such as the Economy Act increase available budgetary resources financing the MRTFB. **If** a statutory miscellaneous receipts exception is applicable to a reimbursable transaction with a non-Federal user, user charges collected may be credited to the **applicable direct appropriation** reimbursable program. Section 4175(d) of Title 10, U.S.C., authorizes certain transactions with commercial entities conducting **MRTFB** test and evaluation activities.

**VOLUME 11A, CHAPTER 13: “DOD SUPPORT TO UNITED STATES  
COMMERCIAL SPACE ACTIVITIES”****SUMMARY OF MAJOR CHANGES**

Changes are identified in this table and also denoted by [blue font](#).

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The previous version dated [April 2019](#) is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
All	Administrative updates in accordance with the Department of Defense Financial Management Regulation Revision Standard Operating Procedures.	Revision
2.0	Revised language to include space vehicle launch operations, vehicle re-entry, and recovery.	Revision
3.1.2	Updated space launch services to include charging indirect costs to commercial customers, per the fiscal year (FY) 2024 National Defense Authorization Act (NDAA).	Addition
3.3	Updated fixed price estimates to include indirect costs, per the FY 2024 NDAA.	Addition

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## CHAPTER 13

**DOD SUPPORT TO UNITED STATES COMMERCIAL SPACE ACTIVITIES**

## 1.0 GENERAL

## 1.1 Purpose

This chapter provides reimbursable policy for the provision of Department of Defense (DoD) support to [United States \(U.S.\)](#) commercial space activities. This chapter applies to all DoD Components that provide support to [the U.S. commercial sector in the development of U.S. commercial space](#) launch operations and other related U.S. commercial space activities.

## 1.2 Authoritative Guidance

[The reimbursable policy and related requirements promulgated throughout this chapter are in accordance with the applicable provisions of:](#)

[1.2.1. \*Title 51, United States Code \(U.S.C.\), sections 50901 - 50923\*](#) (51 U.S.C. §§ 50901 - 50923) Commercial Space Launch Activities;

[1.2.2. \*51 U.S.C. §§ 50501 - 50506\*](#), Commercial Space Competitiveness; and

[1.2.3. DoD Directive, \*\(DoDD\) 3230.3\*](#), DoD Support for Commercial Space Launch Activities.

## \*2.0 DEFINITIONS

## 2.1 Commercial

[As defined under 51 U.S.C. § 50501](#), the term “commercial” means having private capital at risk, with primary financial and management responsibility for the activity residing with the U.S. commercial sector.

## 2.2 Direct Costs

[As defined under 51 U.S.C. § 50913 and DoDD 3230.3](#), the term “direct costs” includes those actual costs (including salaries of U.S. civilian and contractor personnel) incurred by DoD as a result of use of its space-related facility or resource by the U.S. commercial sector. These costs are reflective of costs that would not be borne by DoD in the absence of such use by the U.S. commercial sector [for space launch](#). These costs also include specific wear and tear and property damage incurred by the DoD as related to the [space vehicle launch and recovery](#).

## 2.3 Indirect Costs

The term “indirect costs” includes the actual costs of maintaining, operating, upgrading, and modernizing the DoD space-related facility.

## 2.4 DoD Space Launch Property

As defined under 51 U.S.C. § 50902 and DoDD 3230.3, DoD space launch property consists of items built for, or used to perform space launch operations [space vehicle re-entry, recovery](#), and other space-related activities.

## 2.5 DoD Space Launch Services

As defined under 51 U.S.C. § 50902 and DoDD 3230.3, DoD space launch services are those activities, including utilities, otherwise not needed for public use, involved in the preparation of a launch vehicle, its payload for launch, crew (including crew training), or space flight participation for launch, conduct of a launch, [re-entry, and recovery](#).

## 2.6 Property Damage Costs

Property damage costs represent the costs necessary to replace or restore the DoD property, or site, to its condition before the space-related lease/license.

# 3.0 PRICING

## 3.1 Pricing of DoD Space Launch Property and Services

### 3.1.1. DoD Space Launch Property.

3.1.1.1. Sale or Transfer. DoD space launch property that is excess or otherwise not needed for public use may be sold or transferred in lieu of sale to U.S. commercial sector launch vehicle operators performing commercial space activities (e.g., payload retrieval services, payload processing services). The transaction must be priced to recover direct costs, as defined in paragraph 2.2.

3.1.1.2. Lease/License. DoD space launch property that is excess or otherwise not needed for public use may be leased/licensed, on a non-interference basis, to U.S. commercial sector launch vehicle operators performing commercial space activities. The transaction must be priced to recover direct costs, as defined in paragraph 2.2.

### \* 3.1.2. DoD Space Launch Services.

3.1.2.1. For DoD space launch services, as defined in paragraph 2.5, the acquisition price represents an amount equal to the direct costs defined in paragraph 2.2.

3.1.2.2. For commercial space launch services, as defined in paragraph 2.5, customers will be charged direct costs and may be charged indirect costs.

### 3.2 Defense Working Capital Fund (DWCF) Activities

Generally, standard prices/stabilized rates must be charged for articles and services provided by activities operating under a DWCF. Refer to Volume 11B, Chapters 11 and 15, for additional details and exceptions.

### \*3.3 Fixed Price Estimates

Commercial space launch operators may be offered fixed price quotes for the sale of DoD launch services based on reasonable estimates of direct costs only when there is a well-defined contractor requirement and a reliable cost history of similar previous sales. Indirect costs may also be included.

## 4.0 BILLING

Invoices for support provided by DoD must be completed and transmitted to the U.S. commercial space activity within 30 calendar days after the month in which the performance occurred. The payment due date must be no more than 30 days from the date of the invoice.

## 5.0 DISPOSITION OF COLLECTIONS

### 5.1 Proceeds from DWCF Activities

Proceeds from the sale of articles and services from DWCF activities must be deposited to the DWCF.

### 5.2 Proceeds from Non-DWCF Activities

Proceeds from the sale of DoD launch property by a non-DWCF activity must be:

5.2.1. Credited to the general fund of the U.S. Treasury as miscellaneous receipts when the launch property is not to be replaced.

5.2.2. Deposited to the DoD appropriation account or fund, currently available for the procurement of the launch property, if the launch property is to be replaced.

### 5.3 Proceeds Deposits for License of Launch Property and Leases

Proceeds from the license of launch property must be deposited to the DoD appropriation account or fund currently available for financing the direct costs incurred. Proceeds from leases must be credited to the general fund of the U.S. Treasury as miscellaneous receipts.

#### 5.4 Proceeds Deposits from the Sale of Launch Services

Proceeds from the sale of DoD launch services must be deposited to the DoD appropriation account or fund that financed the provisioning of those launch services. These proceeds must be credited to the fiscal year in which the DoD Component provided the services.

**VOLUME 11A, CHAPTER 14: “DISPOSITION OF PROCEEDS OR FEES FOR SERVICES PROVIDED BY OR THROUGH THE USE OF A DOD LABORATORY, CENTER, RANGE, OR OTHER TESTING FACILITY”**

**SUMMARY OF MAJOR CHANGES**

Changes are identified in this table and also denoted by [blue font](#).

Substantive revisions are denoted by an asterisk (\*) symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by [bold, italic, blue, and underlined font](#).

The previous version dated [June 2021](#) is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
All	Updated formatting and hyperlinks to comply with current administrative instructions.	Administrative

**Table of Contents****VOLUME 11A, CHAPTER 14: “DISPOSITION OF PROCEEDS OR FEES FOR SERVICES PROVIDED BY OR THROUGH THE USE OF A DOD LABORATORY, CENTER, RANGE, OR OTHER TESTING FACILITY” ..... 1**

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## CHAPTER 14

### **DISPOSITION OF PROCEEDS OR FEES FOR SERVICES PROVIDED BY OR THROUGH THE USE OF A DOD LABORATORY, CENTER, RANGE, OR OTHER TESTING FACILITY**

#### 1.0 GENERAL

##### 1.1 Overview

The Department of Defense (DoD) promotes research and development within the commercial sector of the U.S. economy by transferring technology and information from the Department to the commercial sector. This policy strengthens both national and economic security by establishing a national technology and industrial base to sustain military superiority and increase U.S. production capabilities. The transfer of technology and information from the Department to the commercial sector enables critical research and leads to the development of both useful military and/or commercial technology.

##### 1.2 Purpose

This chapter prescribes financial management policy for reimbursement through sale or fee and, the disposition of fees and proceeds received by making testing facilities available; and resulting from the provision of samples, drawings, information, and equipment to any person or entity, as authorized. Authorization is provided by Title 10, United States Code, section 4892 ([10 U.S.C. § 4892](#)), “Availability of samples, drawings, information, equipment, materials, and certain services” and implemented in DoD Instruction ([DoDI 5535.11](#)), “Availability of Samples, Drawings, Information, Equipment, Materials, and Certain Services to Non-DoD Persons and Entities.” This chapter does not apply to facilities and ranges of the Major Range and Test Facility Base (MRTFB). See [Chapter 12](#), “Major Range and Test Facility Base,” for reimbursable policy applicable to DoD MRTFBs.

##### 1.3 Authoritative Guidance

The financial management policy and related requirements prescribed by this chapter are in accordance with the applicable provisions of:

- 1.3.1. [10 U.S.C. § 4001](#), “Research and development projects”;
- 1.3.2. [10 U.S.C. § 4123](#), “Mechanisms to provide funds for defense laboratories for research and development of technologies for military missions”;
- 1.3.3. [15 U.S.C. § 3710a](#), “Cooperative research and development agreements”;
- 1.3.4. [22 U.S.C. § 2753](#), “Eligibility for defense services or defense articles”;

- 1.3.5. [31 U.S.C. § 3302](#), “Custodians of money”;
- 1.3.6. [31 U.S.C. § 3512](#), “Executive agency accounting and other financial management reports and plans”;
- 1.3.7. [31 U.S.C. § 9701](#), “Fees and charges for Government services and things of value”;
- 1.3.8. Chief Financial Officers [\(CFO\) Act of 1990](#);
- 1.3.9. Department of Treasury (Treasury) Financial Manual (TFM) Volume I, Part 2, Chapter 4700 ([1 TFM Chapter 4700](#)) “Federal Entity Reporting Requirements for the Financial Report of the United States Government” and [1 TFM Part 5](#), “Deposit Regulations”;
- 1.3.10. [DoDI 5010.40](#), “Managers’ Internal Control Program Procedures”;
- 1.3.11. DoD Manual Volume 1 ([DoDM 4160.21-VI](#)), “Defense Materiel Disposition: Disposal Guidance and Procedures”;
- 1.3.12. Federal Accounting Standards Advisory Board (FASAB) Handbook, [FASAB Appendix E: Consolidated Glossary](#);
- 1.3.13. FASAB Handbook, Statement of Federal Financial Accounting Standards 7 ([SFFAS 7](#)), “Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting”;
- 1.3.14. Government Accountability Office 14-704G ([GAO-14-704G](#)), “Standards for Internal Control in the Federal Government”;
- 1.3.15. Office of Management and Budget ([OMB Circular A-25](#)), “User charges”; and
- 1.3.16. [OMB Circular A-123](#), “Management’s Responsibility for Enterprise Risk Management and Internal Control.”

## 2.0 DEFINITIONS

### 2.1 Drawing

A diagram, plan, or list detailing the fabrication and assembly of structural elements, or describing the steps for the installation of materials and equipment. A drawing details the characteristics, or outlines the parts of operation of a product or item.

### 2.2 Equipment or Materials

Equipment or materials are personal property, including machinery, devices, apparatuses, and components of such items. Personal property also includes systems, equipment, materials, and supplies. This does not include records of the Federal Government and real property (land



and improvements to facilities) as specified in the glossary portion of [DoDI 5000.64](#) “Accountability and Management of DoD Equipment and Other Accountable Property.” Personal property normally expected to have a period of service of a year or more after being put into use meets the equipment definition in [OMB Circular A-11](#) “Preparation, Submission and Execution of the Budget.”

### 2.3 Fair Value

The amount at which an asset or liability could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

### 2.4 Friendly Foreign Government

Those countries for which a Presidential Determination has been provided under 22 U.S.C. § 2753(a)(1), and to which transfer has not been prohibited by the Department of State under Title 22, Code of Federal Regulations, part 126 ([22 CFR 126](#)) of the International Traffic in Arms Regulations.

### 2.5 Historical Cost less Depreciation (Book Value)

Historical Cost includes all appropriate purchase, transportation, and production costs incurred to bring items to their current condition and location. Historical cost excludes abnormal costs, which should be expensed in the period incurred rather than capitalized as inventory.

### 2.6 Independent Research and Development Programs

[Independent Research and Development \(IR&D\)](#) programs are performed by non-government entities that are not sponsored by, or required in performance of government contracts or grants. These efforts include basic research, applied research, development, systems, and other concept formulation studies. These programs do not include technical efforts expended in developing and preparing technical data specifically to support submitting a bid or proposal.

### 2.7 Laboratory

A facility or group of facilities owned, leased, or otherwise under the jurisdiction and control of the DoD, a substantial purpose of which is the performance of research, development, engineering, test and evaluation, or otherwise developing or maintaining a technology in accordance with 15 U.S.C § 3710a.

### 2.8 Manufacturing or Other Information

Any blueprints, drawings, plans, instructions, documentation, or other technical information or technical data that can be used or adopted for use to design, engineer, produce, manufacture, operate, repair, overhaul, or reproduce any equipment or material.

## 2.9 National Technology and Industrial Base

The persons and organizations that are engaged in research, development, production, integration, services, or information technology activities conducted within the U.S., the United Kingdom of Great Britain and Northern Ireland, Australia, and Canada. Refer to [10 U.S.C. § 4801](#) “Definitions.”

## 2.10 Net Realizable Value

The estimated amount that can be recovered from selling, or any other method of disposing of an item, less estimated costs of completion, holding, and disposal.

## 2.11 Person or entity

An individual, partnership, corporation, association, state, local, or tribal government, or an agency or instrumentality of the U.S. Government other than the DoD.

## 2.12 Proceeds

[40 U.S.C. § 571](#) “General rules for deposit and use of proceeds,” defines proceeds as either the transfer of excess property to a Federal agency for agency use, or sale, lease, or other disposition of surplus property. [40 U.S.C. § 574](#) “Other rules regarding proceeds,” defines net proceeds (with respect to the disposition or transfer of property) as proceeds less all expenses incurred for the disposition or transfer, including care and handling. A gain or loss must be recorded for exchange transactions that are unusual or nonrecurring. In contrast, exchange revenue for exchange transactions that are usual and recurring must be reported. Further, exchange revenue is the proceeds from either intragovernmental sales by an organization that maintains an intragovernmental revolving fund, or when each party to a transaction receives and sacrifices something of value (e.g., when a DoD Component provides goods and services to the public). Refer to FASAB SFFAS 7, sections 238 and 314-315 of Appendix B for details.

## 2.13 Range

[10 U.S.C. § 101](#), “Definitions,” defines a range as a designated land or water area that is set aside, managed, and used for range activities of the DoD. This includes firing lines and positions, maneuver areas, firing lanes, test pads, detonation pads, impact areas, electronic scoring sites, buffer zones with restricted access, and exclusionary areas. It also includes airspace areas designated for military use in accordance with regulations and procedures prescribed by the Administrator of the Federal Aviation Administration. Range activities involve research, development, testing, and evaluation of military munitions, other ordnance, and weapons systems; and the training of members of the armed forces in their use.

## 2.14 Research Center

The Secretaries of the Military Departments may execute task order contracts, cooperative agreements, or other arrangements to obtain university technical expertise for up to 30 mission types. These arrangements must be made (to the degree practicable) in consultation with DoD

activities to provide technical expertise and to reduce costs and duplicative efforts. Examples of these DoD activities include the Federally Funded Research and Development Centers (FFRDCs), University Affiliated Research Centers (UARCs), and Defense Test Centers. Details may be found in [10 U.S.C. § 4001](#). The [Defense Innovation Marketplace](#) gives a listing of FFRDCs and UARCs.

## 2.15 Sample

A unit or units of a product drawn from a lot or batch that is representative of the product and is constructed in conformance with the requirements and complies with specifications of the product. The item may be from a prototype or final production version of the product.

## 2.16 User Fee/User Charge

A fee assessed to users for goods or services provided by the DoD. In the context of transactions with the public, user fees generally apply to Federal programs or activities that provide special benefits to identifiable recipients above and beyond what is normally available to the public. User fees are normally related to the cost of the goods or services provided. See [Chapter 4](#), “User Fees”.

## 2.17 Without Charge

This could be the result of Other Financing Sources resulting from Inflows of resources that increase the net position of a reporting entity during the reporting period but that are not revenues or gains. They include appropriations used, transfers of assets from other government entities, and financing imputed with respect to any cost subsidies. This could also be in the form of a grant as defined by [31 U.S.C. § 6304](#) “Using grant agreements.” According to 31 U.S.C. § 6304, an executive agency must use a grant agreement as the legal instrument reflecting a relationship between the U.S. Government and a state, a local government, or other recipient when (1) the principal purpose of the relationship is to transfer a thing of value to the state or local government or other recipient to carry out a public purpose of support or stimulation authorized by a law of the U.S. instead of acquiring (by purchase, lease, or barter) property or services for the direct benefit or use of the U.S. Government; and (2) substantial involvement is not expected between the executive agency and the state, local government, or other recipient when carrying out the activity contemplated in the agreement.

## 3.0 CONDITIONS GOVERNING SELLING, RENTING, LENDING

### 3.1 Authorization to Sell, Rent, Lend, Give, or Charge an Appropriate Fee

[10 U.S.C. § 4892](#) authorizes the Secretary of Defense (SecDef) or the Secretaries of the Military Departments concerned, in the interest of national defense, to:

3.1.1. Sell, rent, lend, or give samples, drawings, and manufacturing or other information (subject to the rights of third parties) to any person or entity;

3.1.2. Sell, rent, or lend Department equipment or materials to any person or entity:

3.1.2.1. For use in IR&D programs subject to the condition that the equipment or material be used exclusively for such research and development, or

3.1.2.2. For use in demonstrations to a friendly foreign government.

3.1.3. Make available to any person or entity, at an appropriate fee, the services of any Department laboratory, center, range, or other testing facility for the testing of materials, equipment, models, computer software, and other items; and

3.1.4. Make available to any person or entity, through leases, contracts, or other appropriate arrangements, the facilities, services, and equipment of any Department laboratory, research center, or range, if the facilities, services, and equipment provided will not be in direct competition with the domestic private sector.

### 3.2 Fee Determination Policies

In selling or leasing property or providing services or in making facilities, equipment, and other items available under subparagraphs 3.1.1 – 3.1.4, the DoD should charge appropriate fees in a manner consistent with [10 U.S.C. § 4123](#), 31 U.S.C. § 9701, OMB Circular A-25 and [Chapter 4, “User Fees”](#).

### 3.3 Fees for Defense Laboratories Research and Development

[3.3.1. 10 U.S.C. § 4123](#) authorizes a director of a defense laboratory to charge customer activities a fixed percentage fee (not to exceed four percent of costs), above normal costs of performance, in order to obtain funds to carry out four authorized activities. The defense laboratory director must first consult with the science and technology executive of the military department concerned.

[3.3.2.](#) Activities eligible for funding are:

3.3.2.1. Innovative basic and applied research that is conducted at the defense laboratory and supports military missions;

3.3.2.2. Development programs that support the transition of technologies developed by the defense laboratory into operational use;

3.3.2.3. Development activities that improve the capacity of the defense laboratory to recruit and retain personnel with necessary scientific and engineering expertise that support military missions; [and](#)

3.3.2.4. Repair or minor military construction of the laboratory infrastructure and equipment, only if:

3.3.2.4.1. The [SecDef](#) notifies the congressional defense committees of the total cost of the project before the start date; and,

3.3.2.4.2. The [SecDef](#) ensures the project complies with the applicable cost limitations in 10 U.S.C. §§ 2805(d) and 2811.

#### 4.0 PROCEEDS OR FEES

##### 4.1 General Policy

4.1.1. 31 U.S.C. § 9701 gives DoD the authority to charge fees in order to be self-sustaining as much as possible for services, sales, and rentals provided to a person (except a person on official business of the Department). The word person includes groups, associations, organizations, partnerships, corporations, and other businesses. Accordingly, the [SecDef](#) is authorized to prescribe regulations establishing the charge for a service or thing of value provided by the Department.

4.1.2. The sales price and rental fees related to subparagraphs 3.1.1 and 3.1.2 must be calculated in accordance with paragraphs 4.2 and 4.3. Fees for services provided in accordance with subparagraphs 3.1.3 and 3.1.4 must be calculated in accordance with paragraph 4.3. [10 U.S.C. § 4892](#) prohibits these fees from exceeding the full amount of all direct and indirect costs incurred by the Department. DoD Working Capital Fund activities must establish stabilized rates and unit prices for goods and services in accordance with [Volume 11B, “Reimbursable Operations Policy – Working Capital Funds \(WCF\).”](#)

4.1.3. Internal controls must be established in accordance with 31 U.S.C. § 3512, OMB Circular A-123, GAO-14-704G and DoDI 5010.40. Managers of DoD Components must be able to identify, measure, and assess risks related to mission delivery in establishing, collecting and reporting sales price and fees. The determination as to the effectiveness of internal controls must be justified, documented, and be able to stand up to audit scrutiny in accordance with the [DoD Financial Statement Audit Requirements and Overview Guide](#) as amended (DoD Common Access Card enabled access only).

4.1.4. OMB Circular A-25 requires DoD to initiate and adopt user charge schedules. In addition, these schedules must be reviewed biennially to ensure the charges are properly applied and adequately adjusted for changes in costs or market values. Furthermore, the biennial review of user fees must be published and discussed in the annual DoD Agency Financial Report (AFR). The CFO Act of 1990 requires the publication of the DoD annual AFR.

4.1.5. When a Department laboratory, center, range, or testing facility makes a decision to sell, rent, lend or give samples, drawings, information, or equipment or charge a fee for services subject to DoDI 5535.11, then the financial management policy outlined in paragraphs 4.2 through 4.5 regarding calculation, collection, and disposition of proceeds or fees must be followed.

## 4.2 Calculation of Sales Price

4.2.1. In general, the sales price of samples, drawings, information, equipment, or materials in accordance with subparagraphs 3.1.1 and 3.1.2 will be calculated or determined prior to or at the time of the sale. When calculating or determining the sales price of such assets, consideration must be given to the following:

4.2.1.1. Fair Value (defined at paragraph 2.4);

4.2.1.2. Historical Cost less Depreciation - Book Value (defined at paragraph 2.6 and in the FMR “Glossary”);

4.2.1.3. Replacement Cost (defined in the FMR “[Glossary](#)”);

4.2.1.4. Net Realizable Value (defined at paragraph 2.11);

4.2.1.5. Discounted (Cash) price (defined in the FMR “Glossary”). This may be used when selling an asset to a state or local agency;

4.2.1.6. Without charge (as defined at paragraph 2.17). This action may be considered when reutilizing an asset within DoD, transferring an asset to another Federal agency, or donating an asset to a state or local agency); and

4.2.1.7. The specific mission, goals, and/or objectives of the research and development project associated with a particular asset’s sale.

4.2.2. Additional guidance on the sale (and disposal) of DoD property can be found on the website for the [DLA Disposition Services](#). Moreover, specific guidance regarding property disposal can be found in DoDM 4160.21-V1 and DLA I 4160.01.

## 4.3 Calculation of Fees

4.3.1. When DoD services, facilities, or equipment are made available in accordance with subparagraphs 3.1.3 and 3.1.4, an appropriate user fee must be imposed by the DoD Component providing the service, facility, or equipment to recoup the total cost incurred.

4.3.1.1. In accordance with [10 U.S.C. § 4892](#), user fees may not exceed the amount necessary to recoup the direct and indirect costs incurred (i.e., total or full costs) by providing the service, facility, or equipment. However, DoDI 5535.11 allows for the elimination of indirect costs when approved by the director or commander, prior to providing the service or use of facilities and equipment.

4.3.1.2. Costs may include capital improvement costs, utility costs, depreciation, contractor support, salaries of personnel, and all other ancillary support costs. Refer to DoDI 5535.11.

4.3.1.3. Specific policy pertaining to the calculation (i.e., identification of specific costs) and reporting of fees for the provision of services, equipment, and facilities pursuant to subparagraphs 3.1.3 and 3.1.4, can be found in Chapter 4 under the authority of OMB Circular A-25.

4.3.2. When approved by the laboratory directors, facility directors, and/or commanders, prior to providing the service or use of facilities and/or equipment, all or a portion of the indirect costs may be eliminated from the fee. Fees charged for services at less than total costs are permitted only when there is a compelling reason or it is determined to be in the best interest of national defense to do so.

4.3.2.1. Special consideration as to recovery of less than full costs may be given when:

4.3.2.1.1. The recipient of the benefit is engaged in a nonprofit activity designed for public safety, health, or welfare;

4.3.2.1.2. Payments of full fees by a state, local government, or nonprofit activity would not be in the Department's best interest; or

4.3.2.1.3. The laboratory directors, facility directors, and/or commanders have determined the administrative costs of determining and collecting the full fees would outweigh the benefits to the Component.

4.3.2.2. When less than full cost is charged, laboratory directors, facility directors, and commanders must maintain adequate documentation justifying or supporting each decision. Such documentation must address the criteria in subparagraphs 4.2.1 and 4.2.2, and be available for audits or inspections and for review by higher authorities.

4.3.3. DoD Working Capital Fund laboratories and facilities must use standard (stabilized) rates to establish fees in accordance with Volume 11B, and DoD Components designated as MRTFBs must determine costs and fees in accordance with Chapter 12.

#### 4.4 Collection of Proceeds or Fees

4.4.1. DoD Components should make every effort to collect proceeds or fees electronically, (e.g., electronic funds transfer), and utilize, as applicable, the collection services provided by the Treasury's Bureau of the Fiscal Service (Fiscal Service) as outlined in the TFM, Volume 1, Part 5, and also [Part 2, Chapter 4700, Appendix 5](#), "Section 3 - Intragovernmental Payment and Collection;" and further described in [Volume 5, Chapters 8](#), "Collections" and [Volume 5, Chapter 11](#), "Electronic Commerce and Deposit of Public Funds." Moreover, support agreements with DoD Components or other Federal Government agencies, contract agreements with private parties or entities that are established in conjunction with sales, rentals, or lending of property identified in subparagraphs 3.1.1 and 3.1.2 and fees received for services identified in subparagraphs 3.1.3 and 3.1.4, should include requirements to use, as applicable, the collection services provided by the Fiscal Service.



4.4.2. In accordance with OMB Circular A-25, user fees must be collected in advance of, or simultaneously with, the rendering of services unless appropriations and authority are provided to allow for reimbursable services.

4.4.3. All fees for services that incur variable costs over time, such as personnel or utility costs, may be collected incrementally over time.

#### 4.5 Disposition of Proceeds or Fees Received

4.5.1. A DoD official or agent must safely keep public money in his/her custody or possession in accordance with 31 U.S.C. § 3302. The code prohibits lending, using public money, depositing the money in a bank, or exchanging it for other amounts. The code requires depositing the money in the Treasury not later than three days upon receipt. The Secretary of the Treasury may prescribe another timeframe requirement. The [SecDef](#) may allow an official or agent to incur expenses to collect, keep, transfer, and pay out public money.

4.5.2. Proceeds received from sales or rentals provided in accordance with subparagraphs 3.1.1 and 3.1.2 must be credited to the General Fund of the Treasury as miscellaneous receipts as required by 31 U.S.C. § 3302 and DoDI 5535.11.

4.5.3. Under authority of [10 U.S.C. § 4892](#), fees collected for services or when making facilities, equipment, and other items available under subparagraphs 3.1.3 and 3.1.4 may be credited to the appropriations or other funds of the Component making such services, facilities, and equipment available.

#### 4.6 Warranties and Liabilities

All transfers of property or services of whatever nature made pursuant to this policy must be without any express or implied warranty. This means the recipient of the property or services must agree in writing to hold harmless and indemnify the Department from any liability or claim for damages or injury to any person or property arising out of the property or services provided.

#### 4.7 Liability for Loss of or Damage to Property of the Department

The written support agreement or contract with an individual, company, corporation, or organization must include a clause stating the Department will be reimbursed for any losses or damages arising out of or in conjunction with the use of DoD property. Refer to [Volume 12, Chapter 7, “Financial Liability for Government Property Lost, Damaged, Destroyed, or Stolen”](#) for guidance on how to assess financial liability.



**VOLUME 11A, CHAPTER 15: “TRAINING OF SPECIAL OPERATIONS FORCES  
WITH FRIENDLY FOREIGN FORCES”****SUMMARY OF MAJOR CHANGES**

Changes are identified in this table and also denoted by [blue font](#).

Substantive revisions are denoted by an asterisk (\*) symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by [\*\*\*bold, italic, blue, and underlined font\*\*\*](#).

The previous version dated [July 2019](#) is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
All	Updated formatting and hyperlinks to comply with current standard operating procedures.	Revision
2.0	Moved types of training expenses out of the authoritative guidance section.	Revision
3.4	Updated paragraph to better align with the Title 10 U.S. Code, Section 381(b) change from quarterly to semi-annual reporting on use of funds for security cooperation programs.	Revision

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## CHAPTER 15

### TRAINING OF SPECIAL OPERATIONS FORCES WITH FRIENDLY FOREIGN FORCES

#### 1.0 OVERVIEW

##### 1.1 Purpose

This chapter provides accounting and reporting procedures to implement provisions of Title 10, United States Code, section 322 ([10 U.S.C. § 322](#)) that are related to the training of special operations forces with friendly foreign forces.

##### 1.2 Authoritative Guidance

10 U.S.C. § 322, authorizes the Commander, United States Special Operations Command and the commander of any other unified or specified combatant command to pay, or authorize payment for, any of the expenses [described in paragraph 2.1](#).

#### \*2.0 PAYMENT OF TRAINING EXPENSES

##### 2.1 Types of Expenses

[2.1.1](#). Expenses of overseas training of U.S. special operations forces, to include civil affairs forces and psychological operations forces, assigned to the combatant commander in conjunction with training, and training with, armed forces and other security forces of a friendly foreign country.

[2.1.2](#). Expenses of deploying such special operations forces, including civil affairs forces and psychological operations forces, for that training.

[2.1.3](#). Incremental expenses incurred, in the case of training in conjunction with a friendly developing country, by that country as the direct result of such training. The term, “incremental expenses,” with respect to a developing country, means the reasonable and proper costs of rations, fuel, training ammunition, transportation (except to and from the continental United States or from one country to another country), and other goods and services consumed by such country, except that the term does not include pay, allowances, and other normal costs of such country’s personnel.

##### 2.2 Purpose of Training

For the authority cited in paragraph [2.1](#) to apply, the primary purpose of the overseas training activities must be the training of special operations forces of the combatant commands. Training of foreign forces may not be the primary purpose.

### 3.0 POLICY AND PROCEDURES

#### 3.1 Accounting Procedures

Departmental funds expended to facilitate the participation of friendly foreign forces training with U.S. special operations forces must be incurred and reported under the following guidelines:

3.1.1. Funding for training of U.S. personnel may include amounts for training expenses authorized in 10 U.S.C. § 322. The funding source for these proposed payments must be funds made available to the applicable [Department of Defense \(DoD\)](#) Component for these purposes.

3.1.2. Prior to [the](#) commencement of the training, agreement on implementing arrangements should be reached in terms of the types and scope of non-financial support and financial contributions to be provided by the United States to a foreign country or by a foreign country to the United States. In order to protect the interests of the United States, the essential terms of the arrangement should normally be documented in writing and a copy of the document provided to the foreign country. In addition, the arrangement should request that each participating country identify both physical and financial contributions to the training effort and the amount of expenses paid related thereto. Formal foreign agreements, under the provisions of [DoD Instruction 5530.03](#), “International Agreements,” are not required with respect to these implementing arrangements.

3.1.3. If the participating country is unable to identify its expenses in time to meet reporting requirements, then knowledgeable U.S. personnel will estimate that participant’s contributions, and the value of expenses paid in U.S. dollar equivalents at the exchange rate in effect at the time of the training. Estimates of a participating country’s contributions may be calculated using relative factors of comparable costs for similar U.S. training activities.

3.1.4. Arrangements with a friendly developing country may provide for financial or in-kind payment to the developing country by the United States for incremental expenses incurred by that country as a direct result of such training. “Incremental expenses” are defined in subparagraph 2.1.3.

3.1.5. Arrangements with a friendly country also may provide for payment to that country by the United States for the costs of support provided to U.S. personnel by the host country. Expenses that may be paid under the terms of an arrangement with a friendly country for [the](#) support provided to U.S. personnel by that country are limited to those types of expenses included in the definition of incremental expenses described in subparagraph 2.1.3.

3.1.6. For expenses that are to be paid to a friendly country, either incremental costs incurred by a developing country or support provided by a host country to U.S. personnel, the arrangement must stipulate that the host country provides, in advance of payment, appropriate documentation to support the payment. This documentation must include dates, quantities, units, and costs so that the senior U.S. official can determine the reasonableness and propriety of such costs, in U.S. dollar equivalents at current exchange rates, for the various types of authorized expenses incurred.

3.1.7. The following procedures must be followed to substantiate payments for reasonable incremental expenses incurred by a developing country.

3.1.7.1. The senior foreign official participating in the training must certify that the documentation provided to support the claim for payment reflects reasonable and proper expenses incurred during the training.

3.1.7.2. The senior U.S. official participating in the training must include a statement that, in his or her judgment, the documentation reflects reasonable and proper expenses.

3.1.7.3. If the senior U.S. official participating in the training questions the propriety or reasonableness of any expense claimed by the foreign country, resolution of those questions must occur before the payment is made.

3.1.8. The following procedures must be followed to substantiate payments for reasonable expenses to support U.S. personnel.

3.1.8.1. The U.S. official accepting the goods or services on behalf of the United States Government must certify receipt and acceptance for the United States Government. The acceptance must include documentation of the dates, quantities, units, and costs of the various types of support received.

3.1.8.2. The host country must submit a claim for payment that includes documentation of the dates, quantities, units, and costs, in U.S. dollar equivalents at current exchange rates, of the various types of support provided.

3.1.9. The annual report (described in paragraph 3.2) requires a determination of both financial and non-financial contributions to the training effort and the amount of related expenses paid by the participants in such training. Financial and non-financial contributions include all costs that are incurred because of the training. The accounting records from which the contributions are reported must include the separate identification of all the costs incurred, such as:

3.1.9.1. Rations, fuel, and training ammunition.

3.1.9.2. Personnel (including lodging and per diem costs) for other than normal pay and allowances.

3.1.9.3. Costs associated with training areas, firing ranges, storage sites, and other similar items and facilities used during the training. These costs must be attributable directly to such training.

3.1.9.4. All transportation of personnel, equipment and supplies to and from the training area.

3.1.10. The operations and maintenance funds expensed under 10 U.S.C. § 322, are not to be used to supplement other accounts, to circumvent budget ceilings established for other accounts, or to assume the mission of programs funded from other accounts.

3.1.11. 10 U.S.C. § 322 authorizes the Department to program and expend operation and maintenance funds to train U.S. special operations forces, including civil affairs forces and psychological operations forces, with friendly foreign nations. It does not provide authority to conduct any type of training activity that the Department otherwise cannot legally conduct. Any training activity funded under this statutory authority must be conducted in accordance with DoD directives, regulations, and instructions, and all other applicable interagency procedures.

### 3.2 Annual Report by U.S. Unified Combatant Commands

Funds expended under the authority of 10 U.S.C. § 322 must be reported by the appropriate combatant commands on a fiscal year basis to the Assistant Secretary of Defense (Special Operations/Low Intensity Conflict (ASD(SO/LIC))) to arrive not later than February 1 of each year. Each fiscal year report submitted by the combatant commands must be organized by theater and presented for each country in alphabetical order with each joint combined exchange training (JCET) deployment listed in chronological order. The reporting of classified training activities, if any, must be properly classified and the classification prominently identified. Each report must specify the following:

3.2.1. All countries in which training was conducted.

3.2.2. The type of training conducted in each country for each JCET, including whether such training was related to counter-narcotics or counter-terrorism activities; the date and duration of that training; the number of U.S. military personnel involved; and the total expenses paid by the United States. Total expenses paid by the United States must be the total of (1) amounts paid for deploying and training U.S. special operations forces, including the costs listed in subparagraph 3.1.9; (2) amounts paid to a foreign country for support provided to U.S. personnel, as described in subparagraph 2.1.8; and (3) financial payments to a developing foreign country for incremental expenses, as described in subparagraph 3.1.7.

3.2.3. The extent of participation by foreign military forces, including the number and service affiliation of foreign military personnel involved and the physical and financial contribution of each host nation to the training effort.

3.2.4. The relationship of that training to other overseas training programs conducted by U.S. Armed Forces, such as military exercise programs sponsored by the Joint Chiefs of Staff, military exercise programs sponsored by a U.S. unified combatant command, and military training activities sponsored by a Military Department (including deployments for training, short duration exercises and other similar unit training events).

### 3.3 Consolidated Budget Display for DoD Security Cooperation Programs

3.3.1. The DASD for Security Cooperation (DASD(SC)), must receive from ASD(SO/LIC) by August 1 each year budget request data for activities to be conducted in the subsequent fiscal year, including the specific country or region pursuant to 10 U.S.C. § 322 for the purpose of developing a Consolidated Budget Display in accordance with 10 U.S.C. § 381(a).

3.3.2. The [Under Secretary of Defense \(Policy\) \(USD\(P\)\)](#) must submit a consolidated budget for all security programs and activities of the Department of Defense each year, consistent with the submission of the President's annual budget request.

**\*3.4    [Semiannual Report on Use of Funds](#) for DoD Security Cooperation Programs**

3.4.1. The Combatant Commands must transmit to the Director, Defense Security Cooperation Agency ([DSCA](#)), no later than 15 days after the end of each calendar quarter, the cumulative total of all obligations and expenditures related to 10 U.S.C. § 322.

3.4.2. The Director, DSCA must transmit to the [appropriate subcommittees of Congress](#) a report on the obligation and expenditure of funds for security cooperation programs and activities of the [DoD](#) in accordance with 10 U.S.C. § 381(b), [by not later than August 31 for the first six-month period of that year; and February 28 of each year for the second six-month period of the previous year.](#)

**3.5    Annual Report by the Secretary of Defense**

3.5.1. The ASD(SO/LIC) must receive reports from the commander of the special operations command, and the commander of any other unified or specified combatant command, as described in this chapter, and compile those reports into a single document and forward it to the USD(P).

3.5.2. The USD(P) must, not later than April 1 of each year, submit on behalf of the Secretary of Defense the required annual report to the Armed Services and Foreign Relations Committees of the Senate and the National Security and Foreign Affairs Committees of the House of Representatives.

3.5.3. The annual report must cover training during the preceding fiscal year for which expenses were paid under 10 U.S.C. § 322.

**VOLUME 11A, CHAPTER 16: “ACCOUNTING FOR PRODUCTION AND SALE OF FOREST PRODUCTS”****SUMMARY OF MAJOR CHANGES**

Changes are identified in this table and denoted by **blue font**.

Substantive revisions are denoted by an asterisk (\*) symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by **bold, italic, blue, and underlined font**.

The previous version dated **August 2002** is archived.

<b>PARAGRAPH</b>	<b>EXPLANATION OF CHANGE/REVISION</b>	<b>PURPOSE</b>
Policy Memo, 3.4	The Deputy Chief Financial Officer memorandum titled; “Treasury Appropriation Fund Symbols for the Department of Defense Forestry Products Program (FPM 22-02)” dated December 12, 2022, has been incorporated into the chapter and cancelled.	Cancellation
1.2	Added Authoritative Guidance section.	Addition
Figure 16-1 (previous version), 2.0	Deleted Figure 16-1 and clarified the definition of Forest Products under paragraph 2.0.	Deletion/Revision
Annex A	Revised Annex A to incorporate Army Regulation 200-1: “Environmental Protection and Enhancement”.	Revision



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## CHAPTER 16

**ACCOUNTING FOR PRODUCTION AND SALE OF FOREST PRODUCTS**

## 1.0 GENERAL

## 1.1 Purpose

This chapter establishes the policy and procedures to account for the production and sale of forest products (see [Table 16-1](#)). This chapter also assigns responsibility for Department of Defense (DoD) reimbursement and for the entitlement of a state to a share in the net proceeds (see [Table 16-1](#)) derived from forest products sold from military installations or facilities.

## \*1.2 Authoritative Guidance

The accounting policy and related requirements prescribed by this chapter are in accordance with the applicable provisions of:

1.2.1. [Title 10, United States Code \(U.S.C.\), section 2665](#), “Sale of certain interests in land; logs”;

1.2.2. Department of the Treasury,  
[Federal Account Symbols and Titles: “The FAST Book”](#); and

1.2.3. [DoD Instruction \(DoDI\) 4715.03](#), “Natural Resources Management”.

## \*2.0 DEFINITIONS

For purposes of this chapter, the definitions are as follows:

2.0.1. [Forest Products](#). All plant materials in forested and wooded areas that have commercial value. Materials include, but are not limit to, sawlogs, timber, veneer logs, poles, piles, posts, pulpwood, pine straw, stump wood, bark, and other mulch, cones, seeds, mistletoe, firewood, Christmas trees, and wood chips.

2.0.2. [Net Proceeds](#). The amount [the United States](#) received during a fiscal year (FY) as proceeds from the sale of forest products produced on a military installation or facility, minus the amount reimbursed to the [DoD](#), under 10 U.S.C. § 2665, for program costs incurred by that installation or facility. Program costs include obligations for current operating expenses and for the purchase of capital equipment required to operate the program.

2.0.3. [Reserve Funds](#). A reserve account authorized under 10 U.S.C. § 2665 and administered by the [DoD](#). (The standard general ledger accounts used to report DoD entries are provided in the Transaction Library and Standard Reporting Chart of Accounts available on the Office of the Deputy Chief Financial Officer [SFIS](#) web page.) The amount is held in the U.S.

Treasury Special Fund Account 21\*5285, Reserve Account, DoD, Forest Products Program, Army (Replace \* with fiscal year designation).

**2.0.4. Surplus Funds.** The amount expected to be available during the year within the DoD after providing for the reimbursements. These funds represent the amounts to be transferred to the DoD Forestry Reserve Account.

### 3.0 APPLICABILITY AND SCOPE

The policies and procedures established by this chapter:

**3.0.1.** Apply to the Office of the Secretary of Defense (OSD) and to the Military Departments (MilDeps, including their Reserve Components). The term “Military Services,” as used herein, refers to the Army, Navy, Air Force, and Marine Corps.

**3.0.2.** Cover forest products production and sales programs on military installations or facilities in the United States.

**3.0.3.** Do not apply to forestry activities within the civil programs of the U.S. Army Corps of Engineers (USACE) or to the state-owned National Guard installations.

#### 3.1 Policy and Procedures

**3.1.1.** DoD appropriations that incur obligations to fund the production and sale of forest products must be reimbursed from collections made **because of** the sale of those products.

**3.1.2.** Remaining collections are disposed of, as follows:

**3.1.2.1. Distribute** forty (40) percent of installation net proceeds to the state that includes the military installation or facility from which forest products were sold during a fiscal year. If the installation or facility is in more than one state, each state shares the proceeds proportional to the installation or facility **area** in each state. (See paragraphs 2.0.2 and 3.6)

**3.1.2.2. Disburse** to each state **and transfer** any remaining amount to the reserve account. (See paragraph 3.2.) **If** collections from the sale of forest products are inadequate, production and sale **obligations** may be financed either from the appropriation accounts or from transfers from the reserve account when other sources of funds are not available in a timely manner. If a disbursement to a state is rejected or **cannot** occur then the transfer will be deposited into the Reserve account.

#### 3.2 DoD Forestry Reserve Account (DoD FRA)

A DoD reserve account **must** be established. **This** account may be used for:

**3.2.1.** Improvements of forest lands;

3.2.2. Unanticipated contingencies in the administration of forest lands and the production of forest products for which other sources of funds are not available in a timely manner; and

3.2.3. Natural resource management that implements approved plans and agreements.

3.2.4. The balance **must** not exceed \$4 million on December 31 of any calendar year. Unobligated balances exceeding \$4 million on that date **are** deposited in the U.S. Treasury General Fund Miscellaneous Receipts Account. (See paragraph 3.4.2.)

### 3.3 Operating Procedures for Program Obligations

3.3.1. Program obligations **must** be related directly to the economic production and sale of forest products in the following functions:

3.3.1.1. Forest Improvement. Obligations incurred to improve an existing timber stand or forest, whether it is planted, seeded, or natural, to include thinning, pruning, and controlling undesirable vegetative growth.

3.3.1.2. Reforestation. Obligations incurred for natural or artificial regeneration include planting, purchasing seeds or seedlings, preparing sites, and controlling insects, diseases, vegetation, and animals.

3.3.1.3. Forest Protection. Obligations incurred to protect a forest capable of economic production of forest products from damage by fire, insects, diseases, animals, floods, and erosion.

3.3.1.4. Forest Access Roads. Obligations incurred for construction, reconstruction, repair and maintenance of forest access roads and trails, and for repair of other roads **because of** forest production and harvest operations.

3.3.1.5. Sales. Obligations incurred to facilitate **forest product** sales and preparation for sales, including appraising, cruising, marking, scaling, advertising, and escorting prospective bidders, as well as preparing, administering, and enforcing compliance with sales contracts.

3.3.1.6. Management. Obligations incurred to manage the functions listed in subparagraphs 3.3.1.1 through 3.3.1.5, including supervising, planning, programming, conducting field surveys and inventories, training, and attending professional meetings.

3.3.1.7. Forestry Equipment. Obligations incurred to purchase vehicles, minor equipment, and heavy equipment used exclusively in forest management (purchased, as appropriate, by O&M or procurement appropriations under reimbursable program authority).

3.3.2. To the extent that an installation receives applicable program support from a function or activity **above** the installation level, costs **must** be prorated based on the level of effort among all applicable military installations or facilities in the program.

3.3.3. Program obligations do not include amounts incurred for operations that, while related to the land and forest, are for other purposes such as the military mission, recreation, general area improvement, wildlife management, and beautification. Do not include amounts for the protection of forests that are incapable of economic production of timber products. Program obligations at all organizational levels **must** be categorized according to the functions listed in subparagraphs 3.3.1.1 through 3.3.1.7.

3.3.4. Reimbursable program obligations under 10 U.S.C. § 2665(d) include all program costs except those cited in subparagraph 3.3.3. Acquisition of equipment **is** justified on an economic basis. When general equipment is used in forestry program operations, obligations incurred by DoD appropriations for that use **are** included as program costs.

#### **\*3.4 Accounting and Reimbursements**

3.4.1. Proceeds collected from forestry sales **must** be turned over to the supporting DoD disbursing officer. The MilDeps **must** use the Treasury Appropriation Fund Symbols (TAFS) identified in Table 16-1 to ensure proper accounting and reporting of proceeds from the sales of DoD forestry products. 10 U.S.C. § 2665 provides complete guidance for collections and disbursements related to the Forestry Products Program. Annually, MilDeps **must** forecast and communicate requirements to their respective Forestry Program Manager and Budget Officer to facilitate the accurate apportionment of Forestry Program funding.

3.4.2. The Department of the Army is the only MilDep authorized to use special fund account 21\*5285, "Forestry Reserve Account" (FRA), for its annual Forestry Products Program. The Army manages, on behalf of the Office of the Secretary of Defense, the FRA separately from its annual apportionment and ensures the FRA balance within 21\*5285 does not exceed the \$4 million unobligated balance threshold by December 31 of each calendar year. The Department of the Navy and Department of the Air Force collect and execute (obligate and disburse) the Forestry Products Program proceeds using their General Fund (GF) and Operation and Maintenance (O&M) accounts. That portion of the proceeds used to finance reimbursable expenses **must** be transferred to the funding O&M or procurement appropriation in accordance with annual budget guidance. Table 16-1 illustrates the applicable TAFS.

3.4.3. The MilDeps **must** validate the accuracy and completeness of their Forestry account transactions, maintain auditability of their Forestry account transactions, and transfer all residual funding to the DoD FRA by the first week of December of each calendar year. The MilDeps **must** obligate and disburse Forestry Program proceeds only for purposes specifically authorized in 10 U.S.C. § 2665.

3.4.4. All MilDeps are prohibited from using the Budget Clearing Account (suspense) F3875 to record and report forestry product proceeds. Each MilDep received instructions to develop standard operating procedures documenting their process to ensure all future collections and disbursements in the program are in accordance with this policy.

### 3.5 Compute Entitlements

3.5.1. Compute entitlements to each state in accordance with 10 U.S.C. § 2665(e). Determine these entitlements based on a separate calculation for each military installation or facility from which forest products were sold in that fiscal year.

3.5.2. Maintain records for each military installation or facility concerned to effect sales proceeds and reimbursable program obligations by fiscal year. If a military installation or facility is located in more than one state, make [payments proportional to the area of the installation or facility situated in](#) each state. If an installation or facility is in more than one county within a state, a description of the areas (acres) of the installation or facility situated in each county may accompany that state's entitlement.

3.5.3. Disburse states' entitlements within 90 days after the end of the fiscal year. [Pay](#) by electronic funds transfer.

### 3.6 Distribute Net Proceeds

As directed by the USD (Acquisition and Sustainment) ([A&S](#)) or designee, in coordination with the Office of the Under Secretary of Defense (Comptroller) (OUSD(C)), distribute net proceeds among the MilDeps to meet the overall funding requirements of the DoD forestry program.

### 3.7 Coordinating and Reporting Requirements

Figure 16-2 contains USD([A&S](#)) coordinating and reporting requirements. The Forest Products Sales Program report has been assigned Report Control Symbol DD-A&T(Q&A)1649. See subparagraph [4.2.1](#), and Figures [16-2](#), [16-3](#), and [16-4](#).

## 4.0 RESPONSIBILITIES

### 4.1 The USD([A&S](#)) or Designee [must](#):

4.1.1. Issue and monitor policy on forest management of DoD lands in accordance with DoDI 4715.03, "Natural Resources Management."

4.1.2. Advise the MilDeps of potential downward adjustments in funding for the program during the year if timely receipt of anticipated proceeds becomes doubtful.

### 4.2 The Secretaries of the MilDeps [must](#):

4.2.1. Prepare annual forestry program budgets for the coming fiscal year that include anticipated sales revenue, program obligations, states' entitlements, unfinanced requirements, and transfers. See Figure 16-1, "Coordination and Reporting Requirements" for due date and other reporting information.

4.2.2. Ensure that all proposed obligations are related directly to the economical production and sale of forest products, consistent with DoDI 4715.03.

4.2.3. Ensure that no unplanned program obligations are incurred simply to “use up” proceeds.

4.2.4. Adjust the program downward during the year by reducing planned obligations if actual proceeds do not materialize at anticipated levels and sufficient funding cannot be obtained from the reserve account.

4.2.5. Ensure that all program obligations are accumulated in DoD appropriation accounts and that reimbursements and distributions to states and the use of funds from the DoD Reserve Account conform to paragraph 3.2.

4.2.6. Comply with requirements stated in paragraph 3.5.

4.2.7. Coordinate approved budgets with the USD(A&S) or designee to assist in planning and trade-off analysis and to ensure the effective and efficient functioning of the overall DoD program.

4.2.8. Review the cumulative total obligations incurred, estimated program obligations, cumulative revenue, and realistic estimates of future revenue to determine whether DoD forests remain capable of economic production.

4.2.9. Identify to the DoD Supporting Agent (SA) (see subparagraph 4.3.1) the official who is authorized to transfer surplus funds (see Figure 16-1) and accept reserve funds.

4.3 The Secretary of the Army must:

4.3.1. Act as DoD SA to monitor and coordinate financial management of the DoD forest products program.

4.3.2. Coordinate the transfers of surplus and reserve funds.

4.3.3. Maintain the DoD Forestry Reserve Account (21\*5285) and make transfers in accordance with the instructions from the USD(A&S) or designee (Replace \* with fiscal year designation).

Table 16-1 Treasury Appropriation Fund Symbols (TAFS) For The DoD Forestry Products Program

Operation and Maintenance is shown in the following table as an example.

Component	Account No.	Account Name
Army Program Deposits and Execution		Reserve Account, DoD Forestry Products Program, Army
Collections, Army	21 R 5285	Limit 0021**
Expenditure, Army	21 * 5285	
All Services Deposit End of Year Excess Forestry Net Proceeds		DoD Forestry Products Program, Army
DoD FRA	21 * 5285	Limit 0097^
Program Deposits and Execution		Operation & Maintenance
Navy	17 CY/CY 1804	Navy**
Air Force	57 CY/CY 3400/3410	Air Force**
Marine Corps	17 CY/CY 1106	Marine Corps**

^ Limits are reported internally within DoD only; limits must be consolidated before reporting externally

\*\* USACE will deposit Forest Product Collections directly into the financial accounting system requested by the military service.



Figure 16-1 Coordination And Reporting Requirements  
Annual Coordination of DoD Forest Products Program

1. Purpose. To coordinate forestry obligations and revenues of the MilDeps to ensure that overall DoD revenue is sufficient to reimburse all authorized obligations for the production and sale of forest products.
2. Authority. 10 U.S.C. § 2665
3. Schedule
  - a. December 15. Each MilDep disburses funds to the various states. [Accompany](#) each disbursement, identifying the generating installation(s), and amount generated by each installation.
  - b. December 30. [Each MilDep](#) deposits residual forestry funding into the DoD Forestry Reserve Account (21\*5285) (Replace \* with fiscal year designation).
  - c. January 2. Each MilDep transmits the “Actual Revenue and Obligations Report” to the Executive Agent (EA) and the OUSD(A&S). See Figure 16-2.
  - d. February 15. Each MilDep transmits to the EA and the [OUSD\(A&S\)](#) a report of cumulative program revenue and obligations through December 31 of the current fiscal year and any planned changes. See Figure 16-3.
  - e. May 15. Each MilDep transmits to the EA and the [OUSD\(A&S\)](#) a report of cumulative program revenue and obligations through March 31 of the current fiscal year and any planned changes. See Figure 16-3.
  - f. August 15. Each MilDep transmits to the EA and the [OUSD\(A&S\)](#) a report of cumulative revenue and obligations through June 30 of the current fiscal year and any planned changes. See Figure 16-3.
  - g. September 1. Each MilDep transmits to the EA and the [OUSD\(A&S\)](#) its planned forest products revenue and expenses, by appropriation, for the coming fiscal year. See Figure 16-4. This plan [must](#) reflect no deficit in the program; however, a description of unfinanced needs may accompany the plan.

Figure 16-2 Sample Report RCS: DD-A&amp;T(Q&amp;A) 1649

ACTUAL REVENUE AND OBLIGATIONS			
RCS: DD-A&T(Q&A)1649			
(Due January 2)			
For FY _____			
Military Service _____	(Other) Procurement	O&M	Total
<b>I. PROGRAM RESERVE AND OBLIGATIONS</b>			
A. Revenue (actual deposits to 21R5285, or designated GF account)			\$
B. Distributions (from 21*5285 or GF account)	\$ _____	\$ _____	(\$ _____)
C. Reimbursable Obligations	(\$ _____)	(\$ _____)	
D. Unobligated Balance Remaining and Returned to 21*5285, or GF account	\$ _____	\$ _____	\$
E. Subtotal			\$
F. States' Entitlements (note 1)			\$
G. Transfer to DoD Forestry Reserve Account			(\$ _____)
H. Total			(\$ _____)
<b>II. UTILIZATION OF RESERVE FUND</b>			
A. Transfer In	\$ _____	\$ _____	
B. Obligations (note 2)	\$ _____	\$ _____	
C. Unobligated Balances Returned to DoD Forestry Reserve Account	\$ _____	\$ _____	
NOTES:			\$
1. Furnish by installation, state, and amount.			
2. Briefly describe the forestry projects and/or activities funded from reserve funds.			

Figure 16-3 Sample Report RCS: DD-A&amp;T(Q&amp;A) 1649

**QUARTERLY FOREST PRODUCTS PROGRAM****RCS: DD-A&T(Q&A)1649**

(Due February 15, May 15, August 15)

Military Service \_\_\_\_\_

Date \_\_\_\_\_

FY \_\_\_\_\_

A. Planned Revenue this Fiscal Year (FY)	\$ _____
B. Planned Obligations this FY	\$ _____
C. Cumulative Actual Revenue this FY	\$ _____
D. Cumulative Actual Obligations this FY	\$ _____
E. Net Proceeds this FY (Item C minus Item D)	\$ _____
F. Current Estimate of States Entitlements this FY	\$ _____
G. Current Unfinanced Needs for this FY (describe below)	\$ _____

Figure 16-4 Sample Report RCS: DD-A&amp;T(Q&amp;A) 1649

**ANNUAL FOREST PRODUCTS PROGRAM BUDGET****RCS: DD-A&T(Q&A)1649**

(Due September 1)

For FY \_\_\_\_\_

Military Service \_\_\_\_\_

	(Other) <u>Procurement</u>	<u>O&amp;M</u>	<u>Total</u>
A. Planned FY Revenue		\$_____	
B. Planned FY Distribution	\$_____	\$_____	\$_____
C. Planned FY Obligations	\$_____	\$_____	\$_____
D. Planned Net (note)		\$_____	
E. Planned Payments to States		\$_____	
F. Unfinanced Needs (describe below)	\$_____	\$_____	\$_____

NOTE: Total of item A. minus total of item C

.

## ANNEX A: ARMY FORESTRY RESPONSIBILITIES

## A. The Reimbursable Forestry Program

1. General. This chapter and annex prescribe the policies and procedures for budgeting, accounting, and reporting of proceeds and obligations associated with the production and sale of forest products at Army installations or facilities (see Title 10, United States Code (U.S.C.), section 2665). Determine eligibility for participation in this program using the provisions of Army Regulation (AR) 200-1: “Environmental Protection and Enhancement”. The objectives of the Army’s reimbursable forestry products program are to support mission operations, support conservation compliance, and execute natural resources stewardship.

2. Responsibilities. Headquarters, Department of the Army (HQDA), Army Staff (ARSTAF) (Office of the Deputy Chief of Staff, G-9 (DCS, G-9), major Army commands (MACOMs), and Army installations, execute the Army’s reimbursable forestry program. The HQDA, DCS, G-9 is the program office and manager for coordination with major Army commands (MACOMs), US Army Corps of Engineers (USACE), and Army installations, to monitor all proceeds received and establish targets for reimbursable authority.

3. Budgeting. Include authority to execute reimbursable work on the Funding Authorization Document (FAD). Authorized funded or reimbursable main account authority may be used for operation and maintenance, minor construction, purchase of forestry equipment, and other obligations directly related to the reimbursable forestry program. The Army, DCS, G-9 office must annually determine targets for the MACOMs’ Forest products reimbursable authority based on the anticipated proceeds, obligations, and states’ entitlements. Issue these targets to the MACOMs separately.

4. Proceeds. Deposit proceeds from the sale of forest products into the Forestry Reserve Account, 21R5285.0021. Report proceeds on the Accelerated Reporting of Receipt and Outlay (Expenditure) Data-Statement of Accountability Report (RCS CSCFA-302A). This includes proceeds from forest products disposed of by the Defense Logistics Agency. Forest products include all plant materials in current and previously forested and wooded areas that have commercial value. The products can be dead and down or designated standing timber. When forest products are removed from Army lands by any means other than a commercial sale (for example, generating energy on the installation), a dollar amount equal to the fair market value must be deposited in the Army Forestry Account by the proponent of the activity removing the forest products. The only exception is that forest products may be removed or used directly to assist the military mission without payment. Deposit advances from contractors as unearned revenue in the same account as the unfilled orders to which the advance applies. Monthly, each activity’s accounting office must transfer the current month earnings from the unearned revenue to the deposit fund account.

5. Expenses. Program expenses incurred by Army installations or facilities and the USACE District Engineer Offices must be related directly to the integrated management, production and sale of forest products, and associated program management costs for personnel at

all levels (i.e., installation, MACOM, district, division, field operating activity (FOA), ARSTAF and auxiliary staff) whose primary duties are to administer the forestry reimbursable program. Program expenses **must** be categorized according to the following functions:

a. Forestry Equipment. Include purchase, over the Capital Expense/Investment Limit (currently \$350,000) only, of forestry equipment (for example, vehicles, or heavy equipment) used exclusively in reimbursable forest management.

b. Forest Fire Protection. Include the protection of forests on land in forestry reimbursable programs. Include equipment costing less than the Capital Expense/Investment Limit.

c. Forest Management. Include reimbursable forest management functions. Include supervision, planning, programming, and conducting field surveys and inventories, training, and attending professional meetings. Include improvements of existing forest stands, whether they are planted, seeded, or natural, including natural resources projects in direct support of the reimbursable forestry program. This includes controlling undesirable vegetative growth, prescribed burning, precommercial thinning, and pruning. Include the protection of reimbursable forests from insect, disease, animal, flood, and erosion damage. Include the sale and preparation for sale of forest products. Include appraising, cruising, marking, scaling, preparing sales contracts, escorting prospective bidders, advertising, sales administration, and contract compliance inspections. Include equipment costing less than the Capital Expense/Investment Limit.

d. Forest Access Roads. Include construction, repair, and maintenance of forest access roads and trails. Include the repair of other roads resulting from the production and harvest operations. Include equipment costing less than the Capital Expense/Investment Limit.

e. Reforestation. Include natural or artificial regeneration, including planting, purchasing of seeds or seedlings, and preparing sites. Include equipment costing less than the Capital Expense/Investment Limit.

f. Forestry Support. Include Phase I archaeological surveys, threatened and endangered species surveys, and military mission coordination efforts driven only by forestry activities (for example, planting and harvesting).

## 6. Reporting and Review

a. Report proceeds on the RCS CSCFA-302 report. (“Report obligations incurred as automatic reimbursable obligations on the RCS CSCFA-218 (Status of Approved Resources Report”). Report obligations incurred for items of equipment purchased with procurement appropriation funds on the RCS CSCFA-112 (“Status of Reimbursements Report”). See Volumes 6A and 6B of this Regulation for reporting instructions.

b. Report reimbursements earned on the RCS CSCFA-112 report as “Transferred for Collection” in the “Reimbursement Collected-Automatic” column. Identify the amounts transferred by detail reimbursement source code. Identify the reimbursement amount

“Transferred for Collection” as a separate footnote on the RCS CSCFA-112 report. Report reimbursements for items of equipment financed with procurement funds on the RCS CSCFA-112 report. Bill and collect according to procedures outlined in [Volume 5, Chapter 8](#) for collections and Volumes 6A and 6B for reporting instructions.

c. HQDA, MACOMs, installations, district engineering offices, Defense Finance and Accounting Service (DFAS) sites, and Field Accounting Offices (FAOs) submit quarterly analyses of actual proceeds and obligations to become part of the RCS CSCFA-218 report. The U.S. Army Corps of Engineers (USACE) districts **must** report proceeds and obligations separated by [the](#) installation to the DFAS-Indianapolis (DFAS-IN) [Accounts Maintenance & Control for Army/Air Force](#).

d. The Army, DCS, G-9 office provides a quarterly Consolidated Analysis of the Department of the Army (DA) Forest Products, based on installation and USACE Districts input, within 30 days after the end of each quarter. The [Army DCS, G-9](#), the MACOMs, and USACE jointly review the Army’s commercial forestry program using this report. The Army DCS, G-9 **must** maintain a [10-year](#) historical data record of annual proceeds and obligations.

e. Within 90 days after the conclusion of each fiscal year, the Army, DCS, G-9 computes the concluding fiscal year’s unfilled forestry orders (transferring excess to or removing required funds from that fiscal year’s authorized Funded or Reimbursable Main Account) and provides 40 percent of the net proceeds per Army installation to the appropriate states and deposits the remaining net proceeds into the DoD Forestry Reserve Account (21R5285, DFAS-IN Manual 37-100-\*). Before issuing states’ entitlements, the DFAS-IN **must** confirm figures with the [Army DCS, G-9](#). States’ entitlements and transfers to 21R5285 **must** not be made until monies are set aside, if necessary, to cover unfilled forestry orders.

f. State entitlements **must** be issued to state treasurers or designated state offices with sufficient explanation to include [the](#) reason for the issuance, itemization by installations and counties, and the DFAS point of contact (POC) phone number(s).

g. USACE determines and updates, as required, the total acreage by county and state for all Army installations or facilities participating in the DoD Forestry Products Program. USACE provides this data to the [Army, DCS, G-9](#). The Army DCS, G-9 updates its files for determining states’ entitlements. Acreage by county is the total acreage of the installation or facility, not just the acreage applicable to the forest products program.

## B. The DoD Forestry Reserve Account

1. General. The DoD Forestry Reserve Account (21\*5285) is sustained with receipts from each of the Services’ Forestry Program accounts.

2. Responsibilities. The Army is the assigned DoD executive agent for this account. Balances in this account **must** be used in accordance with paragraph [3.2](#) of this chapter.

3. Project Approval Process. The project approval, funding, and accounting processes for forestry reserve account projects at Army installations or facilities follow:

a. Annually, the **Army, DCS, G-9 office must** request the MACOMs, based on installation input, to submit proposed projects. The MACOMs **must** consolidate and rank the proposals and provide them to the **Army, DCS, G-9**. In coordination with other concerned ARSTAF offices and the Office of the Deputy Assistant Secretary of the Army, Environment, Safety and Occupational Health (ODASA-ESOH), the **Army, DCS, G-9 office** will rank the proposals and submit them to the ODASA-ESOH for consideration. The Army, DCS, G-9 or DASA-ESOH forwards **the** Army's official submittal to the **DoD** for funding.

b. The **Army, DCS, G-9 office must** transfer the total approved Army projects from 21\*5285 when the Office of the Assistant Secretary of Defense, Energy Installation and Environment approval memorandum and appropriate accounting classification are received from MACOMs.

c. Any remaining funds, after completion of the project, **must** be returned to the Army DCS, G-9. **The performing activity must not** incur **more** expenses **than** the approved amount.

4. Fund Transfers from 21\*5285. The **Army, DCS, G-9 office** transfers funds for approved Army projects from this account to the installations.

a. **Army DCS, G-9 transfers** funds for approved projects at other DoD agencies via an Intra-governmental Payment and Collection (IPAC) transaction.

b. Collection and disbursement of funds from this account are limited to the **Army DCS, G-9**.

5. Calendar Year End

a. The Army DCS, G-9 office will notify DFAS, and they **must** deposit unobligated balances exceeding \$4 million on December 31 to a U.S. Treasury General Fund Miscellaneous Receipts Account in accordance with subparagraph 3.2 of this chapter.

b. Deposits to the account of proceeds from the preceding fiscal year **must** not be made until after January 1 to allow sufficient time to manage new deposits efficiently.

c. The Army DCS, G-9 office **must** report the activity and balance of this account within 30 days after the end of each quarter.

C. Equipment Purchases

1. General. Equipment purchased **must** be for commercial forest management use when purchased with Forestry funded or reimbursable authority and for natural resources uses when purchased with DoD Forestry Reserve Account or Agricultural/Grazing funded or



reimbursable authority. (See Volume 4, Chapter 25.) Coordinate equipment purchases with the organization's equipment manager or equivalent.

2. Equipment Acquisition Process. Each purchase of equipment **must** begin with an internal review of contract/buy/lease options, funding availability, and the potential for use of multipurpose equipment. The reimbursable authority is intended only to supplement routine procurement sources. Programmed equipment authority, such as Other Procurement, Army (OPA), **must** be used for equipment. If the internal review justifies the need to purchase new equipment, then the general procedures outlined **must** be utilized.

a. The installation **must ensure** authority exists in the Table of Distribution and Allowances (TDA) or Common Table of Allowance (CTA).

b. The installation **must** determine whether the equipment to be purchased is centrally managed by the Tank-automotive and Armaments Command (TACOM). The installation Property Book Officer (PBO) can make this determination by checking the equipment Line-Item Number (LIN) against the Supply Bulletin 700-20. If the equipment is not centrally managed and is less than the Capital Expenditure Limit, then the equipment may be purchased locally or through the GSA schedule.

c. If the equipment is centrally managed, then the TACOM **must** conduct the purchase unless a waiver for local procurement is granted.

d. If the estimated cost of the equipment is greater than the capital expenditure limit, centrally managed or not, do not use OMA (Agricultural/Grazing, Forestry, or Forestry Reserve Account). The TACOM **must** use equipment purchase authority, reimbursing OPA. The purchase may be finalized at the TACOM, or the authority may be returned to the installation for a local procurement with a local procurement waiver.

**VOLUME 11A, CHAPTER 17: “OFFSETTING RECEIPTS”****SUMMARY OF MAJOR CHANGES**

Changes are identified in this table and also denoted by [blue font](#).

Substantive revisions are denoted by an \* symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by [\*\*\*bold, italic, blue and underlined font\*\*\*](#).

The previous version dated [July 2012](#) is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
1.2	Added Authoritative Guidance section in accordance with the Department of Defense Financial Management Regulation Revision Standard Operating Procedures.	Addition
2.1.3	Added clarifying language for distributed offsetting receipts.	Addition
2.1.6	Added clarifying language on the Statement of Budgetary Resources exclusions for undistributed offsetting receipts.	Addition
4.4.2	Added reference to the monthly reporting of offsetting receipts on the Financial Management Service Form 1219/1220.	Addition
4.4.3	Updated the language for Standard Form 133 Reporting.	Revision

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## CHAPTER 17

**OFFSETTING RECEIPTS**

## 1.0 GENERAL

## 1.1 Purpose

This chapter prescribes standard procedures for accounting and reporting offsetting receipts throughout the Department of Defense (DoD).

## \*1.2 Authoritative Guidance

The accounting policy and related requirements prescribed by this chapter are in accordance with the applicable provisions of:

1.2.1. Title 31, United States Code, section 3512, (31 U.S.C. § 3512) “Executive agency accounting and other financial management reports and plans;”

1.2.2. 31 U.S.C. § 3302. “Custodians of money;”

1.2.3. Office of Management and Budget (OMB) Circular No. A-11; and

1.2.4. Federal Account Symbols and Titles (FAST) Book.

## 2.0 DEFINITIONS

## 2.1 Offsetting Receipts

2.1.1. Offsetting receipts are collections within the DoD that result from proprietary or business-like transactions (such as rents, sales of services and products, patent fees, and sale of property) and from Intragovernmental transactions such as deposits between Federal and trust funds or payments within the same fund group.

2.1.2. Offsetting receipts are recorded as offsets to gross outlays and may be distributed or undistributed. Distributed offsetting receipts offset outlays of DoD as the agency that conducts the activity generating the receipts. Undistributed offsetting receipts offset government-wide outlays.

\* 2.1.3. **Distributed** Offsetting receipts are **collections** credited to general fund, special fund, or trust fund receipt accounts that offset gross outlays of an agency, typically the agency that conducts the activity generating the receipts. Offsetting receipts are composed of proprietary receipts from the public, receipts from intragovernmental transactions, and offsetting governmental receipts. This line item on the Statement of Budgetary Resources (SBR) must include all distributed offsetting receipts for the agency and deducted from gross outlays to yield net agency outlays. Standard receipt accounts are prescribed by the Department of the Treasury in its FAST Book. Offsetting receipts are deposited with the Department of the Treasury **Financial**

Management Service (FMS) using receipt accounts symbols and reported monthly on the FMS Form 1219/1220, “Statement of Transactions According to Appropriations, Funds and Receipt Accounts” as prescribed in Volume 6A Chapter 3.

2.1.4. Offsetting receipts are deducted from budget authority and outlays at agency (Component) levels. Actual offsetting receipts are reported on the SBR and in budget submissions by DoD Components as described in Volume 6B Chapter 7.

2.1.5. Receipts collected by DoD Components must be classified according to (1) the source of the receipt, (2) the authority for the collection and the nature of the transaction, and (3) whether the receipt offsets agency (Component) or government-wide totals. Receipts also are classified into fund groups in accordance with the Treasury FAST Book (i.e., general funds (0100-3305); clearing accounts (3800-3899); special funds (5000-5999); and trust funds (8000-8999)). In this section of the FAST Book, distributed offsetting receipts, as described in the OMB Circular No. A-136 “Financial Reporting Requirements” are identified with the check √ symbol before the account title.

\* 2.1.6. Most offsetting receipts are offset (deducted) against the function that contains the outlays that give rise to the receipts, i.e., the function of the account collecting the money. In such cases, these offsetting receipts at the agency and sub-functional level will be deducted before reaching functional budget authority or outlay totals and are referred to as “*distributed*” to the functions. However, there are several categories of offsetting receipts that cannot be offset properly against any specific function. These collections are deducted from government-wide totals and are referred to as “*undistributed offsetting receipts*.” Such receipts are either intrabudgetary (a payment from one Federal agency to another, such as agency payments to the retirement trust funds) or proprietary (a payment from the public for some type of business transaction with the government). The SBR does not include undistributed offsetting receipts credited to governmentwide outlay totals. There are four (4) types of receipts that are deducted from budget totals as undistributed offsetting receipts:

2.1.6.1. Agency payments (including payments by off-budget Federal entities) as employers into employees’ retirement funds;

2.1.6.2. Interest received by trust funds;

2.1.6.3. Rents and royalties on the Outer Continental Shelf lands; and

2.1.6.4. Other interest such as that collected on Outer Continental Shelf money in deposit funds when such money is transferred into the budget.

### 3.0 GENERAL STANDARDS

#### 3.1 Contents

3.1.1. Contents of this chapter must be used in addition to the accounting principles, standards, and procedures established in the chapters that follow.

### 3.1.2. Volume 4 - Accounting Policy and Procedures

#### 3.1.2.1. Chapter 2 “Accounting for Cash and Fund Balance with Treasury”

#### 3.1.2.2. Chapter 16 “Revenues and Other Financial Sources, Expense, Gains and Losses”

#### 3.1.2.3. Chapter 19 “Managerial Cost Accounting”

### 3.1.3. Volume 6A – Reporting Policy and Procedures: Chapter 4 “Appropriation and Fund Status Reports”

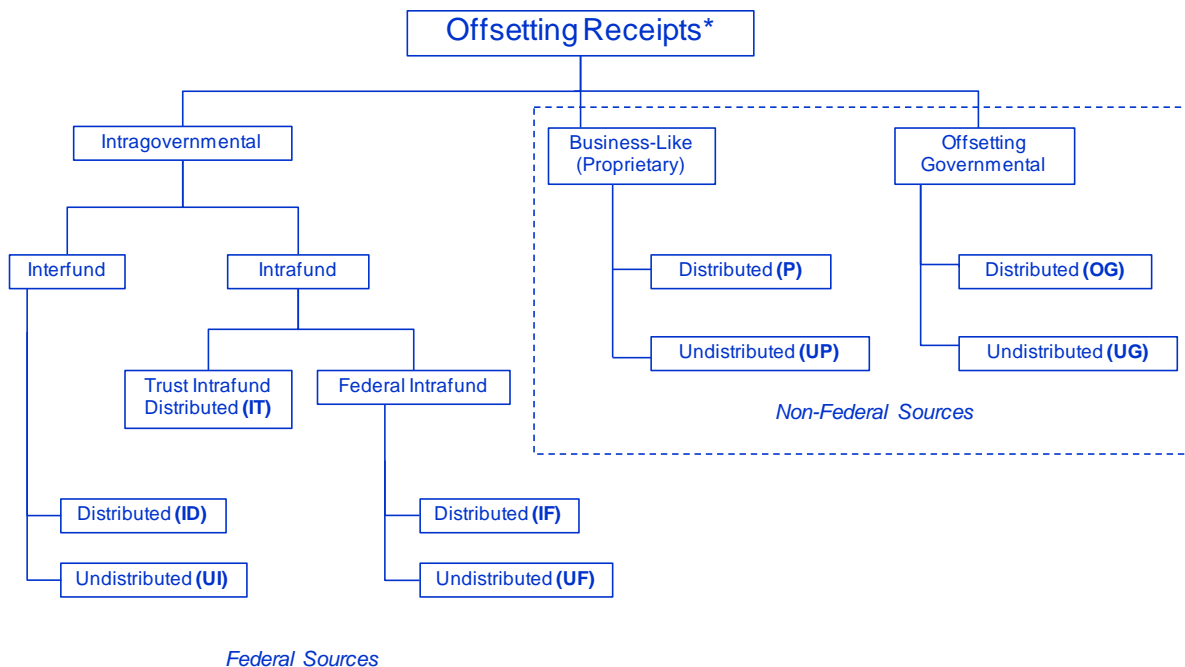
### 3.1.4. Volume 12 – Special Accounts Policy and Procedures: Chapter 1 “Funds”

## 3.2 Budgeting Standards

3.2.1. Budgeting standards for offsetting receipts are prescribed by the OMB Circular No. A-11, Preparation, Submission, and Execution of the Budget.

### Budget Classification of Offsetting Receipts

(Receipt type codes in bold face)



\* Normally offsets budget authority and outlays at the agency level.

3.2.2. Preparation of budget justification requirements is also prescribed in Volume 2B Chapter 11, “Budget Formulation and Presentation.” OMB adopted a single format to present information in the SF 132, SF 133 and Schedule P. The realignment employs three common data

sections—Budgetary Resources; Change in Obligated Balance; and Budget Authority and Outlays, Net. The SF-133, Schedule P, and SBR will use all three of the sections, and the SF-132 will use the common Budgetary Resources.

#### 4.0 ACCOUNTING AND REPORTING STANDARDS FOR OFFSETTING RECEIPTS

##### 4.1 Offsetting Receipts

4.1.1. Offsetting receipts within the Department are collections from the public that result from business-like transactions such as sales of property, rental fees, or sales of services. These miscellaneous proprietary receipts are recorded using receipt account symbols prescribed by the Treasury FAST Book. [The Transaction Library and Standard Reporting Chart of Accounts are available on the Office of the Deputy Chief Financial Officer Standard Financial Information Structure \(SFIS\) web page.](#) The web page also provides the DoD U.S. Standard General Ledger (USSGL) proprietary accounting entries and transaction illustrations. Offsetting receipt account symbols normally used within the Department are:

4.1.2. Account 1435. General fund proprietary interest not otherwise classified. This account must only use Defense civil functions. Account 1435 must not use Defense military functions. Deposits of interest on loans, investments, and other equities must be deposited in account 3210 to ensure that the Department receives credit for the offsetting receipt.

4.1.3. Account 1840. Proprietary receipts for rent of equipment and other personal property. This account must be used exclusively by the Military Departments. Defense Agencies must deposit rent receipts into Account 3210.

4.1.4. Account 2462. Proprietary receipts for survivor annuity benefits. This account must be used exclusively by the Military Departments. Defense Agencies must deposit receipts into Account 3210.

4.1.5. Account 2641. Proprietary receipts for the sale of ordinance material within the Department. All DoD Components may use this account.

4.1.6. Account 2651. Proprietary receipts for the sale of scrap and salvage materials within the Department. All DoD Components may use this account, but the Military Services must cite 97 2651.

4.1.7. Account 3019. Proprietary receipts for recoveries for government property lost or damaged, not otherwise classified. This account must be used exclusively by the Military Departments. Defense Agencies must deposit such recoveries into Account 3210.

4.1.8. Account 3041. Proprietary receipts for recoveries under the Foreign Military Sales Program. This account must be used by all DoD Components. Receipts in this account must sub-categorize and report to the Office of the Under Secretary of Defense, Comptroller (OUSD(C)) on the SF-133, in accordance with the guidance contained in Volume 6A Chapter 4. The sub-categories are:

4.1.8.1. Nonrecurring Research, Development, Test and Evaluation (RDT&E) and production costs.

4.1.8.2. Sale of principal and/or major items from stock that do not require replacement.

4.1.8.3. Sale of excess stock fund and procurement of secondary items from stock.

4.1.8.4. Charges for unfunded civilian retirement costs.

4.1.9. Account 3210. General fund proprietary receipts not otherwise classified. The Military Departments must use this account for proprietary receipts not otherwise classified (as cited above). Defense Agencies must use this account for proprietary receipts not allowed to be reported as indicated in subparagraphs 5.1.1 through 5.1.7. Receipts in this account must be maintained and reported for budget purposes in sub-categories as follows:

4.1.9.1. Freedom of Information Act charges.

4.1.9.2. Sales of surplus real property (excluding Account 2621).

4.1.9.3. Sales of materials, equipment, and other personal property (excluding Account 2641).

4.1.9.4. Interest on loans.

4.1.9.5. Repayment of loans.

4.1.9.6. Royalties on patents, trademarks, and copyrights.

4.1.9.7. Rent of real property.

4.1.9.8. Rent of equipment and other personal property (excluding Account 1840).

4.1.9.9. Sale of power and utilities.

4.1.9.10. For Defense Agencies:

4.1.9.10.1. Sale of publications and reproductions not otherwise classified (similar to Account 2259).

4.1.9.10.2. Fees and other charges for communications and transportation services, not otherwise classified (similar to Account 2429).

4.1.9.10.3. Proceeds from the sale of equipment and other personal property, not otherwise classified.



4.1.9.10.4. Recoveries for government property, lost or damaged, not otherwise classified (similar to Account 3019).

#### 4.2 Budget Clearing Account (Suspense)

Offsetting receipts that are not readily classified into established categories must be temporarily accounted for in the Budget Clearing Account (suspense), F3875. All efforts must be made to identify and clear out suspense accounts and record these receipts properly into the applicable categories listed above within 60 calendar days as discussed in Volume 5 Chapter 11 and Volume 5 Chapter 24.

#### 4.3 Depositing Offsetting Receipts

All offsetting receipts must be recorded immediately upon receipt and deposited with the Department of the Treasury as soon as practicable. Any delays in borrowing or deposit preclude the use of the funds by the Treasury Department to benefit the U.S. Government through the avoidance of interest expense.

#### 4.4 Reporting Offsetting Receipts

4.4.1. Offsetting receipt amounts reported by DoD Components must agree with the collections credited to receipt accounts maintained by the Department of the Treasury. Those DoD Components that prepare consolidated reports must obtain the required information from applicable organizations and ensure that the amounts reported are in agreement with balances reflected by the Department of the Treasury.

\* 4.4.2. FMS Form 1220. Actual offsetting receipts must be reported on a monthly basis on FMS Form 1220, "Statement of Transactions According to Appropriations, Funds and *Receipt Accounts*" in accordance with the TFX as prescribed in Volume 6A Chapter 3.

\* 4.4.3. SF-133 Report. Unless required by OMB, do not submit SF-133 reports for deposit funds, receipt accounts (including clearing accounts and suspense accounts), and closed Treasury Appropriation Fund Symbol (TAFS) (TAFS with canceled balances). Distributed offsetting receipts credited to Components must be included in the SBR. Undistributed offsetting receipts credited to the government-wide outlay totals should not be included in the SBR.

4.4.3.1. The SF-133 report is divided into four sections - Budgetary Resources; SBR; Change in Obligated Balance; and Budget Authority and Outlays, Net. Procedures on monthly budget execution reporting are prescribed in Volume 6A Chapter 4, "Reporting Policy and Procedures." Submit these reports on a monthly basis to the Director for the OUSD(C) Program and Budget (P/B). Offsetting receipt amounts reported on these reports must equal the amounts deposited with the U.S. Treasury.

4.4.3.2. Submit a separate SF-133 report for each group of offsetting receipt accounts as part of the basic appropriation report. Separate SF-133 reports are required for Federal

funds and trust funds requires under each of the functional groups: “Military Functions,” “Civil Functions” and “Military Assistance.”

4.4.3.3. Separate SF-133 reports are required within any of the foregoing groups if the receipts consist of more than one of the following categories:

4.4.3.3.1. Proprietary receipts from the public (P).

4.4.3.3.2. Interfund receipts (ID).

4.4.3.3.3. Federal intrafund receipts (IF) including those receipts in Budget Clearing Account (suspense), F3885.

#### 4.5 Proprietary and Budgetary General Ledgers

4.5.1. Offsetting receipts must be recorded in the proprietary and budgetary general ledgers.

4.5.2. Volume 3 “Budget Execution-[Availability and Use of Budgetary Resources](#),” Chapter 15 and Volume 4 “Accounting Policy and Procedures” Chapters 2, 16, and 19 prescribe the general ledger accounts to be used in recording offsetting receipts.

4.5.3. Source documents for the general ledger entries include cash collection vouchers, sales slips, rental receipts, and journal vouchers.

### 5.0 USE OF ACCOUNTING DATA FOR BUDGET SUBMISSIONS

#### 5.1 Budgeting Requirements

Budgeting requirements are established by OMB Circular No. A-11 and Volume 2A and Volume 2B, “Budget Formulation and Presentation.”

#### 5.2 Receipt Accounts

Offsetting receipts deposited in receipt accounts are deducted as offsets to outlays and against budget authority at sub-function and agency levels. For instance, sub-function 051, “Department of Defense, Military,” is the level at which proprietary receipts from the public are deducted from the Department's budget authority and outlays in arriving at total DoD Federal Funds in the budget.

#### 5.3 Accuracy and Timeliness

The accuracy and timeliness of recording and reporting offsetting receipts [and outlays](#) are critical in the budget preparation process. Actual receipts for the prior year are reported in the budget submissions and are used as the basis for projecting estimates for the budget out-years.

**VOLUME 11A, CHAPTER 18: “NON-ECONOMY ACT ORDERS”****SUMMARY OF MAJOR CHANGES**

Changes are identified in this table and also denoted by [blue font](#).

Substantive revisions are denoted by an asterisk (\*) symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by [\*\*\*bold, italic, blue, and underlined font\*\*\*](#).

The previous version dated [January 2020](#) is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
1.2.1	Revised reference from Title 10 United States Code (U.S.C.) Section 2410a to 10 U.S.C. Section 3133.	Revision
4.2.3	Removed the expired G-Invoicing requirement date.	Revision

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## CHAPTER 18

NON-ECONOMY ACT ORDERS

## 1.0 GENERAL

## 1.1 Purpose

This chapter prescribes the financial management policy applicable to orders placed for goods or services from non-Department of Defense (DoD) Federal agencies under statutory authorities other than the Economy Act authority provided in [31 U.S.C. § 1535](#). These orders are referred to as non-Economy Act orders. Chapter 1 provides overall guidance and discussion of general reimbursement procedures and supporting documentation.

## 1.2 Authoritative Guidance

\* 1.2.1. [10 U.S.C. § 3133](#): “Contracts for periods crossing fiscal years: severable service contracts; leases of real or personal property” provides statutory authority for the aforementioned contracts.

1.2.2. [31 U.S.C. § 1502](#): “Balances available” stipulates the bona fide needs rule.

1.2.3. Federal Acquisition Regulation ([FAR Part 7](#)), “Acquisition Planning,” provides Federal-wide acquisition policy and procedures related to acquisition planning.

1.2.4. [FAR Subpart 17.5](#), “Interagency Acquisitions,” and [FAR Subpart 17.7](#), “Interagency Acquisitions: Acquisitions by Non-Defense Agencies on Behalf of the Department of Defense,” prescribe Federal-wide acquisition policy involving interagency acquisitions.

1.2.5. [DoD Instruction 4000.19](#), “DoD Agreements,” establishes policy, assigns responsibilities, and provides direction for agreements within the DoD and between DoD and non-DoD entities.

\* 1.2.6. The Treasury Financial Manual (TFM) Volume I, Part 2, Chapter 4700, [1 TFM 2-4700](#), Section 4750 “Intragovernmental Quarterly and Year-End Requirements.”

1.2.7. Defense Federal Acquisition Regulation Supplement ([DFARS Subpart 217.5](#), “Interagency Acquisitions,” and [DFARS Subpart 217.7](#), “Interagency Acquisitions: Acquisitions by Non-Defense Agencies on Behalf of the Department of Defense,” prescribe specific additional DoD acquisition policy involving interagency acquisitions.

## 2.0 DEFINITIONS

### 2.1 Assisted Acquisition

[FAR Subpart 2.1](#) defines an assisted acquisition as a type of interagency acquisition where a servicing agency performs acquisition activities on a requesting agency's behalf, such as awarding and administering a contract, task order, or delivery order. DFARS 217.701 defines assisted acquisition similarly as the type of interagency contracting through which acquisition officials of a non-DoD agency award a contract, task, or delivery order for the acquisition of supplies or services on behalf of DoD.

### 2.2 Direct Acquisition

Per FAR Subpart 2.1, a direct acquisition is a type of interagency acquisition where a requesting agency places an order directly against a servicing agency's indefinite-delivery contract. The servicing agency manages the indefinite-delivery contract but does not participate in the placement or administration of an order. DFARS 217.701 defines direct acquisition as a type of interagency contracting through which [the](#) DoD orders a supply or service from a Government-wide acquisition contract maintained by a non-DoD agency.

### 2.3 Interagency Acquisition

As defined in FAR Subpart 2.1, an interagency acquisition is an action by which an agency needing supplies or services (the requesting agency) obtains them from another agency (the servicing agency) by an assisted acquisition or a direct acquisition. The term includes acquisitions under the Economy Act (31 U.S.C. § 1535) and non-Economy Act acquisitions completed under other statutory authorities.

### 2.4 Multiple Year Appropriation

As used in this chapter, a multiple-year appropriation means an appropriation that is available for obligation for a definite period of time [over](#) one fiscal year.

### 2.5 Non-Severable Service

A non-severable service represents a single undertaking that cannot be feasibly subdivided. If the service produces a single or unified outcome, product, or report, the service is considered non-severable.

### 2.6 Requesting Agency

The requesting agency is defined in FAR Subpart 2.1 as the agency that has the requirement for an interagency acquisition.

## 2.7 Servicing Agency

The servicing agency is defined in FAR Subpart 2.1 as the agency that will conduct an assisted acquisition on behalf of the requesting agency.

## 2.8 Severable Service

A severable service represents a service that is continuing and recurring in nature where the agency realizes a benefit at the time that the service is provided even if the contract has not been performed to completion. A service is considered severable if it can be separated into a component that independently provides value to meet an agency's needs.

## 2.9 Trading Partner

A trading partner is defined as a Federal entity that is a party to intragovernmental transactions with another Federal entity. This includes transactions between DoD Components and transactions between DoD Components and other non-DoD Federal entities.

## 3.0 LEGAL AUTHORITY

### 3.1 Statutory Conditions on Use

3.1.1. Specific statutory authority is required to place a non-Economy Act order with a non-DoD agency for goods or services and to pay the associated cost. If specific statutory authority does not exist, the default is the Economy Act which is discussed in Chapter 3.

3.1.2. The more commonly used non-Economy Act authorities include, but are not limited to:

3.1.2.1. Acquisition Services Fund. The Acquisition Services Fund was established by the General Services Administration Modernization Act which merged the General Supply Fund and the Information Technology Fund to carry out functions related to the uses of the Acquisition Services Fund including any functions previously carried out by the Federal Supply Service and the Federal Technology Service managed by the General Service Administration (GSA).

3.1.2.2. Franchise Funds. Franchise Funds were first established by the Government Management Reform Act of 1994 to provide common administrative support services on a competitive and fee basis.

### 3.2 Justification

Non-Economy Act orders may be placed with a non-DoD Federal agency for goods or services if:

3.2.1. Proper funds are available;



3.2.2. The order does not conflict with another agency's designated responsibilities (e.g., real property lease agreements with GSA);

3.2.3. The requesting agency or unit determines the order is in the best interest of DoD;  
and

3.2.4. The performing agency is able and authorized to provide the ordered goods or services.

### 3.3 Simplified Acquisition Threshold

Non-Economy Act orders greater than the simplified acquisition threshold must comply with FAR Part 7 and established DoD Components' procedures for the proper use of non-DoD contracts. The "Non-Economy Act Acquisition Package Checklist" provided in Figure 18-1 and the list of "Requesting Official Responsibilities" in Figure 18-2 will assist in ensuring that statute, policy, and regulation are complied with under non-Economy Act orders.

### 3.4 Prohibitions

Non-Economy Act orders may not be used to violate provisions of law or accomplish what regulations do not permit under commercial contracts or circumvent conditions and limitations imposed on the use of funds including extending the period of availability of the cited funds.

## 4.0 INITIATING A NON-ECONOMY ACT ORDER

### 4.1 Ordering Procedures and Requirements

4.1.1. FAR Subpart 7.5, FAR Subpart 7.7, DFARS Subpart 217.5, and DFARS Subpart 217.7 address the procedures that apply to all interagency acquisitions. A non-Economy Act order must comply with the documentation standards in Chapter 1 and be supported with the items identified in Figure 18-1.

#### 4.1.2. Non-Economy Act orders must include:

4.1.2.1. A firm, clear, specific, and complete description of the goods or services ordered. The use of generic descriptions is not acceptable;

4.1.2.2. Specific performance or delivery requirements;

4.1.2.3. A proper fund citation;

4.1.2.4. Payment terms and conditions (e.g., direct cite or reimbursement, and specific appropriation or law authorizing advanced payments);

4.1.2.5. A specific non-Economy Act statutory authority citation such as those referenced in paragraph 3.1;

4.1.2.6. The following statement on funding documents for severable services: “These funds are available for severable service requirements crossing fiscal years for a period not to exceed one year, where the period of any resultant contract for services commences this fiscal year. All funds not placed on contract this fiscal year must be returned promptly to the ordering activity, but no later than one year after the acceptance of the order or upon completion of the order, whichever is earlier.”;

4.1.2.7. The following statement on funding documents for goods or non-severable services: “I certify that the goods or non-severable services to be acquired under this agreement are the necessary expense of the appropriation charged and represent a bona fide need of the fiscal year in which these funds are obligated.”; and

4.1.2.8. DoD Activity Address Code (DODAAC)

## 4.2 Treasury Guidance

4.2.1. The TFM Volume I, Part 2, Chapter 4700, Section 4750, “Intragovernmental Quarterly and Year-End Requirements,” discusses the requirements necessary to properly report intragovernmental transactions resulting from business activities (i.e., buy/sell transactions) between two Federal government entities, called trading partners. It further references the Intragovernmental Transaction Guide (Appendix 5) as containing the business rules and processes to properly record, report, and reconcile intragovernmental transactions, including the processes for dispute resolution.

4.2.2. The standard Interagency Agreement contains two Fiscal Service (FS) Forms: [FS Form 7600A](#), General Terms and Conditions (GT&C) and [FS Form 7600B](#), Order Form. (See form instructions at [Instructions for FS Form 7600A](#), and [Instructions for FS Form 7600B](#) respectively.) Treasury has mandated the use of these two forms to ensure the proper recording and reporting on intragovernmental buy/sell transactions, and to eliminate the Federal-wide reporting deficiencies impacting the Financial Report of the U.S. Government. Accordingly, all DoD Components must use the latest published versions of FS Forms 7600A/B when completing a non-Economy Act order and these must comply with the Federal Intragovernmental Data Standards when using the [Treasury’s G-Invoicing](#) system, DoD Ordering systems, Enterprise Resource Planning (ERP) systems, or when completing the FS Forms 7600 A/B manually. Until DoD Ordering Systems and ERP systems are capable of processing the FS Form 7600B, DoD trading partners **must** continue to accept the current order forms (e.g., [DoD \(DD\) Form 448](#), Military Interdepartmental Purchase Request). Individual orders must be placed against an FS Form 7600A.

\* 4.2.3. The Treasury’s G-Invoicing system must be used to negotiate, broker, and electronically store the GT&Cs and associated transactions between buyers and sellers for all inter- and intragovernmental reimbursable transactions as appropriate system capabilities come online for individual DoD Components. In instances where G-Invoicing is not available, such as

remote deployments or other austere conditions, DoD Components must use hardcopies of FS Forms 7600A/B. DoD Components must establish internal policies and procedures for designating signature authority for GT&Cs.

4.2.4. The requesting scope of work on the FS Form 7600A [must](#) cover relatively broad categories of goods or services when feasible. When the systems capability becomes [available](#) to accept the FS Form 7600B within DoD Ordering Systems or ERPs, the FS Form 7600B must discretely define the goods or services for each order. When practical and legally permissible, the agreement period on the FS Form 7600A [must](#) cover multiple years.

#### 4.3 Best Interest Determination

4.3.1. Each requirement must be evaluated in accordance with DoD Components' procedures to ensure that non-Economy Act orders are in the best interest of DoD.

4.3.2. Factors to consider include:

4.3.2.1. Satisfying customer requirements;

4.3.2.2. Schedule, performance, and delivery requirements;

4.3.2.3. Cost effectiveness, [considering](#) the discounts and fees; and

4.3.2.4. Contract administration, to include oversight.

### 5.0 FISCAL POLICY

#### 5.1 Specific, Definite, and Certain

For non-Economy Act orders greater than the simplified acquisition threshold, the requesting official must provide:

5.1.1. Evidence of market research and acquisition planning;

5.1.2. A statement of work that is specific, definite, and certain both as to the work encompassed by the order and the terms of the order itself; and

5.1.3. Unique terms, conditions, and requirements to comply with applicable DoD-unique [statutes](#), regulations, directives, and other requirements.

#### 5.2 Contracting Officer Review

All non-Economy Act orders greater than \$500,000 must be reviewed by a DoD-warranted Contracting Officer prior to sending the order to the funds certifier or issuing the FS Forms 7600A/B to the non-DoD activity. In addition to the review by the Contracting

Officer, the requesting official must further review the acquisition package to ensure compliance with the FAR Part 7, and the DoD Component's procedures.

### 5.3 Certification of Funds

Non-Economy Act orders are subject to the same fiscal limitations that are contained within the appropriation from which they are funded. Because the servicing entity may not be aware of all the appropriation limitations, the DoD requesting official must certify that the funds cited on the order are available, meet time limitations, and are for the purpose designated by the appropriation.

### 5.4 Bona Fide Need

The bona fide needs rule (31 U.S.C. § 1502) provides that an appropriation or fund limited for the obligation to a definite period is available only for payment of expenses properly incurred during the period of availability or to complete contracts properly made within that period of availability. Non-Economy Act reimbursable orders of DoD Components for supplies, material, services, or equipment placed with non-DoD agencies are subject to policies that, in practical effect, make them subject to obligational standards used for Economy Act reimbursable orders. Non-Economy Act orders citing an annual or multiple-year appropriation must serve a bona fide need arising, or existing, in the fiscal year(s) for which the appropriation is available for new obligations. Otherwise, a valid obligation is not accomplished. An interagency agreement may not be used in the last days of the fiscal year solely to prevent funds from expiring or to keep them available for a requirement arising in the following fiscal year. Bona fide need generally is a determination of the requesting agency and not that of the servicing activity. A servicing agency must, however, refuse to accept a non-Economy Act order if it is obvious that the order does not serve a need existing in the fiscal year for which the appropriation is available.

### 5.5 Obligation

5.5.1. The provisions of [31 U.S.C. § 1501](#) govern the recording of the obligation.

5.5.2. An amount must be recorded as an obligation only when supported by documentary evidence meeting all the following criteria:

5.5.2.1. Binding agreement (funding vehicle) between an agency and another person (including an agency);

5.5.2.2. Agreement is in writing using FS Form 7600A;

5.5.2.3. For a purpose authorized by law;

5.5.2.4. Serves a bona fide need arising, or existing, in the fiscal year or years for which the appropriation is available for obligation;

5.5.2.5. Executed before the end of the period of availability for the new obligation of the appropriation or fund used; and

5.5.2.6. Provides for specific goods to be delivered, real property to be bought or leased, or specific services to be supplied.

#### 5.6 Deobligation of funding under non-Economy Act orders

5.6.1. Goods. Funds provided to a performing agency for ordered goods where the funds period of availability thereafter has expired must be deobligated and returned by the performing agency unless the request for goods was made during the period of availability of the funds and the item(s) could not be delivered within the funds period of availability because of delivery, production or manufacturing lead time, or unforeseen delays that are out of the control and not previously contemplated by the contracting parties at the time of contracting.

5.6.1.1. Where materials cannot be obtained in the same fiscal year in which they are needed and contracted for, provisions for delivery in the subsequent fiscal year do not violate the bona fide need rule as long as the time intervening between contracting, and delivery is not excessive, and the procurement is not for standard commercial off the shelf items readily available from other sources.

5.6.1.2. The delivery of goods may not be specified to occur in the year subsequent to funds availability unless delivery meets the exceptions cited in subparagraph 5.6.1.1 and a justifiable bona fide need exists in the year funds are available for obligation.

5.6.2. Severable Services. An agreement for severable services that are continuing and recurring in nature and provide DoD a benefit each time the service is performed (e.g., maintenance and repair services, scientific, engineering, and technical services) is based on statutory authority other than the Economy Act. The provisions of 10 U.S.C. § 3133 permit the performance of severable services to begin in one fiscal year and end in the next provided the period of performance does not exceed one year. A non-DoD Federal agency may rely on this authority to fill a DoD order funded with fiscal year appropriations to issue a contract for severable services that crosses fiscal years as long as the contract period commences during the period of availability of the DoD customer appropriation. Obligating funds for placing a non-Economy act order with a non-DoD Federal agency, where the resultant fixed-length severable services contract awarded by the non-DoD Federal agency will exceed the one-year limit outlined in 10 U.S.C. § 3133, or which is not to commence until a subsequent fiscal year, may result in an Antideficiency violation under 31 U.S.C. § 1341.

5.6.2.1. The performance of severable services must begin during funds period of availability and may not exceed one year.

5.6.2.2. Annual appropriations provided to a performing agency that have expired must be deobligated unless the performance of the services requested began during the funds period of availability and the period of performance does not exceed one year.

5.6.2.3. The annual appropriation from the earlier fiscal year may be used to fund the entire cost of the one-year period of performance; however, annual appropriations may not be used to enter into a severable services agreement where the period of performance for services requested is entirely in the following fiscal year.

5.6.2.4. In no instance may the period of performance extend beyond September 30 of the subsequent year for services funded with annual appropriations.

5.6.3. Non-Severable Services. Non-severable services contracts must be funded entirely with appropriations available for new obligations at the time the contract is awarded, and the period of performance may extend across fiscal years. Funds provided to a performing agency that become excess must be deobligated as identified.

5.6.4. Excess or Expired Funds. Activities must reconcile all obligations and remaining funds available for orders. The purpose of this reconciliation is to ensure the proper use of funds and to identify and coordinate the return of expired or excess funds. Excess or expired funds must be returned by the performing agency and deobligated by the requesting agency to the extent that the performing agency or unit filling the order has not (1) provided the goods or services (or incurred actual expenses in providing the goods or services), or (2) entered into a contract with another entity to provide the requested goods or services before the end of the period of availability (fiscal year or multiple year period, as applicable) of the appropriation of the requesting or ordering agency. Expired funds must not be available for new obligations.

## 5.7 Payment Procedures

5.7.1. Payment must be made promptly upon the written request (or billing) of the performing agency. The payment due date must not be more than 30 calendar days from the date of the invoice. Unless the DoD Component is specifically authorized by law, legislative action, or Presidential authorization, funds are not to be advanced to non-DoD Federal entities or be used to pay for advance billings without the receipt of goods or services. Volume 4, Chapter 5 covers the conditions and requirements related to advances and prepayments. For those few exceptions where DoD is specifically authorized by a specific appropriation or law to advance funds, [cite](#) the specific appropriation or law authorizing the advance on the obligating and/or interagency agreement documents and orders, and [collect](#) any unused amounts of the advance from the performing agency immediately and return to the fund from which originally made.

5.7.2. The requesting official must be fully aware of the non-DoD Federal agency's billing practices and methods. The official must also take appropriate action to ensure DoD funds are not disbursed in advance of contract performance. Additionally, DoD Components must work with their servicing disbursement sites to ensure trading partner agreements restrict other Federal agencies' ability to withdraw funds prior to the delivery of goods or performance of services.

5.7.3. Payments made for services rendered or goods furnished may be credited to the appropriation or fund of the Federal agency performing the reimbursable work.

5.7.4. Volume 10, Chapter 10 contains the DoD policy for executing intragovernmental payments.

## 6.0 NON-ECONOMY ACT ORDER FOLLOW-UP PROCEDURES

### 6.1 Non-Economy Act Order Oversight

6.1.1. The requesting official must establish quality surveillance plans, for non-Economy Act orders greater than the simplified acquisition threshold and ensure execution that would facilitate the oversight of the goods provided or services performed by the performing agency.

6.1.2. The plans **must** include:

6.1.2.1. Contract administration oversight in accordance with the surveillance plan;

6.1.2.2. Processes for receipt and review of receiving reports and invoices from the performing agency;

6.1.2.3. Reconciliation of receiving reports and invoices; and

6.1.2.4. Requirements for documenting acceptance of the goods received or services performed.

### 6.2 **Requesting Official Must** Monitor Fund Status

6.2.1. Monitor balances with the performing agency;

6.2.2. Conduct Dormant Account Review Quarterly (DAR-Q) of non-Economy Act orders in accordance with Volume 3, Chapter 8 and include a specific attestation on the DAR-Q that all existing interagency agreements are consistent with DoD policy;

6.2.3. Confirm open balances with the performing agency;

6.2.4. Coordinate the return of funds from the non-DoD performing agency in accordance with paragraph 5.6; and

6.2.5. Coordinate with the accounting office to ensure timely deobligation of funds.

### 6.3 Non-Economy Act Order Close-Out

6.3.1. All non-Economy Act orders must be reviewed by the requesting official to determine if they are complete. Completed orders must be fiscally closed out. The requesting official must reconcile funds and coordinate the return of excess or expired funds held by the performing agency.

6.3.2. As part of this review, the requesting official will:

6.3.2.1. Identify and determine if there are outstanding invoices;

6.3.2.2. Identify and determine the existence of excess or expired funds;

6.3.2.3. Coordinate the return of funds from the non-DoD performing agency in accordance with paragraph 5.6; and

6.3.2.4. Coordinate with the accounting office to ensure the deobligation of funds.

#### 6.4 Reconciliation and Elimination of Intragovernmental Transactions

Volume 6B, Chapter 13 contains DoD policy and guidance for adjustments, eliminations, and other special intragovernmental reconciliation procedures.



Figure 18-1. Non-Economy Act Acquisition Package Checklist

- A. Documented evidence of market research and acquisition planning performed.
- B. Package includes a specific, definite, and concise statement of work documenting a bona fide need in the fiscal year that the funds are available for new obligations.
- C. Package includes specific performance and/or delivery requirements.
- D. Package identifies the statutory authority permitting the performing agency to support the DoD Component for the goods/services required.
- E. Package includes the purchase request number and the DODAAC.
- F. Package includes written justification for the non-Economy Act order in accordance with DFARS Subpart 217.7 and the DoD Components' procedures.
- G. Package documents review of fees/surcharges/contract administration/discounts to ensure the cost is reasonable and consistent with task to be accomplished by performing agency.
- H. Package includes specific statutory authority authorizing advance payment or billing.
- I. Package documents evidence that DoD competition requirements were followed in accordance with DFARS.
- J. Order identifies DoD unique terms & conditions to the performing agency.
- K. Order identifies unique reporting requirements not otherwise specified to the performing agency.

Figure 18-2. Requesting Official Responsibilities

- A. Market Research
- B. Acquisition Planning
- C. Independent Government Cost Estimate
- D. Statement of Work to include evaluation criteria
- E. Ensure receipt and compliance of FS Forms 7600A/B acceptance
- F. Assist in Technical Evaluation
- G. Quality Assurance Plan
  - 1. Contracting Officer Representative/Contracting Officer Technical Representative - Receiving Reports/Invoices - Inspection & Acceptance
  - 2. Contract Data Requirements List Procedural/Required Reports/Deliverables Report/Contract Performance
  - 3. Property/Equipment Management
  - 4. Perform Contract Oversight
- H. Funds Management/Record Keeping
  - 1. Draw Down
  - 2. Contract Reconciliation
  - 3. Initiate Deobligation
  - 4. Oversight of Billing/Reporting
- I. Update all Points of Contact as necessary throughout acquisition

**VOLUME 11A, CHAPTER 19: “DEFENSE SUPPORT OF CIVIL AUTHORITIES”****SUMMARY OF MAJOR CHANGES**

Changes are identified in this table and also denoted by **blue font**.

Substantive revisions are denoted by an \* symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by **bold, italic, blue and underlined font**.

The previous version dated **July 2015** is archived.

<b>PARAGRAPH</b>	<b>EXPLANATION OF CHANGE/REVISION</b>	<b>PURPOSE</b>
1.1	Added an Overview section	Addition
1.3	Moved Reference Hyperlinks into the Authoritative Guidance	Revision
2.0.10	Added definition for “Request for Assistance”	Addition
Addendum 1 (previous version)	Removed Addendum 1, Generalized Financial Flow - Notional	Deletion
Addendum 2 (previous version)	Removed Addendum 2, Reimbursable Authority Closure Certification (Completed by Unit)	Deletion

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## CHAPTER 19

**DEFENSE SUPPORT OF CIVIL AUTHORITIES**

## 1.0 GENERAL

## \*1.1 Overview

The Department of Defense (DoD) has several key missions, including defending the homeland and supporting civil authorities. In certain cases, national defense resources might be provided to assist civil authorities during disasters, emergencies, or other incidents. The Defense Support of Civil Authorities (DSCA) is typically initiated by a request from a Primary Agency (PA) like the Federal Emergency Management Agency (FEMA). According to DoD policy, DSCA begins with a request from civil authorities or authorized entities, or as directed by the President or Secretary of Defense (SecDef). All DSCA support requests, except for Immediate Response Authority (IRA), must be in writing and include an agreement to reimburse DoD as per [Title 42, United States Code \(U.S.C.\), Sections 5121-5208](#) (42 U.S.C. §§ 5121-5208) (Robert T. Stafford Disaster Relief and Emergency Assistance Act, (commonly called the “Stafford Act”), [31 U.S.C. § 1535](#) (commonly called the “Economy Act”), or other applicable laws. DoD can allocate resources upon approval from SecDef or direction from the President.

## 1.2 Purpose

This chapter outlines financial guidelines for identifying, recording, reporting, and securing reimbursement for expenses incurred by the DoD while providing DSCA under existing laws and policies. DSCA encompasses assistance provided by the United States (U.S.) Federal military forces, DoD civilian employees, DoD contractors, heads of organizational entities within the DoD (hereafter referred to collectively as “DoD Components”) assets, and National Guard forces when the SecDef, collaborating with the governors of impacted States, decides to use these forces. These decisions are generally in response to civil authorities’ requests for domestic emergency support, law enforcement assistance, other domestic activities, or qualifying entities seeking aid for special events. (DoD Directive [\(DoDD\) 3025.18](#)).

## \*1.3 Authoritative Guidance

- 1.3.1. [Public Law No: 99-177](#), “Balanced Budget and Emergency Deficit Control Act,”
- 1.3.2. [6 U.S.C. § 314](#), “Federal Emergency Management Agency,”
- 1.3.3. 31 U.S.C. § 1535, “Agency Agreements,”
- 1.3.4. [31 U.S.C. § 9701](#), “Fees and Charges for Government Services and Things of Value,”
- 1.3.5. 42 U.S.C. §§ 5121 – 5208, “Disaster Relief,”

1.3.6. [44 Code of Federal Regulations, part 206.8](#), “Reimbursement of Other Federal Agencies,”

1.3.7. [DoD Instruction \(DoDI\) 5015.02](#), “DoD Records Management Program,”

1.3.8. DoDD 3025.18, “Defense Support of Civil Authorities,” and

1.3.9. [DoD Manual 3025-1](#), “Manual for Civil Emergencies.”

## 2.0 DEFINITIONS

Unless otherwise noted, these terms and their definitions are for the purposes of this chapter.

2.0.1. [Defense Coordinating Officer \(DCO\)](#). A DoD single point of contact for domestic emergencies. Assigned to a joint field office to process requirements for military support, forward MAs through proper channels, and assign military liaisons as appropriate to activated emergency support functions. (Joint Publication 1-06).

2.0.2. [Defense Support of Civil Authorities](#). Support provided by U.S. Federal military forces, DoD civilians, DoD contract personnel, DoD component assets, and National Guard forces (when SecDef, in coordination with the governors of the affected States, elects and requests to use those forces in Title 32, U.S.C., status) in response to requests for assistance from civil authorities for domestic emergencies, law enforcement support, and other domestic activities, or from qualifying entities for special events. Also known as civil support. (DoDD 3025.18).

2.0.3. [Emergency](#). Any incident, whether natural or manmade, that requires responsive action to protect life or property. Under the Stafford Act, an emergency means any occasion or instance for which, in the determination of the President, Federal assistance is needed to supplement State and local efforts and capabilities to save lives and to protect property and public health and safety, or to lessen or avert the threat of a catastrophe in any part of the U.S. (42 U.S.C. § 5122).

2.0.4. [Immediate Response Authority](#). A Federal military commander’s, DoD Component Head’s, and/or responsible DoD civilian official’s authority temporarily to employ resources under their control, subject to any supplemental direction provided by higher headquarters. Those resources are provided to save lives, prevent human suffering, or mitigate great property damage. This is typically in response to a request for assistance from a civil authority, under imminently serious conditions when time does not permit approval from a higher authority within the U.S. IRA does not permit actions that would subject civilians to the use of military power that is regulatory, prescriptive, proscriptive, or compulsory. (DoDD 3025.18).

2.0.5. [National Response Framework \(NRF\)](#). This framework provides the principles by which response partners are to apply when providing a unified national response to disasters and emergencies. It defines the key principles, roles, and structures by which communities, tribes, States, the Federal Government, and private-sector and nongovernmental partners apply these

principles for a coordinated, effective national response. The NRF is always in effect and can be implemented at any level at any time. ([FEMA National Response Framework](#)).

2.0.6. Mission Assignment. The mechanism used by FEMA to support Federal operations in a Stafford Act major disaster or emergency declaration. The MA orders immediate, short-term emergency response assistance when an applicable State or local government is overwhelmed by the event and lacks the capability to perform, or contract for, the necessary work.

2.0.7. Primary Agency. Also known as [Primary Federal Agency or Lead Federal Agency](#), is a Federal agency with significant authorities, roles, resources, or capabilities for a particular function within an Emergency Support Function (ESF). A Federal agency designated as an ESF PA serves as a Federal Executive agent under the Federal Coordinating Officer (FCO) (or Federal Resource Coordinator for non-Stafford Act incidents) to accomplish the ESF mission.

2.0.8. Principal Federal Official. In Homeland Security Presidential Directive (HSPD)-5 “Management of Domestic Incidents,” the President designated the Secretary of Homeland Security as the “principal Federal official” for domestic incident management and empowered the Secretary to coordinate Federal resources used in the prevention of, preparation for, response to, or recovery from terrorist attacks, major disasters, and other emergencies, except for law enforcement responsibilities otherwise reserved to the Attorney General under HSPD-5.

2.0.9. Reimbursable Budget Authority (RBA) (also called reimbursable obligation authority). Authority to incur obligations in accomplishing reimbursable work if a budgetary resource—either a reimbursable agreement from a federal customer or an advance from a non-Federal customer—is also available. This authority can be acquired only by obtaining an allotment through the FCO using an approved funding program process.

\* 2.0.10. Request for Assistance (RFA). A formal request submitted by a civil authority, like a state governor or a designated federal agency, to the Department of Defense for military assistance. This assistance is needed to respond to a specific emergency or situation where civilian capabilities have been overwhelmed or are insufficient.

### 3.0 RESPONSIBILITIES

3.0.1. Key DoD participants in DSCA activities mentioned in this chapter include, but are not limited to, the SecDef, Under Secretary of Defense for Policy (USD(P)), Under Secretary of Defense (Comptroller) (USD(C)), Chairman Joint Chiefs of Staff (CJCS), Commanders of Combatant Commands (CCDRs), Joint Staff (JS), and DoD Components and agencies.

3.0.2. The SecDef holds the top authority over the DoD and advises the President on DSCA matters. SecDef approves the use of forces, personnel, units, and equipment; oversees policy and actions for DSCA during domestic incidents; and has sole authority to waive reimbursement for DoD support.

3.0.3. The USD(C)/Chief Financial Officer sets policies and guidelines to ensure timely reimbursement to DoD for DSCA activities.

3.0.4. DoD Components ensure adherence to FM guidance for DSCA operations, including cost tracking and reimbursement; and plan, program, and budget for [associated](#) DSCA capabilities as per law, policy, and assigned missions.

3.0.5. The Secretaries of the Military Departments require that reimbursement requests for actual DSCA expenditures (including work performed, contractor payments, or inventory deliveries) start within 30 calendar days after the month when the performance took place. Final billing invoices must be sent to the supported departments and agencies within 90 calendar days following the [last billable](#) event.

3.0.6. The Chief, National Guard Bureau (CNGB), under the authority, direction, and control of SecDef and the Secretaries of the Army and Air Force, reports the use of National Guard assets for DSCA when using Federal resources, equipment, and/or funding to the National Joint Operations and Intelligence Center. CNGB will ensure that the National Guard appropriations are appropriately reimbursed for DSCA activities.

3.0.7. The JS allocates resources for DSCA requests and issues execute orders (EXORDs) to the responsible CCDR to carry out SecDef-approved actions.

3.0.8. The Assistant Secretary of Defense for Homeland Defense and Global Security (ASD(HD&GS)) advises SecDef and USD(P) on DSCA, coordinates policy with federal agencies and DoD Components, and recommends DSCA policy to USD(P). The ASD(HD&GS) ensures all requests for DoD assistance include reimbursement provisions and works with USD(C), JS, and CCDRs to ensure reimbursements are made and reported to SecDef.

3.0.9. CCDRs with DSCA responsibilities must collaborate with subordinate commands to ensure proper reimbursement for DSCA. They provide command and control of DoD personnel and resources coordinating DSCA operations as directed by SecDef.

### 3.1 Financial Management Augmentation Team ([FMAT](#))

The supported CCDR may form an FMAT to aid in performing FM responsibilities during DSCA operations. The FMAT is composed of experienced FM experts from each Service and major Defense Agency. Under the CCDR's oversight of DSCA activities, aspects of the FMAT can be engaged in real-world events. FMAT members facilitate communication with their respective Services and Agencies and assist in integrating DSCA FM processes into existing financial procedures and policies. Additionally, [Military Services and Agencies will designate an FMAT Office in writing and](#) FMAT members take part in training and exercises with the supported Combatant Command.

### 3.2 Federal Emergency Management Agency

The Secretary of Homeland Security serves as the primary Federal authority for managing domestic incidents. According to 6 U.S.C. § 314, the Administrator of FEMA is tasked with overseeing the Federal assistance programs under the Stafford Act. FEMA requests assistance through Mission Assignments ([Form 010-0-8 Mission Assignment Form](#)). These MAs must



include necessary details on funding and other management controls, like funding obligation limits, for the requested support. FEMA is responsible for coordinating federal plans and responses to civil emergencies at both national and regional levels and for providing federal assistance to states during such emergencies. Under the Stafford Act, the President may instruct any federal agency to use its legal authorities and resources, with or without reimbursement, to support state and local emergency and disaster response efforts. An RFA is only valid once approved by SecDef. RFAs from FEMA are also known as mission assignments (MAs), though they do not have a directive effect until SecDef's approval.

### 3.3 DSCA New Requests

The PA uses an RFA or FEMA MA to request goods or services from DoD for DSCA under the Economy Act or Stafford Act. DSCA is typically provided on a cost-reimbursable basis unless directed otherwise by the President or waived by SecDef.

### 3.4 Immediate Response Authority Support

Support under IRA must be cost reimbursable when appropriate or legally required but must not be delayed or denied due to the requester's inability or unwillingness to commit to reimbursement. Oral emergency requests must be followed by a written request with an offer to reimburse the DoD as soon as possible. IRA support will end when the need is no longer present or when the approving DoD official or a higher authority directs it (DoDD 3025.18).

## 4.0 GENERAL ACCOUNTING GUIDANCE

DSCA is provided on a cost-reimbursable basis. Exceptions include cases where the law mandates or allows non-reimbursable support, pending approval by the appropriate DoD official. Requests for DSCA can be submitted under the Stafford Act or other conditions.

### 4.1 Stafford Act

4.1.1. The Stafford Act grants the President the authority to direct the SecDef to use DoD resources to aid state and local governments in addressing emergencies and major disasters. A Governor can seek Federal assistance under this act. Once the request is submitted and meets the certification requirements outlined in the Stafford Act, the President has the discretion to declare an emergency or a major disaster.

4.1.2. The Stafford Act establishes a system for emergency preparedness to safeguard life and property in the U.S., distributing disaster assistance responsibilities among federal, state, and local governments. FEMA is primarily responsible for domestic disaster relief efforts and manages aid under the Stafford Act. Federal departments and agencies, including the DoD, assist FEMA upon request and can receive reimbursement from FEMA for eligible costs incurred during their support.

## 4.2 Non-Stafford Act

4.2.1. A Federal entity that has the primary responsibility and legal authority for managing an incident (i.e., the requesting agency) and requires support or assistance beyond its usual operations can seek coordination and facilitation from the Department of Homeland Security through the NRF. Agencies offering disaster aid under their own authorities, without a declaration under the Stafford Act, use their own appropriated mission funds. Upon request, the DoD can assist other Federal departments and agencies by establishing inter-agency reimbursable agreements and requesting reimbursement from the requesting agency for eligible costs. Typically, the requesting agency provides funding to the DoD for the requested assistance in accordance with the Economy Act, unless other statutory authorities are applicable.

4.2.2. When an urgent situation arises and there is no time to seek higher approval, Federal military commanders, DoD Components, and responsible DoD civilian officials can exercise IRA to save lives, reduce severe property damage, and prevent human suffering (DoDD 3025.18).

## 5.0 APPLICABILITY

5.0.1. This policy applies to the Office of the SecDef, the Military Departments, the Office of the CJCS and the JS, the Combatant Commands, the Office of the Inspector General of the DoD, the Defense Agencies, the DoD Field Activities, and all other DoD Components.

5.0.2. This policy applies to the Army and Air National Guard when under Federal command. It also applies when the SecDef deems it necessary to use National Guard personnel for DSCA and obtains concurrence from the affected States' Governors.

## 6.0 SCOPE

6.0.1. This chapter outlines DoD financial policy for emergency or disaster relief when SecDef approves support requests to assist other Federal departments or agencies under DoDD 3025.18.

6.0.2. Under the Unified Command Plan, DSCA responsibilities are assigned to the Commander of U.S. Northern Command for the 48 contiguous states, the District of Columbia, Alaska, Puerto Rico, and the U.S. Virgin Islands; while the Commander of U.S. Indo-Pacific Command assumes these responsibilities in Hawaii, U.S. territories or insular areas, and possessions within their area of responsibility.

## 7.0 FUNDING

Disaster relief is not a budgeted program for DoD. Congress appropriates the Disaster Relief Fund (DRF) to FEMA for Federal and State disaster relief. The DRF supports the Stafford Act, providing FEMA a no-year base to direct, coordinate, manage, and fund eligible response and recovery efforts for major disasters and emergencies that exceed State resources. DoD Components may need to initially cover DSCA costs with existing funds, expecting reimbursement later. DRF funding is divided into disaster relief cap adjustment and base/non-major disasters.

## 7.1 Disaster Relief Cap Adjustment

Funding under the disaster relief cap adjustment is allocated for major disasters declared under the Stafford Act and must be designated by Congress for disaster relief according to section 251(b)(2)(D) of the Balanced Budget Emergency Deficit Control Act (amended by the Budget Control Act). The incremental costs incurred by the DoD beyond its usual mission are reimbursable by FEMA from funds allotted for disaster relief in this category. DoD Components must establish processes to identify and document these incremental costs to ensure reimbursement, as outlined in [Volume 4, Chapter 3, "Receivables."](#)

## 7.2 Base/Non-Major Disasters

Funding in the base/non-major disasters category encompasses Emergencies, Pre-disaster Surge Support, Fire Management Assistance Grants, and activities that are not specific to disasters, such as Disaster Readiness Support (e.g., distribution center operations, reservist training). Pre-declaration requests for DoD support in response to disaster events are reimbursed to DoD based on actual costs. Typically, the requesting agency provides funding for the incident in accordance with the provisions of statutory authorities available for this purpose. This funding is not subject to cost-sharing. When an emergency necessitates a DoD response without a major disaster declaration, this funding category is utilized to reimburse DoD for the actual expenses (i.e., full costs) incurred.

## 7.3 Other

DRF funding cannot be used for activities related to incidents that need a coordinated Federal response before the disaster is declared. If a department or agency requires support beyond its usual operations, it can request PA coordination and facilitation via the NRF. Federal departments and agencies can assist one another by setting up inter/intra-agency reimbursable agreements according to the Economy Act, as outlined in [Chapter 3, "Economy Act Orders,"](#) or other relevant authorities.

## 8.0 REIMBURSEABLE SUPPORT (AGREEMENT)

FM units deliver similar capabilities during DSCA operations as in other missions. The primary concerns affecting DoD's response in providing DSCA are authorities and funding. Costs incurred are reimbursable according to the Economy Act and Stafford Act, unless otherwise directed by the President. Typically, cost reimbursement happens under the Economy Act (from the Federal agency requesting support) or the Stafford Act (from Federal funds following a Presidential declaration). Reimbursement should be sought for DSCA support provided under these acts. Per 31 U.S.C. § 9701, IRA support to non-Federal agencies is reimbursed to the U.S. Treasury, while IRA support to Federal agencies is reimbursed to DoD organizations per the Economy Act.

## 8.1 Advances

Advance payments to the DoD from the DRF are usually not permitted but may be required if DoD Components lack sufficient funds to deliver the requested support to the PA before the fiscal year ends.

## 8.2 Expenditures Eligible for Reimbursement

8.2.1. 44 Code of Federal Regulations, part 206.8 allows for the reimbursement of costs incurred by the DoD when providing requested assistance. Only the SecDef can waive reimbursement under the Economy Act and Stafford Act. Examples of eligible expenditures for reimbursement include:

8.2.2. Overtime, travel, and per diem of permanent Federal agency personnel;

8.2.3. Wages, travel, and per diem of temporary Federal agency personnel assigned solely for the performance of services directed in the major disaster or emergency area;

8.2.4. Travel and per diem of Federal military personnel assigned solely for the performance of services directed in the major disaster or emergency area;

8.2.5. Cost of work, services, and materials procured under contract for the purposes of providing directed assistance;

8.2.6. Cost of materials, equipment, and supplies (including transportation, repair, and maintenance) from regular stocks used in providing directed assistance;

8.2.7. All costs incurred that are paid from trust, revolving, or other funds, and whose reimbursement is required by law; and

8.2.8. Other costs presented by an agency with written justification or mutually agreed upon in writing by the PA.

## 8.3 Requirements for Reimbursement

8.3.1. DoD Components operating under an approved RFA must submit reimbursement requests following SecDef-approved and Combatant Command's standing DSCA EXORDs. FEMA MAs should also follow FEMA's [Mission Assignment Billing Reimbursement Checklist](#). Requests must reference the specific approved RFA/MA and the relevant disaster or emergency identification number.

8.3.2. Reimbursement requests for expenses from multiple orders cannot be combined. Components seeking reimbursement must keep all financial records, supporting documents, statistical records, and related records concerning the services or resources used by the Department.

8.3.3. A Component official knowledgeable about the original approved RFA must review reimbursement requests to ensure chargebacks outside the original scope are correctly adjusted.

8.3.4. Upon deployment to a supported Combatant Command following an approved RFA, units must report FM details to the Command or its designee until the order is closed. This requirement stands regardless of the unit's redeployment timing.

#### 8.4 Supporting Documentation

8.4.1. Approved RFA (or MA) requests for reimbursement must include supporting documentation.

8.4.2. Each Component **must** keep supporting documentation for all incurred obligations, outlays, and other costs, including:

8.4.2.1. Copy of approved RFA form and identification of order number on other documentation;

8.4.2.2. Breakdown of costs by sub-object class code (see [\*OMB Circular A-11\*](#)) and cost breakdown structure code (see [\*Volume 2A, Chapter 3\*](#), "Operation and Maintenance Appropriations");

8.4.2.3. Description of services performed;

8.4.2.4. Period of Performance;

8.4.2.5. Personnel Services:

8.4.2.5.1. Regular or overtime labor with **the** breakdown of hours;

8.4.2.5.2. Indirect cost (percentage, description of costs included in cost pool);

8.4.2.6. Travel/Per Diem and Transportation;

8.4.2.7. Contract Services (contract number, name, cost, purpose); **and**

8.4.2.8. Property/Equipment Purchase, provide the following information **and coordinate specialty items with the PA in advance**:

8.4.2.8.1. Expendable Property, separate identification not required;

8.4.2.8.2. Non-expendable property or sensitive items, separate identification is required, including **a** description of item, vendor name, unit cost, and serial number or other unique identification; **and**

8.4.2.8.3. Verification of disposition for items listed in subparagraph 8.4.2.8.2.

8.4.3. Records Retention. [Volume 1, Chapter 9](#), “Financial Records Retention” outlines document retention requirements. Supplementary guidance is available in DoDI 5015.02. DoD Components must follow their own records management policies, and any questions should be directed to their respective [\(Federal Records Officers\)](#).

8.4.4. Citing the Appropriation. Reimbursed funds from the PA for goods and services provided under the Stafford Act should be credited to the appropriation used for those expenditures, available on the reimbursement date. Each DoD Component involved in DSCA is responsible for:

8.4.4.1. Maintaining documentation to support requests for reimbursement;

8.4.4.2. Identifying a staff-level point of contact for financial coordination with the PA and [identify](#)ing a headquarters-level point of contact for billing and reimbursement issues that cannot be resolved at the staff level;

8.4.4.3. Notifying the requesting activity when a task is completed;

8.4.4.4. Applying proper financial principles, policies, regulations, and management and internal controls to ensure full accountability for the expenditure of DRF funds;

8.4.4.5. Submit bill for final reimbursement no later than 90 days from final billing outlay;

8.4.4.6. Submitting annual validation of open obligations [to the PA](#) by providing cost data or other justification to show the amount of the obligation balance that must remain available, and why the approved RFA [or MA](#) must remain open, or risk losing reimbursable authority due to the possible de-obligation of funds;

8.4.4.7. Reconciling obligation balances and [identify](#)ing excess funds available for de-obligation in an effort to return funds to the DRF in a timely manner; [and](#)

8.4.4.8. Marking all final bills “Final.”

## 9.0 [FISCAL CLOSURE](#)

Components [must](#) carry out RFA closeout procedures, and if excess reimbursable funding is found, notify the PA to deobligate it to the DoD.