



DEPARTMENT OF WAR

FINANCIAL MANAGEMENT REGULATION

**VOLUME 12: “SPECIAL ACCOUNTS, FUNDS, AND
PROGRAMS”**

**UNDER SECRETARY OF WAR
(COMPTROLLER)**

Table of Contents

1.0	GENERAL	4
2.0	FUNDS	5
3.0	CONTRIBUTIONS FOR DEFENSE PROGRAMS, PROJECTS, AND ACTIVITIES 9	
4.0	DIRECT LOANS AND LOAN GUARANTEES.....	13
5.0	GRANTS AND COOPERATIVE AGREEMENTS	16
6.0	FINANCIAL LIABILITY FOR GOVERNMENT PROPERTY, LOST, DAMAGED, DESTROYED, OR STOLEN.....	21
7.0	FOREIGN NATIONAL EMPLOYEES SEPARATION PAY ACCOUNT, DEFENSE 24	
8.0	INTERNATIONAL AGREEMENTS.....	25
9.0	FUNDING CIVILIAN SEPARATION INCENTIVES AND CIVILIAN PERSONNEL TRANSITION INITIATIVES.....	30
10.0	PRIVATIZATION OF WAR UTILITY SYSTEMS.....	31
11.0	ENERGY AND WATER SAVINGS AND REVENUE MANAGEMENT	32
12.0	FISCAL POLICY FOR BASE CLOSURE AND REALIGNMENT	34
13.0	TRANSFERRING, DISPOSING, AND LEASING OF REAL PROPERTY AND PERSONAL PROPERTY	36
14.0	EDUCATIONAL ASSISTANCE PROGRAMS	37
15.0	MILITARY PERSONNEL ENTITLEMENT PROGRAMS	38
16.0	DOW REWARDS PROGRAM.....	45
17.0	FOOD SERVICE PROGRAM RESPONSIBILITIES	48
18.0	MILITARY ACADEMY DINING HALL OPERATIONS	50
19.0	FINANCIAL MANAGEMENT FOR DEFENSE HEALTH PROGRAM RESOURCES 52	
20.0	CONTINGENCY OPERATIONS	57
21.0	BURDENSARING AND OVERSEAS RELOCATION CONTRIBUTIONS BY FOREIGN ALLIES	63
22.0	DISPOSITION OF NON-DOW PERSONAL PROPERTY	65
23.0	ADMINISTERING, USING AND ACCOUNTING FOR SEIZED AND/OR VESTED FUNDS AND PROPERTY DURING CONTINGENCY OPERATIONS.....	68
24.0	OPERATION AND USE OF GENERAL GIFT FUNDS	69
25.0	DOW BRANDING AND TRADEMARK LICENSING PROGRAM	71

26.0	COLLECTION AND RETENTION OF CONFERENCE FEES FROM NON-FEDERAL SOURCES	72
27.0	FINANCIAL INSTITUTIONS AND MILITARY BANKING FACILITIES ON DOW INSTALLATIONS.....	75
28.0	DIRECT ACCEPTANCE OF GIFTS BY MEMBERS OF THE ARMED FORCES, DEPARTMENT OF WAR EMPLOYEES AND THEIR FAMILIES AND SURVIVORS	80

VOLUME 12**SPECIAL ACCOUNTS, FUNDS, AND PROGRAMS****1.0 GENERAL****1.1 Purpose**

Volume 12 is the Department of War's (DoW) authoritative volume for specialized financial matters that are not part of routine operations. It establishes the official policies for managing a variety of fund types, including General, Special, Trust, and Revolving Funds.

This volume provides the authoritative guidance for the financial administration of special-purpose accounts and programs, covering transactions like contributions and loans. It details the rules for specific initiatives such as contingency operations, base closures, international agreements, and personnel entitlements like the GI Bill and the Military Retirement Fund (MRF). The core purpose of this guidance is to ensure all specialized financial activities are conducted with legality, consistency, transparency, and accountability across the DoW.

1.2 Authoritative Guidance

Refer to the Volume 12 authoritative guidance document on the FMR webpage.

1.3 Definitions

Refer to the Glossary on the FMR webpage.

1.4 Procedures

Refer to the Volume 12 Supplemental on the FMR webpage for sections listed throughout this volume.

2.0 FUNDS

2.1 Reference

Refer to the Volume 12 Supplemental for more information on Fund Groups and Symbols.

2.2 General Funds

2.2.1. Unless specific statutory authority authorizes a reimbursement to an appropriation account or fund (including special funds), DoW Components must credit all collections to the appropriate general fund receipt account. However, obligations incurred that result in, or as a result of, a general fund receipt account collection or receivable must be recorded in the budgetary accounts of a direct appropriation or fund. Such obligations may be recorded as reimbursable obligations only when authorized to be reimbursed independent of the general fund receipt collection.

2.2.2. DoW Components must record accounts receivable for the general fund receipt accounts whenever an event determines that money is owed to the United States (U.S.) Government. General fund receipt account receivables may be recorded at a summary level. Examples include:

2.2.2.1. A receivable must be recorded for general fund receipt account 2651, "Sale of Scrap and Salvage Materials, Defense," based upon the recording of an issue or the transfer of ownership of scrap or salvage material to a buyer. (Normally, a cash payment is required.)

2.2.2.2. A receivable must be recorded for general fund receipt account 3019, "Recoveries for Government Property Lost or Damaged, Not Otherwise Classified, Army, Navy, Air Force," based upon the receipt of an approved DoW DD Form 200, "Financial Liability Investigation of Property Loss."

2.2.2.3. The accounting for receivables and collection of those receivables in general fund receipt accounts are described in Volume 4.

2.3 Clearing, Default, and Custodial Accounts (3500-3885)

Temporary Account Requirement. Since accounts F36XX, F3875, and F3885 are temporary in nature, DoW Components must expeditiously transfer all monies to the proper account to minimize the balance. Use of these suspense accounts are valid if approved by the U.S. Department of the Treasury (Treasury) provided the suspense account transactions are reclassified to the correct line of accounting and properly reported in the accounting system within 60 days.

2.4 Management Fund Accounts (3900-3999)

2.4.1. A management fund must be used only to finance the costs of operations which are chargeable to appropriations or funds of a DoW Component. Projects may encompass participation by organizational units of one DoW Component or of two or more DoW Components.

2.4.2. A management fund may not be used to finance any activity that involves a continuing cycle of business-type operations, such as industrial or commercial-type activities, or to purchase materiel for stock. It may be used to finance the purchase of materiel for use in an operation or project operated under a management fund.

2.4.3. A management fund may not be used to finance a new operation or project, although eligible under paragraph 2.3, if other effective and efficient financing techniques are available. In general, appropriation reimbursements must be used. However, industrial funds must be used to finance industrial or commercial-type activities, and stock funds must be used to finance the acquisition of consumable (expense-type) materiel for stock.

2.4.4. Management fund accounts are subject to periodic internal audits.

2.4.5. Responsibilities

2.4.5.1. The Office of Under Secretary of War (Comptroller) (OUSW(C)) and Deputy Chief Financial Officer (DCFO) must:

2.4.5.1.1. Ensure that a management fund account is established or continued only when there is no other effective and efficient financing technique available to accomplish the proposed operation or project. The OUSW(C) DCFO will receive, review, evaluate and approve proposed management fund account charters. Refer to Figures 1-1 and 1-2 within the Volume 12 Supplemental.

2.4.5.1.2. Review and evaluate proposed management fund account charters or amendments and recommend to the Under Secretary of War (Comptroller) (USW(C)) the establishment or continuance of a management fund account.

2.4.5.2. The Heads of DoW Components must:

2.4.5.2.1. Propose use of a management fund as a financing technique, when considered appropriate, in accordance with the provisions of this section.

2.4.5.2.2. Oversee compliance with this section regarding the provision for budgeting, financing, accounting, and reporting for management fund accounts in use by their Component.

2.5 Revolving Funds (4000-4999)

2.5.1. Revolving funds subject to apportionment are apportioned on an obligation basis. The DoW Component must submit an SF 132, 'Apportionment and Reapportionment Schedule,' to the Office of Management and Budget (OMB) for approval of the budgetary authority needed for the operation of the revolving fund for a fiscal period. A fiscal period may be a quarter of a fiscal year or a full fiscal year. For more information regarding Revolving Funds, refer to Volume 12 Supplemental section 2.5.

2.5.2. Claims against budgetary resources, such as delivered and undelivered orders, are obligations of a revolving fund and must be subtracted from unobligated balances when incurred. Obligations for the procurement of inventories, as well as for the acquisition of other revolving fund assets, must be recognized, recorded, and reported along with other obligations.

2.5.3. Incurring obligations or authorizing the incurrence of obligations more than apportioned budgetary resources must be reported as an apparent violation of the administrative control of funds provisions contained in Volume 14. This reporting requirement applies whether a revolving fund has unapportioned budgetary resources or nonbudgetary assets greater than the amount of the deficiency.

2.5.4. Each revolving fund is required to submit a separate set of reports to the Treasury as described in Volume 6. Therefore, the data required for each revolving fund to prepare these reports must be identified within the DoW Component's accounting system.

2.6 Special Funds (5000-999)

Special Fund Expenditure Accounts. The accounting for special fund expenditure accounts must be in accordance with the provisions of this Regulation. However, each special fund must be viewed as a unique fund considering any special provisions in the enabling legislation.

2.7 Deposit Funds (6000-6999)

Deposit fund accounts are established to account for collections that are either held temporarily and later refunded or paid upon administrative or legal determination as to the proper disposition thereof, or held by the government as banker or agent for others and paid out at the direction of the depositor. Deposit funds are liabilities of the Federal Government. Deposit fund transactions are excluded from the budget totals because the amounts are not owned by the government, and therefore are not available for the incurrence of any Federal Government obligations or payment of any Federal Government obligations. This section identifies various types of deposit funds.

2.7.1. **Unidentified Remittances.** Unidentified remittances must be credited as suspense items outside the budget unless there is a reasonable presumption that they will be credited ultimately to a receipt, appropriation (expenditure), or other fund account within the budget, in which case amounts must be credited to the receipt clearing fund accounts. An example of a DoW deposit fund account is the Army's Group Life Insurance Fund, fund account symbol 021X6434.

2.7.2. **Unclaimed Collections.** On a quarterly basis, DoW Components must initiate action to clear unclaimed collections held in their trust, revolving, and deposit fund accounts for more than one year. Unclaimed collections are money held by the government for individuals whose whereabouts are unknown. Unclaimed collections of \$25 or more are transferred to "Payment of Unclaimed Moneys" with the accounting citation 020X6133, if held for more than one year. This account represents money that, when claimed, is properly refundable to the legal owner of the funds. Unclaimed collections of less than \$25 or amounts of \$25 or more that have been held for

more than one year for which the rightful owner can be neither identified nor located are transferred to R1060 unclaimed amounts.

2.8 Trust Funds (8000-8999)

2.8.1. Trust Fund Receipt Accounts. The Department credits trust fund receipt accounts with receipts generated by the terms of a trust agreement or statute that designates a fund as a trust fund. At the point of collection, these receipts are either available immediately or unavailable for expenditure depending upon statutory requirements. Accounting for trust funds must be in accordance with the provisions of this Regulation. However, each trust fund must be viewed as a unique fund considering any special provisions in the trust agreement or the enabling legislation. Because of the unique nature and magnitude of impact of the deposits, advances, and Foreign Military Sales (FMS) related to the Executive trust fund, special accounting requirements have been established in Volume 15.

2.8.2. Trust Fund Expenditure Accounts. Trust fund expenditure accounts are established to record amounts appropriated or otherwise made available by transfer from a trust fund receipt account to be obligated and expended in carrying out the specific purposes or programs in accordance with the terms of the trust agreement or statute. Funds transferred or appropriated to a trust fund expenditure account are normally available for obligation and expenditure within the limits imposed by the trust agreement or authorizing statute.

2.8.3. Trust Revolving Funds (8400-8499). Accounting for trust fund expenditure accounts and trust revolving funds must be in accordance with the provisions of this Regulation. However, each trust fund must be viewed as a unique fund considering any special provisions in the trust agreement or the enabling legislation.

2.9 Available Receipts

Available receipts are special or trust fund receipts that, pursuant to law, are available as appropriations to a single agency for expenditure without further congressional action. However, in some fund accounts, use is restricted to investment only or is precluded by a limitation or benefit formula. An available receipt account carries the same symbolization as its corresponding expenditure account in that an "X" is inserted to indicate the period of availability of such funds for obligation. However, in special circumstances, available receipts that are earmarked for current year obligations and expenditures initially are placed in an unavailable receipt account until Fiscal Service prepares a warrant to move the funds to a current fiscal year expenditure account.

2.10 Unavailable Receipts

These are receipts that, at the time of collection, are not appropriated and not immediately available for expenditure. Unavailable receipts held in special and trust fund receipt accounts are unavailable for expenditure until appropriated pursuant to specific legislative provisions. Unavailable receipts are sometimes invested. In these circumstances, Treasury designates the fund as "available only for investment."

2.11 Transfer Appropriation Accounts

Fiscal Service establishes transfer appropriation accounts to receive (and subsequently obligate and disburse) allocations treated as nonexpenditure transactions. These accounts carry symbols identified with the original appropriation from which monies were advanced. A transfer appropriation account is symbolized by adding the receiving agency's department prefix to the original appropriation or fund account symbol. A bureau suffix identifies that the transfer is to a particular office or bureau within the receiving department. For example, 017-097 06 0100 represents a transfer of funds that was initially appropriated to Defense Agencies (097) and was transferred to the Department of the Navy (017) for execution purposes.

2.12 Patent Royalty Activities

2.12.1. Each fiscal year, Treasury will create a new three-year Treasury Account Symbol (TAS) to record collections and payments of expenses related to patent royalties. DoW Components should obligate and disburse directly from the three-year TAS for the purposes specifically authorized in Title 15, U.S. Code Section 3710c (15 U.S.C. § 3710c), which states that collections are only available for three years.

2.12.2. DoW Components must record the collections in the United States Standard General Ledger (USSGL) 426600 – Other Actual Business-Type Collections from Non-Federal Sources. USSGL 426600 provides direct budget authority on line 1800 of the Standard Form (SF) 132 and SF 133.

3.0 CONTRIBUTIONS FOR DEFENSE PROGRAMS, PROJECTS, AND ACTIVITIES

3.1 Defense Cooperation Account

A special account is established in the Treasury for receipt of monetary contributions and proceeds from the sale of real or personal property contributions accepted by the Secretary of War (SecWar), or designee under 10 U.S.C. § 2608.

3.2 Authority

3.2.1 SecWar. 10 U.S.C. § 2608 provides authority for the SecWar to accept, for use by the Department, from any business (or person), foreign government, or international organization, any contribution of money or real or personal property. It may accept from any foreign government or international organization any contribution of services.

3.2.2. Under Secretary of War (Comptroller) (USW(C)). Authority to accept such contributions has been delegated to the USW(C), who also serves as the single point of contact in the Department for the Departments of State and the Treasury with respect to all matters involving the receipt, administration, and distribution of contributions of funds from foreign countries for defense programs.

3.2.3. Military Departments (MILDEPs) and Defense Agencies. The Secretaries of the MILDEPs and the Directors of the Defense Agencies have authority to accept from any business

(person) or international organization any contribution of real or personal property for use by their organizations.

3.2.4. Washington Headquarters Services (WHS). Given WHS responsibility for the management of property and physical assets at the Pentagon and to maintain consistency in property accountability, the Director of the WHS has authority to accept contributions of personal property offered to the Office of the Secretary of War (OSW) for use at the Pentagon.

3.2.5. Delegation of Authority. The USW(C) may provide additional delegations of authority to accept contributions of real and personal property or services on a case-by-case basis.

3.3 Policy on Contributions

3.3.1. Nonmonetary Contributions. These are contributions in the form of real property (fixed assets such as land, buildings, other structures, and facilities), tangible property (inventory or items held for sale, operating materials, supplies, and equipment), or services that would benefit the DoW, if accepted. Once the DoW accepts these contributions, the intent of the accounting standards (Statements of Federal Financial Accounting Standards (SFFAS)) is that the benefiting DoW organization should recognize the contribution in its financial statements. See Volumes 4 and 6 for accounting and reporting guidance.

3.3.1.1. The receiving DoW organization recognizes a change in inventory, stock, or plant, property, and equipment (PP&E) related records once transfer of the goods or services is made, thus making DoW the legal owner of said goods or services. An organization receiving donated general PP&E determines its fair value at the time it was acquired by the government. Donations of assets or services must be reported quarterly to the Defense Finance and Accounting Service (DFAS), Indianapolis, 8899 East 56th Street ATTN: Trust Fund Accounting Division, Column 203L, Indianapolis, Indiana 46249-1500 (see subparagraph 3.5.1).

3.3.1.2. The receiving organization must document and retain on file the details of each non-monetary contribution received. For audit purposes, the receiving organization must retain the supporting documentation in accordance with the National Archives and Records Administration – General Records Schedules.

3.3.2. Monetary Contributions. The USW(C) retains the authority to accept all monetary contributions. Monetary contributions are not generally accepted with restrictions, i.e., with designations for specific programs or purposes.

3.3.2.1. Contributions in Cash

3.3.2.1.1. Cash contributions, including proceeds from the sale of any contributed property, must be deposited into the Defense Cooperation Account (DCA) as soon as practical, but not later than the last day of the month.

3.3.2.1.2. Consistent with sound cash management practices, any cash accepted, under USW(C) authority, must be either converted into a check and forwarded to the DFAS using overnight delivery service or deposited into a Treasury General Account with funds

transferred to the DCA via electronic funds transfer--whichever process results in the earliest deposit of funds into the DCA.

3.3.2.1.3. Any funds forwarded by electronic funds transfer (EFT) must be deposited within 24 hours into the DCA under ALC 9720010 and Account Number 97X5187.1. Additionally, the DFAS Trust Fund Accounting Division must be notified prior to forwarding any funds electronically.

3.3.2.1.4. Documentation associated with cash contributions, including copies of deposit tickets and the original correspondence from contributors, must be forwarded within 24 hours of the deposit using overnight delivery service to the DFAS Trust Fund Accounting Division.

3.3.2.2. Contributions by Check

3.3.2.2.1. Checks received by DoW officials must be made payable to the "United States Treasury." The reference line on the check should indicate the "Defense Cooperation Account."

3.3.2.2.2. Checks received by DoW officials must be forwarded to the DFAS Trust Fund Accounting Division. The DFAS must deposit such funds within 24 hours of receipt into the DCA under ALC 9720010 and Account Number 97X5187.1.

3.3.2.2.3. Documentation associated with check contributions, including the original of any correspondence from contributors must be forwarded with the check.

3.3.2.3. Contributions by Wire Transfer

3.3.2.3.1. Contributions by wire transfer eliminate delays in receiving deposits and provide the most efficient preliminary accounting information for investment purposes.

3.3.2.3.2. After approval by the USW(C), donors may make contributions to the DCA via EFT from commercial banks to "Account Number 1" in the Federal Reserve Bank of New York (as Fiscal Agent of the United States). The Federal Reserve Bank of New York must credit the Department accordingly, using the format in the Volume 12 Supplemental.

3.3.2.3.3. Documentation associated with wire transfer contributions, including the original of any correspondence from contributors must be forwarded within 24 hours of the deposit using overnight delivery service, to the DFAS Trust Fund Accounting Division.

3.3.2.4. Contributions in Foreign Currencies (Cash or Check). Upon notice of a planned large contribution (\$1 million or more) to be made in foreign currency, the cognizant DoW official must:

3.3.2.4.1. Request the donor provide as much lead time as possible regarding the amount of the contribution and the estimated date the contribution will be made.

3.3.2.4.2. Advise the USW(C) and the DFAS Trust Fund Accounting Division of any planned contributions and continue to keep that office advised of the status until the donor makes the currency transfer.

3.3.2.4.3. Upon approval by the USW(C), request the donor credit the foreign currency contribution to the Federal Reserve Bank of New York “Account Number 1” via the donor’s central bank. If the Federal Reserve Bank does not maintain an account with a particular donor, the DoW official should seek guidance from the DFAS Trust Fund Accounting Division for appropriate alternative arrangements.

3.3.2.4.4. Foreign checks received by DoW officials must be converted to a check denominated in U.S. dollars prior to being forwarded to the DFAS or transferred electronically into the DCA.

3.3.2.4.5. Cash and checks received by DoW officials in countries not served by a DoW disbursing officer must, upon approval by the USW(C), be delivered to the nearest U.S. Embassy within 24 hours of receipt for deposit in the DCA, under ALC 97200010 and Account Number 97X5187.1.

3.3.3. Policy on Acceptance of Contributions

3.3.3.1. Authorities that may accept contributions must use sensitivity and scrutiny when contributions are offered from prohibited sources and, if there is a question on propriety, must consult with their Ethics Counselor to determine whether accepting a contribution would violate any prohibition or reflect unfavorably on the Department. “Prohibited source” and “Ethics Counselor” must have the meanings set forth in DoD Directive (DoDD) 5500.07, “Ethics and Standards of Conduct.”

3.3.3.2. Authorities that may accept contributions may pay all necessary expenses in connection with the conveyance or transfer of a contribution. Contributions should not be accepted if it would result in substantial expenditures or administrative efforts and maintenance that are disproportionate to any benefit.

3.3.3.3. Department personnel must not solicit, fundraise for, or otherwise request or encourage the offer of a contribution.

3.3.4. Authorities that may accept contributions may acknowledge offers of future contributions and advise the donors that acceptance will occur after actual presentation of the contributions only when they determine that such acceptance will likely occur.

3.4 Reporting on Contributions

3.4.1. Reporting Requirements. Not later than 10 days after the end of each quarter, each DoW official that has accepted and received a nonmonetary contribution must submit a report to the DFAS Trust Fund Accounting Division that identifies elements cited within the Volume 12 Supplemental.

3.4.2. DFAS Reporting Requirement. Not later than 15 days after the end of each quarter, the DFAS must prepare and forward to the USW(C) a report to be submitted to Congress that provides information cited within the Volume 12 Supplemental.

3.5 Investing Contributions

3.5.1. General. Consistent with good cash management practices, funds in the DCA must be invested in securities of the United States or in securities guaranteed as to principal and interest by the United States.

3.5.2. Purchasing Government Securities. Refer to the Volume 12 Supplemental document for the DFAS requirements for purchasing Government securities.

3.5.3. Selling Securities. Refer to the Volume 12 Supplemental document for the DFAS requirements for selling Government securities.

3.5.4. Maturing Securities. The DFAS must maintain a tracking system that identifies impending maturities and collections of securities for the DCA and ensure appropriate reinvestment action is taken upon maturity of a security.

3.5.5. Payments or Transfers. The Congress must authorize payments or transfers from the DCA. The USW(C) will provide withdrawal notification to the DFAS, which must ensure appropriate action is taken.

3.5.6. Annual Reviews. The DFAS will conduct an annual review of the DCA operations and transactions, including the purchase and sale of investments. The objective of the review will include compliance with the DoW and the Treasury policies and procedures, and adequacy of internal controls.

4.0 DIRECT LOANS AND LOAN GUARANTEES

This section establishes the DoW policies for direct loans and loan guarantees for non-Federal borrowers. The policies for credit programs reflect the requirements of the ***Federal Credit Reform Act of 1990*** (FCRA) as amended. The major purposes of the FCRA are to: (a) measure more accurately the costs of Federal credit programs; (b) place the cost of credit programs on a budgetary basis equivalent to other Federal spending; (c) encourage the delivery of benefits in the most appropriate form to meet the needs of beneficiaries; and (d) improve the allocation of resources among credit programs and between credit and other spending programs.

4.1 Accounting Standards

4.1.1. Netting Subsidy Re-estimate Amounts (within Cohorts). To calculate subsidy costs, components begin by estimating the expected cash flows and inflows over the life of the loans for each cohort year. Expected cash flows are then discounted to the point of the loan disbursement to determine the net present value. The subsidy cost represents the net present value cost of making or guaranteeing new loans.

4.1.1.1. The data used for budgetary subsidy cost estimates are updated, or re-estimated, annually after the end of the fiscal year to reflect actual loan performance and to incorporate any changes in assumptions about future loan performance. Re-estimates must be made immediately after the end of each fiscal year, if any loans in the cohort are outstanding.

4.1.1.2. OMB Circular No. A-11, Part 5, Section 185.6 (f), “Reestimate Increases/Decreases,” states that in cases where agencies execute a risk category on a loan-by-loan basis, increases or decreases in subsidy cost for different loans within the same cohort and risk category will be netted against each other. Loans that require increased subsidies should draw on the excess from any risk categories within the cohort where the re-estimate shows a subsidy decrease. A negative or downward subsidy re-estimate should be recognized as a direct reduction in expense, not as a revenue, gain, or other financing source.

4.1.1.2.1. If the netting within the cohort indicates a net increase in the subsidy cost of the cohort since the last estimate or re-estimate, an obligation in the amount of the net increase (plus interest) must be recorded against permanent indefinite budget authority available to the program account for this purpose.

4.1.1.2.2. If the netting within the cohort results in a net downward re-estimate, there is no overall increase in subsidy cost for the cohort, and hence no additional appropriated subsidy for the program account. To keep the correct balances in the financing account, an obligation and a financing disbursement in the amount of the net decrease (plus interest on the re-estimate) must be recorded in the financing account.

4.1.1.2.3. Within the financing account, any amounts borrowed for downward re-estimates for individual loans not needed for/transferred to loans with upward re-estimates are transferred to a miscellaneous receipt account.

4.1.1.3. The DFAS maintains separate accounting records for each loan and loan guarantee with all accounting transactions. All projects having a downward re-estimate, whether they are in a cohort with an upward re-estimate project, borrow the gross amount of their respective downward re-estimates from the Treasury’s Bureau of the Fiscal Service. The borrowed funds received by a downward re-estimate project is transferred to the amount needed to fund an upward re-estimate project in the same cohort, with any net remaining funds paid to the Treasury.

4.1.1.3.1. The downward re-estimate project records such intracohort transfers as a credit to USSGL account 427100 “Actual Program Fund Subsidy Collected” with an offsetting debit to USSGL 427100 recorded by the upward re-estimate project. Consequently, the total re-estimate amount included in Line 4120 “Federal Sources” on the SF 133 “Report on Budget Execution and Budgetary Resources” is the sum of the net cohort balances.

4.1.1.3.2. The Treasury, primarily through the Fiscal Service, provides detailed accounting and reporting guidance for Federal credit programs through the Guide for Basic Accounting and Reporting for Direct Loan Programs without Collateral in Federal Credit Program and the Guide for Basic Accounting and Reporting for Loan Guarantee Programs without Collateral in Federal Credit Program.

4.2 Credit Reform Fund Controls

4.2.1. Fund Control. Leaders of DoW agencies must prescribe, by regulation, a system of administrative control of funds. For credit programs and resources, systems for administrative control of funds must ensure that internal controls include objectives specific to compliance with the Antideficiency Act (ADA). Additional detailed guidance can be found in OMB Circular No. A-11, Part 4, Section 150.

4.2.2. Antideficiency Act Violations. ADA violations for direct loans, guaranteed loans, and financing accounts are reportable to the President, through the Director of the OMB, to the Comptroller General, and to Congress. For additional information, refer to Volume 14. For examples of ADA violations refer to the Volume 12 Supplemental.

4.3 Credit Apportionment and Reapportionment

All Treasury Appropriation Fund Symbols (TAFS) and all program, financing, and liquidating accounts are required to be apportioned, except in the case of a TAFS that is exempt from apportionment per OMB Circular No. A-11, Part 4. Refer to Volume 3.

4.4 Report on Budget Execution and Budgetary Resources (SF 133)

4.4.1. Coverage. Unless otherwise specified by the OMB, the Report on Budget Execution and Budgetary Resources must be prepared to provide current data on each credit account, whether apportioned or not. Current reporting requirements are published in OMB Circular No. A-11, Part 4.

4.4.2. Timing of Reports. The SF 133 must be submitted electronically through the Treasury's Governmentwide Treasury Account Symbol (GTAS) Adjusted Trial Balance System at the end of November, July, August, and each quarter or such other time period specified by the OMB for each open TAFS. Optionally, the SF 133 is submitted through the GTAS for the additional monthly reporting in November, July, and August for expiring TAFSs. This facilitates analysis and ensures consistent presentation of budget execution information so that Government-wide totals are meaningful. A copy of the SF 133 for each calendar quarter must be submitted to the Committee on Appropriations, House of Representatives.

4.5 Direct Loans

The DoW Component must record an obligation of subsidy in the program account when it signs a binding contract, in accordance with the provisions of OMB Circular No. A-11, Part 5, 'Federal Credit.' Subsidy funds must be paid from the program account to the financing account when the direct loan is to be disbursed to the borrower. Note that the subsidy is not recalculated at the time of loan disbursement. Rather, any change in estimated subsidy caused by an interest rate change or a change in estimates for other components of subsidy cost is made at the beginning of the fiscal year after the fiscal year in which the loan is disbursed. If, at that time, the subsidy amount increases, permanent indefinite budget authority is available to fund the increase, pursuant

to section 504(f) of the Federal Credit Reform Act (FCRA) of 1990. If the subsidy amount decreases, a payment must be made to a receipt account.

4.6 Guaranteed Loans

The DoW Component must record the obligation of subsidy in the program account when a binding contract has been signed, in accordance with the provisions of OMB Circular No. A-11, Part 5, "Federal Credit." The DoW Component must pay subsidy funds from the program account to the financing account when the third-party lender disburses the guaranteed loan to the borrower. Note that the subsidy is not recalculated at the time of loan disbursement. Rather, the DoW Component makes any change in the estimated subsidy caused by an interest rate change or a change in estimates for other components of subsidy cost at the beginning of the fiscal year after the fiscal year in which the loan is disbursed. If, at that time, the subsidy amount increases, permanent indefinite budget authority is available to fund the increase, pursuant to section 504(f) of the FCRA of 1990. If the subsidy amount decreases, the DoW Component must make a payment to a receipt account.

4.7 Computation of Interest Expense and Interest Income

Refer to the Volume 12 Supplemental for: Instructions for Computations of Interest Expense and Interest Income for Direct and Guaranteed Loan Programs; Frequency of Interest Computations; Weighted Average Interest Rate; and Procedure and Due Dates for Computing Interest Expenses and Income Related to Borrowing for Direct Loan and Guaranteed Loan Financing Accounts.

4.8 Credit Reform USSGL Accounts and Definitions

Credit reform accounts and definitions were established in the USSGL to implement requirements of the FCRA of 1990 (as amended) and are intended to account for direct loans and loan guarantees. DoW entities must follow the Standard Financial Information Structure (SFIS), which is based on the Treasury USSGL. For more complete information, visit the SFIS website.

5.0 GRANTS AND COOPERATIVE AGREEMENTS

5.1 DoW Statutory Authorities for Use of Grants

A DoW Component may use grants when the SecWar delegates the statutory authority, or when a statute grants the authority directly to the Head of the DoW Component. Title 32, Code of Federal Regulations (CFR) § 21.420 lists the types of statutory authority the DoW may use to award assistance instruments.

5.2 Grants Financial Management

5.2.1. Financial Management Information System

5.2.1.1. The DoW Component must ensure the availability of a financial management information system capable of recording and monitoring grant transactions and providing, by transaction, a delineation of the federal and grantee breakout of program costs.

5.2.1.2. The system must enable the DoW Component to quickly identify the basic categories of funds involved, along with the related obligation and expenditure rates, and provide for ensuring fund availability prior to awarding financial assistance and obligating funds.

5.2.2. Record Retention. The DoW Component must maintain grant-supporting financial management documentation in accordance with the requirements in its DoW Component records retention requirements.

5.2.3. Recording and Reviewing Commitments and Obligations. Accounting for funds under a grant must start with the commitment of funds prior to their obligation by an awarding official. The awarding official must be a DoW grants or agreements officer with a statement of appointment that meets the requirement in 32 CFR §§ 21.435-21.465. After funds commitment, budgetary obligations must be recorded upon execution of the agreement or other obligating document approved by the awarding official that sets out the amount and purpose of the award, the performance period, the performance obligations of the parties to the award, and other terms. A legal obligation to disburse grant funds, in accordance with the terms of the agreement, occurs upon execution of an agreement or other obligating document. Refer to Volume 3 for more information.

5.2.4. Volume 10 provides detailed payment provisions for grants and other instruments of assistance.

5.2.4.1. Timing and Frequency

5.2.4.1.1. 32 CFR § 22.810 prescribes the timing and frequency of grant payments. In general, it is Governmentwide policy to minimize the time elapsing between any payment of funds to a grantee and the grantee's disbursement of the funds for program purposes. For States, payments are governed by Treasury-State Cash Management Improvement Act agreements and default procedures codified in 31 CFR § 205 and I Treasury Financial Manual (TFM) 4A - 2000 Overall Disbursing Rules for All Federal Agencies.

5.2.4.1.2. The assisting DoW Component must account for payments made to grantees to cover part or all their anticipated expenses or advance payments as advances. This accounting treatment continues until the grantee performs under the award, meaning the grantee meets the requirements to use the funds in accordance with the grant agreement. Refer to Volume 4 for more information.

5.2.4.1.3. The DoW Component should require payments as reimbursements when the grantee cannot meet the requirements in subparagraphs 5.2.4.1.1 and 5.2.4.1.2, when the DoW Component sets a specific grant condition per 2 CFR § 200.207, or when the grantee requests this payment method. The DoW Component may also use reimbursement for

any construction grant, or if private market financing or Federal loans fund the major portion of the construction project, and the Federal award constitutes a minor portion of the project.

5.2.4.2. Method. It is a government-wide requirement to use EFT in the payment of any grant to the maximum extent practicable under 32 CFR § 22.810.

5.2.4.3. Process. Disbursing offices must follow the policies and procedures in Volume 10 for payment provisions for grants.

5.2.4.4. Withholding Payments. The DoW Component may withhold payments for allowable costs when:

5.2.4.4.1. The grantee failed to comply with the project objectives, Federal statutes, regulations, or the terms and conditions of the Federal award. If the grant is not otherwise suspended, the DoW Component must release the payment to the grantee upon the grantee's compliance. If the grant is suspended, the DoW Component will make payment adjustments according to 2 CFR § 200.342;

5.2.4.4.2. The grantee is delinquent in a debt to the United States as defined in OMB Circular No. A-129. In this situation, the DoW Component must provide reasonable notice to the grantee that payments will not be made for obligations incurred after a specified date until the indebtedness to the Federal Government is paid; or

5.2.4.4.3. The grantee has a sustained audit finding which resulted in amounts due to DoW. The DoW Component must promptly record the amount due from the grantee upon entitlement as an accounts receivable, even if the decision to collect is subject to administrative appeal or litigation. Interest must begin to accrue no later than 30 days after the date the grantee was notified of the debt and continues to accrue while an appeal is underway.

5.2.4.5. Interest from Advanced Payments. A DoW Component may allow grantees to retain interest earned up to \$500 per year for their administrative expenses. Grantees must remit any additional interest earned on DoW advance payments, required to be deposited in interest-bearing accounts, annually to DoW using either an Automated Clearing House network or a Fedwire Funds Service payment.

5.2.5. Recording of Expense

5.2.5.1. When the grantee that received the advance has performed under the grant, the DoW Component must record an expense in an amount equal to the cost of the services performed or cost incurred and reduce the advance account by that amount. The grantee must provide sufficient documentation to support the cost of the services performed or cost incurred, consistent with the grant.

5.2.5.2. The DoW Component must account for payments to grantees for reimbursement of work performed or costs incurred as expenditures and expenses incurred, or as reductions of liabilities if the expenses were recorded previously.

5.2.6. Accruals. The DoW Component must recognize and report balances due or advanced to grantees at the end of the reporting period and apply cost-benefit considerations to the process of estimating and validating accruals.

5.2.6.1. Accrual estimates must be treated as follows:

5.2.6.1.1. Amounts issued as advances must be adjusted, even if grantees have not yet reported expenses incurred; and

5.2.6.1.2. Where there is no advance or no remaining advance, the DoW Component must estimate amounts payable to grantees.

5.2.6.2. The DoW Component must document and maintain support for the data and assumptions used to develop grant accrual estimates and follow internal control guidance in Federal Accounting Standards Advisory Board Technical Release 12.

5.2.7. Accounts Receivable

5.2.7.1. At the termination or closeout of a grant, the DoW Component must establish an accounts receivable for any disallowed expenses, improperly applied funds, unused funds, and any other amount due to the DoW according to the grant's terms and conditions.

5.2.7.2. When a grantee has a sustained audit finding that resulted in amounts due to DoW, the DoW Component must promptly record the amount due from the grantee upon entitlement as an accounts receivable, even if the decision to collect is subject to administrative appeal or litigation. Interest must begin to accrue no later than 30 days after the date the DoW Component notifies the grantee of the debt and continues to accrue while an appeal is underway.

5.2.8. Debt Collection. A DoW Component establishes a debt when it determines it has overpaid a grantee under the terms and conditions of the grant. Volume 10 and Volume 16 describe the treatment of debt collection.

5.3 Real Property and Equipment

5.3.1. Grantee Purchased Real Property or Equipment. A DoW Component must provide prior approval to grantees to purchase real property or equipment with federal funds. Generally, title to real property or equipment vests with the grantee upon the grantee's acquisition and DoW does not account for its reversionary interest in real property and equipment (32 CFR § 34.21(a) and (b)). The title must be conditional, subject to the following:

5.3.1.1. The grantee must use the real property or equipment for the authorized purposes of the grant until funding ceases, or until the property or equipment is no longer needed for the grant. Use in other projects must be limited to those under federally sponsored projects (i.e., awards) or programs that have purposes consistent with those authorized for support by the DoW Component;

5.3.1.2. The grantee cannot encumber the property without approval of the DoW Component; and

5.3.1.3. The grantee must use the real property or equipment following the terms of the grant and dispose of the property or equipment following disposition instructions from the DoW Component, consistent with 32 CFR § 34.21(d) and (e).

5.3.1.4. At grant close-out, the DoW Component must follow subparagraph 5.2.7 to account for any outstanding proceeds from the disposition of real property or equipment.

5.3.2. Federally-owned Property. Title to Federally-owned property remains vested in the DoW (32 CFR § 34.22) and:

5.3.2.1. The DoW Component must establish appropriate general ledger accounting controls and property records and include the assets in its financial statements. The asset must be recorded at acquisition cost to the grantee and depreciated in accordance with guidance in Volume 4.

5.3.2.2. If DoW has no further need for the property, it must declare the property excess and report it for disposal following the instructions in Volume 4 for Excess Items Disposition, unless the DoW Component has statutory authority to dispose of the property by alternative methods.

5.3.3. Exempt Federally-owned Property. Exempt Federally owned property means property acquired under a grant when the DoW has chosen to vest title to the property to the grantee without further obligation to the Federal government, based on explicit terms and conditions of the grant. A DoW Component may exercise this option only when statutory authority exists.

5.4 Supplies

Title to supplies will vest in the grantee upon acquisition. If there is a residual inventory of unused supplies exceeding \$5,000 in total aggregate value upon termination or completion of the project or program and the supplies are not needed for any other Federal award, the grantee must retain the supplies for use on other activities or sell them. In either case, the grantee must compensate DoW, following the requirements in 32 CFR § 34.24. The grantee may deduct and retain \$500 or ten percent of the proceeds, whichever is less, for selling and handling expenses. At grant close-out, the DoW Component must follow subparagraph 5.2.7 to account for compensation received from grantee residual inventory.

5.5 Intangible Property

Intangible property applies to a patent, patent application, copyright, or other intangible property acquired, but not developed or produced, under the grant. When the grantee no longer needs the intangible property for the originally authorized grant purpose, the DoW Component must arrange for the disposition of the intangible property, following the requirements in

32 CFR § 34.25. At grant close-out, the DoW Component must follow subparagraph 5.2.7 to account for the remaining proceeds from disposition of intangible property.

5.6 Other Required Reporting

5.6.1. Improper Payment. An improper payment is any payment that should not have been made, or that was made in an incorrect amount under statutory, contractual, administrative, or other legally applicable requirements. An improper payment also includes any payment that was made to an ineligible recipient or for an ineligible good or service, or payments for goods or services not received (except for such payments authorized by law).

5.6.1.1. Questioned costs, including those identified in audits, are not an improper payment until reviewed and confirmed to be improper as defined in OMB Circular No. A-123 Appendix C.

5.6.1.2. Grant programs are subject to the payment integrity requirements in Volume 4.

5.6.2. Public-Private Partnership Reporting. Grants which meet the definition of public-private partnerships (P3), risk-sharing arrangements or transactions with expected lives greater than 5 years between public and private sector entities, may be subject to disclosure under SFFAS 49. Volume 6 and SFFAS 49 provide detailed information about P3 reporting.

5.6.3. Grants, Loans, Credits, and Contingent Liabilities Involving Foreigners. 1 TFM 2 - 4500 requires electronic submission of several reports pertaining to foreign obligors to the Treasury. Refer to Volume 6 and Volume 16 for more details.

6.0 FINANCIAL LIABILITY FOR GOVERNMENT PROPERTY, LOST, DAMAGED, DESTROYED, OR STOLEN

6.1 Applicability

The requirements within this section apply to all government property regardless of whether the government property is recorded in an Accountable Property System of Record. This section does not apply to loss, damage, destruction, or theft of Government Furnished Property, Contractor Acquired Property, and property acquired by a contractor because of partial, advance, progress, or performance-based payments in the possession of a third party, to include contractors. Loss, damage, destruction, or theft of such property must be processed in accordance with the terms and conditions of the accountable contract or third-party agreement to which the lost, damaged, destroyed, or stolen property was accountable.

6.2 General Requirements

6.2.1. Initiation of General Inquiries and Investigations

6.2.1.1. Upon discovery of loss, damage, destruction, or theft of government-owned property (real or personal) of any value, the first line supervisor or, in the case of military,

immediate superior within the chain of command, must conduct a general inquiry to determine if the situation warrants a formal investigation. A DD Form 200 is not required for general inquiries. Loss, damage, destruction, or theft of supply system materiel must be processed in accordance with paragraph 6.5.

6.2.1.2. An investigation must be conducted for all loss, damage, destruction, or theft of government-owned equipment with initial unit acquisition cost (value) of \$5,000 or greater; all sensitive, classified, or leased (Refer to Volume 4) property regardless of initial acquisition cost; and any real property (see Department of Defense Instruction (DoDI) 5000.64 for more information). Investigations may also be conducted when circumstances warrant. For example, when the loss, damage, destruction, or theft of small amounts of property occurs frequently enough to suggest a pattern of wrongdoing, then an investigation may be warranted.

6.2.2. DD Form 200. The DD Form 200 is the required documentation for investigations and must be used to document the facts and circumstances of the loss, damage, destruction, or theft. The person conducting the investigation must complete blocks 1 through 11 of the DD Form 200. Refer to the Volume 12 Supplemental.

6.2.3. Review. Upon completion of the investigation, the DD Form 200 must be forwarded to the appointing authority for review. The appointing authority must determine if a financial liability officer or a financial liability board is needed to investigate. The general criteria for appointing a financial liability officer or board and the responsibilities of a financial liability officer or board regarding inventory losses are contained within the Volume 12 Supplemental. General Counsel and/or the member's commander must be consulted before statements are taken from anyone if there is a suspected violation of the Uniform Code of Military Justice (10 U.S.C. §§ 801-806).

6.2.4. Evidence of Theft. Cases involving stolen government-owned property must be referred to local security and/or law enforcement officials, in accordance with agency procedures.

6.2.5. Notification and Examination. When financial liability is recommended, the individual must be notified and given the opportunity to examine the findings and recommendations, obtain representation, make a rebuttal statement, and present any mitigating factors that may have contributed to the negligence or abuse. If damage to government housing is involved, an individual also must be given the opportunity to request a waiver of the financial liability in accordance with 10 U.S.C. § 2775.

6.3 Approving and Appointing Authority

Due Process. The appointing and approving authorities must act on the DD Form 200 once an individual has been properly notified and given the opportunity to respond to the findings. Failure of individuals involved to respond to recommendations of financial liability is not a sufficient reason for the appointing and approving authorities to delay the approval process if the individuals were given a reasonable opportunity to reply, as discussed in the Volume 12 Supplemental.

6.4 Government Housing Liability

Military Personnel Liability for Government Housing Determination of Proximate Cause. A member of a Military Service must be held liable to the U.S. for the loss, damage or destruction of family housing or an unaccompanied personnel housing unit assigned to such member, including equipment and furnishings therein, when a determination is made that the loss, damage or destruction was proximately caused by the abuse or negligence of the member, a dependent of the member, or a guest either of the member or the member's dependent.

6.5 Supply System Material

This section applies to personal property defined as "supply system materiel" and contains procedures to be followed when inventory losses are discovered. The provisions of this section are applicable to all activities accountable for supply system material, including stock fund and other inventories (e.g., appropriated fund).

6.5.1. Inventory. Physical inventories must be performed in accordance with the provisions contained herein and in Department of Defense Manual (DoDM) 4140.01, Volume 5.

6.5.2. Causative Research. Causative research must be conducted for all inventory discrepancies that meet any of the criteria specified in Defense Logistics Manual (DLM) 4000.25, Volume 2. For inventory discrepancies that do not meet the criteria for performing causative research, a justification for adjusting the inventory and accounting records and relief from property accountability must be provided by means of an inventory adjustment document.

6.5.3. Resolved Inventory Losses

6.5.3.1. Accountability. The data developed by post count validation, pre-adjustment research, and causative research must be utilized to prepare correcting documentation so that the inventory accounting systems may be updated. These adjustments must be processed in accordance with this Regulation and DLM 4000.25, Volume 2.

6.5.3.2. Statistics. The type of inventory losses must be categorized and accumulated by category to identify trends or problem areas in accounting or supply system procedures in accordance with DLM 4000.25, Volume 2.

6.5.4. Unresolved Inventory Losses Not Meeting the Criteria for an Investigation

6.5.4.1. Accountability. Relief from property accountability and justification for the adjustment of the inventory and accounting records to the inventory on hand must be provided by means of an inventory adjustment document. The detailed data requirements and procedures for preparing and processing the inventory adjustment document must be as prescribed in the appropriate DoW Component implementing documents.

6.5.4.2. Authority for Adjustment. If the cause or probable cause of the discrepancy has not been determined, and the discrepancy does not qualify for causative research, this paragraph must be cited as authority for relieving the accountable officer of accountability.

6.5.4.3. Statistics. The type of inventory losses must be categorized and accumulated by category to identify trends or problem areas in accounting or supply system procedures in accordance with DLM 4000.25, Volume 2.

6.5.5. Unresolved Inventory Losses - Causative Research Indicates No Personal Responsibility

6.5.5.1. Accountability. See subparagraph 6.4.4.1.

6.5.5.2. Statistics. See subparagraph 6.4.4.3.

6.5.6. Unresolved Inventory Losses - Causative Research Indicates Evidence of Personal Responsibility

A financial liability investigation must be used to support the adjustment of the inventory and accounting records to the actual inventory on hand and to relieve the accountable officer of accountability.

6.5.7. Criteria for an Investigation. A financial liability investigation must be initiated on all unresolved inventory discrepancies for each stock number that meets any of the criteria identified in the Volume 12 Supplemental.

7.0 FOREIGN NATIONAL EMPLOYEES SEPARATION PAY ACCOUNT, DEFENSE

7.1 Authoritative Guidance

7.1.1. The National Defense Authorization Act (NDAA) for Fiscal Years 1992 and 1993 authorized a trust fund account to accumulate funds to finance obligations for separation payments to foreign national employees of the DoW. The NDAA for Fiscal Year 1995 extended this authorization to include foreign nationals employed by a foreign government, for the benefit of DoW, under any of the following agreements that provide for separation pay: (1) a contract, (2) a treaty, or (3) a memorandum of understanding with a foreign nation. 10 U.S.C. § 1581, “Foreign National Employees Separation Pay Account,” provides for the establishment and operation of this account. The use of the term “foreign national employees” in this section is meant to apply to both foreign national direct and indirect hire employees. 10 U.S.C. § 1592 establishes that funds in the “Foreign National Employees Separation Pay Account, Defense” account may not be used to pay severance pay to a foreign national employed by DoW that provides for payment of separation pay if the separation of the employment of the foreign national is the result of the closing of, or the curtailment of activities at, a United States military facility in that country at the request of the government of that country.

7.1.2. This guidance applies to all DoW appropriations. This guidance does not apply to activities under the Defense Working Capital Fund (DWCF). DWCF activities must continue to make necessary foreign national employee severance payments under established DWCF procedures. This guidance also does not apply to the FMS Trust Fund. The FMS Trust Fund activities must continue to accrue and disburse separation pay to their foreign national employees

from the FMS Trust Fund. Use of nonappropriated funds (NAF) to pay for severance or separation entitlements, accrued during periods of employment with appropriated funded (APF) entities is prohibited.

7.2 Policy

7.2.1. Calculations. Foreign national employees' separation pay must be determined and calculated at the installation level in accordance with applicable host country agreements. These amounts must be obligated in the full amount of the liability that accrues during the fiscal year, without regard to whether the amount is currently payable. Disburse these amounts from the Treasury "Foreign National Employees Separation Pay Account, Defense," 097X8165. The applicable Treasury receipt account is 097X8165.001, "Employing Agency Contributions, Defense." Find additional guidance on obligations for separation allowances for foreign national employees in Volume 3.

7.2.2. The Director, DFAS, must administer the account as well as perform related accounting functions.

7.2.3. Transfers into the "Foreign National Employees Separation Pay Account, Defense" must be made following procedures in the procedures/guidance document.

7.2.4. Deobligations. Each DoW Component must notify its supporting DFAS site of all deobligation transactions, adjustments, and corrections, in a timely and accurate manner. The respective site will record adjustments and corrections in the accounting records.

7.3 Subsequent Disbursements

7.3.1. Validation of Funds Availability. Local disbursing offices and the Department of State (DoS) may continue to make disbursements for foreign national employee separation payments, when approved by DFAS, using DoW cross-disbursement procedures. Each DoW Component and non-DoW office (e.g., DoS) must coordinate its disbursement/cross-disbursement actions with the supporting DFAS site to validate the availability of funds prior to disbursement. A positive balance in the account is necessary prior to payment; therefore, both DoW and non-DoW activities will verify from the supporting DFAS site that sufficient funds are available prior to submitting vouchers to servicing disbursing offices for employee payments.

7.3.2. Cross-Disbursements. When cross-disbursement procedures are used, the appropriate DFAS site must be advised prior to each actual disbursement. Find additional guidance on cross-disbursement transactions in Volume 3.

7.4 Responsibilities

Refer to the Volume 12 Supplemental.

8.0 INTERNATIONAL AGREEMENTS

8.1 General

This section establishes the financial procedures that must be followed when DoW Components initiate, develop, and request formal review of international agreements and any annexes, appendices, amendments, or modifications thereto. It does not cover Foreign Military Sales (FMS) transactions and contracts entered into under the provisions of the Federal Acquisition Regulation or agreements associated with security assistance programs. Such transactions are implemented under provisions identified in Section 15.

8.1.1. International Agreement Document. This term includes any document, among others, identified as an international agreement, memorandum of understanding, memorandum of agreement, memorandum of arrangement, exchange of notes, exchange of letters, or technical arrangement with one or more foreign governments (including their agencies, instrumentalities, or political subdivisions) or with an international organization.

8.1.2. International Agreement Design for Coordination. Each international agreement submitted for coordination must contain a fiscal, legal and policy memorandum in accordance with DoDI 5530.03, “International Agreements,” paragraphs 5.2.b., or a Summary Statement of Intent (SSOI) in accordance with paragraph 5.2.b.(5). Refer to Volume 12 Supplemental for detail regarding these memoranda.

8.2 Legal Considerations

Legal authority information is critical to the preparation of an international agreement and is the basis for determining the legal authority for entering into the agreement and subsequent financial requirements. Any agreement that involves the obligation of U.S. appropriated funds must have an underlying legal authority for the use of such funds; the agreement itself cannot create such an authority. Refer to the Volume 12 Supplemental for detailed information regarding these legal considerations.

8.3 Fiscal Considerations

8.3.1. Availability of Financing Sources. There are two general prohibitions on the use of appropriated funds for international agreements. In addition, the legal section must identify any other applicable prohibitions. It is implicit in the identification of the financing sources set forth in the Volume 12 Supplemental that funds are available. It is desirable, however, to include in the fiscal information section a certification that all legal and policy prohibitions on the use of funds have been complied with. The general prohibitions are as follows:

8.3.1.1. No funds designated by the Congress for North Atlantic Treaty Organization (NATO) or major non-NATO cooperative research and development under 10 U.S.C. § 2350a may be used to procure equipment or services from any foreign government, foreign research organization, or other foreign entity (including NATO participants) to the agreement.

8.3.1.2. U.S. Government military assistance funds (i.e., Foreign Military Financing, FMS loans, and FMS credits) are not available to finance a foreign participant’s share

of the cost of a cooperative project authorized by section 27 of the Arms Export Control Act or a cooperative development project with a major non-NATO ally under 10 U.S.C. § 2350a.

8.3.2. Financial and Nonfinancial Contributions. A contribution to an international agreement may be financial, nonfinancial, or both. Nonfinancial contributions may be in the form of defense articles or defense services needed for the cooperative project. If the contribution is nonfinancial, a price analysis must be made to ensure the valuation assigned to such nonfinancial contribution is fair and reasonable. The fiscal information section must summarize the results of such an analysis. The price analysis must be based on prior cost experience for the nonfinancial contribution to be provided. When a foreign contribution is in the form of foreign currency or the awarding of a contract in a foreign country, the foreign currency contribution generally must be valued at the exchange rate current at the time that the agreement is prepared. There must be no subsequent modification of the valuation because of changes in the currency exchange rate. The fiscal memorandum or SSOI must display the value of the currency in terms of U.S. dollars.

8.3.3. Valuation of Nonfinancial Contributions. The value of all nonfinancial (background data/information, software, services, military and civilian labor, materiel, equipment, and facilities) contributions to an agreement is to be determined and considered for the evaluation of equitableness of the proposed project. The fiscal memorandum or financial section of the SSOI must describe the nonfinancial contributions, indicate their value, and state the method used in determining the valuation. The nonfinancial contributions must also be valued in terms of U.S. dollars in the fiscal memorandum or SSOI. The alternatives for determining the value of nonfinancial contributions can be found in the Volume 12 Supplemental.

8.3.4. Reasonable and Necessary Expense. Any obligation of DoW appropriations under an international agreement must be supported by a showing that it is a reasonable and necessary expense required for the accomplishment of DoW missions, unless the use of DoW funds for other than a DoW mission specifically is authorized by statute.

8.4 Proposed Agreement

8.4.1. Financial Policies and Appropriate Cross References. An international agreement must contain language that implements the requirements established by U.S. law and regulation. This section discusses the financial policies that must be followed and provides appropriate cross references to other parts of this Regulation that provide more specific guidance.

8.4.2. Fund Availability Qualification. Because agreements may involve future years for which Congress has not yet appropriated funds, all agreements that require that DoW provide financial contributions must contain a funds availability clause to prevent a premature recording of an obligation against a future year's appropriation.

8.4.3. Reconciliation of Agreement Dollar Value to Financing Sources. An international agreement must set forth the dollar value of the agreement and portions of the dollar value that must be borne by each participant. This cost sharing may be in the form of monies or nonfinancial contributions. A preliminary requirement is to ensure that any obligations that the Department may be required to incur in implementation of the agreement have been identified in the fiscal

information section. Nonfinancial contributions, described in the scope section, may be valued in the fiscal information section as part of the overall financial contributions, or described solely in the scope section without valuation in the financial information section. The financial information in the fiscal memorandum or SSOI will value all financial and nonfinancial contributions identified in the international agreement.

8.4.4. Adherence to Prescribed Pricing Rules

8.4.4.1. If an international agreement provides for nonfinancial contributions, there must be assurance that proper pricing procedures have been followed. Subparagraphs 8.3.2 and 8.3.3 discuss special requirements that may be applicable to certain agreements. The text of an agreement must be reviewed carefully to ensure compliance with these paragraphs. An area of special pricing attention is charges for existing DoW technical data and computer software, or the use of equipment or facilities.

8.4.4.2. Equipment and facilities provided for use in the furtherance of the purpose of an international agreement should be based on an amortized rate. This amortized rate should be based on the cost and useful life of the equipment or facilities and applied to the length of time the equipment or facilities will be used in the furtherance of the purpose of the international agreement. Standard rates, if available, can also be used.

8.4.5. Determination of Program Equitableness

8.4.5.1. 2350a and 22 U.S.C. § 2767, and in accordance with DoDI 5530.03, international agreements involving cost sharing should be equitable. The United States and the other participants to an international agreement must contribute their equitable share of the full cost in funds or in defense articles or services needed to execute the cooperative project and must receive their equitable share of the results of the cooperative project in the form of defense articles or services. A participant's cost share must be proportionately equal to the benefits it receives. In many cases, "equitable" will mean equal, but the sharing need not be exactly equal to meet the equitable standard; minor deviations are permissible so long as the cost sharing is fair based on the totality of the circumstances involved, and not in contravention of other law or regulation. Any such deviation will be cited clearly in the SSOI and approved by the relevant DoW officials during their routine coordination of international agreements. Further details of meeting the requirements for equity are provided in the Volume 12 Supplemental.

8.4.5.2. The SSOI or fiscal memorandum to a proposed international agreement, must clearly explain why the agreement is considered equitable. Prior to approval of all proposed international agreements, a determination of agreement equity must be made by the approving DoW officials. It is critical that sufficient detail and information be provided to clearly demonstrate to approving officials that the proposed international agreement is equitable.

8.4.5.3. Calculation of Expected Contribution. In support of an equity determination by DoW approving officials, the expected contribution must be calculated and presented in the SSOI or supporting documentation using one of the methods identified in the Volume 12 Supplemental:

8.4.6. Sales and Transfers of Technical Data Developed Under an Agreement – Refer to the Volume 12 Supplemental.

8.4.7. Taxes, Duties, and Similar Charges – Refer to the Volume 12 Supplemental.

8.4.8. Advance of DoW Funds

8.4.8.1. An advance constitutes a disbursement of DoW funds before an authorized DoW official has certified that materials have been delivered or ordered services performed. An agreement must not provide for DoW advance payments, unless the conditions for such advances, as set forth in Volume 4, are met. An advance to a foreign country is authorized only when required for compliance with the laws and ministerial regulations of the foreign country and is further required by the agreement.

8.4.8.2. When possible, advances must be made for no more than the amount necessary to fulfill the DoW share of project expenses for one month. Advances and prepayments must not exceed the amount necessary to fulfill the DoW share of project expenses for a current fiscal quarter. If monies are paid in advance and deposited into commercial banks, provision must be made to ensure that the agreement requires: Payment of interest at competitive rates; Timely identification of interest earned by each party; and Interest disposition in accordance with the participants' instructions.

8.4.8.3. The DoW share of funding required to support an international project must be obtained in full by appropriation, and no part of such funding must be derived from interest earnings on U.S. contributions. In view of this policy, the U.S. Government share of interest earned on U.S. advance payments must be returned to the Treasury Miscellaneous Receipts Account 3210, "General Fund Proprietary Receipts, Defense Military, Not Otherwise Classified." The interest must not be used to reduce a future call for funds, nor used for any project cost that would result in funding derived outside the appropriation process.

8.4.8.4. Advances of DoW funds in excess of 90 days or \$5 million require consultation with the Treasury. Contact with the Treasury must be through the OUSW(C).

8.4.9. Billing Requirements. When payments are to be made, the agreement or subsequent financial arrangements must include information identified in the Procedures document.

8.4.10. Special Types of Agreements

8.4.10.1. Agreements for Reciprocal Exchange of Materials or Services. These agreements must set forth the time period allowed for exchange of materials and services. They also must set forth financial settlements that must be made if the exchange does not take place. DoW services or materials provided are priced in accordance with Volume 11.

8.4.10.2. Cooperative Research, Development, Test and Evaluation (RDT&E), Technical Data Exchange, Co-production, Licensed Production, and Related Standardization

Agreements That Are Not Implemented through the Security Assistance Program. Full costs must be identified and shared equitably. Cost sharing may be accomplished through the following:

8.4.10.2.1. Pooling of monies and designation of a lead country to manage the program, collect cash, and award contracts. Specific shares of program cost are set forth in the agreement.

8.4.10.2.2. No pooling of monies or designation of a lead country. Specific efforts to be accomplished by each participating country and estimated costs of such efforts are set forth in the agreement.

9.0 FUNDING CIVILIAN SEPARATION INCENTIVES AND CIVILIAN PERSONNEL TRANSITION INITIATIVES

9.1 Overall Funding Policy

9.1.1. For this policy, the term “civilian separation incentives” means resignation and retirement incentives and outplacement subsidies that may be used to encourage designated civilian employees to separate voluntarily from DoW.

9.1.2. Available separation incentives include Voluntary Separation Incentive Pay (VSIP), VSIP Phase II, Voluntary Early Retirement Authority (VERA), and Voluntary Reduction in Force (VRIF). The DoW activities may pay up to \$25,000 (before taxes and deductions) from appropriations, funds, or accounts available for such purposes for the voluntary resignation, early retirement, or optional retirement of a designated civilian employee.

9.1.3. Outplacement subsidies are used as an incentive for other Federal agencies to hire employees displaced by reduction in force (RIF) or transfer of function. DoW activities may pay up to \$20,000 from appropriations, funds, or accounts available for such purposes. The payment is for Permanent Change of Station (PCS) costs incurred by another Federal agency when that agency hires any DoW employee in a surplus skill category who is subject to RIF. See the DoW FMR.

9.1.4. Audit Readiness/Internal Procedures. Each DoW Component must develop and implement internal operating procedures and/or guidance to implement this overarching policy in a manner that ensures accurate, timely, and relevant reporting of financial data. Relevant records supporting financial statements must be maintained and made available during financial statement audits.

9.1.5. Recording Funding Obligations. Funds for separation incentives and outplacement subsidies must be obligated when an employee accepts the offer of an incentive payment. The obligation must be recorded in DoW Standard General Ledger account 640000, “Benefits Expense,” and reported as object class 13.0, “Benefits for former personnel” for separation incentive and object class 12.1 for outplacement subsidies. Refer to the Office of the DCFO SFIS for additional information on account descriptions, and OMB Circulars, Circular No. A-11, Section 83 for additional information on object class codes.

9.2 Specific Funding Policies for Different Types of Employees

9.2.1. Civilian Separation. A DoW Component that offers civilian separation incentives to an employee, to induce the voluntary separation of that employee to create a vacancy for another employee of the same DoW Component, must fund the resulting separation payments from the applicable appropriation, fund, or account that otherwise is available to pay for salaries and expenses of that DoW Component. The source of Voluntary Separation Incentive Payments funds may include a DWCF for employees of a DWCF-funded activity. DoW central account funding is not provided.

9.2.2. Foreign Military Sales Trust Fund – Refer to Volume 12 Supplemental.

9.2.3. Placements Outside the Department. DoW activities may pay up to \$20,000 (subject to the availability of funds) in outplacement subsidy for Permanent Change of Station (PCS) costs associated with placement of a surplus DoW employee with another Federal Agency as authorized under 5 U.S.C. § 5724 and DoDI 1400.25, Volume 1702. When the gaining Federal agency accepts a DoW Component-offered outplacement subsidy, the DoW activity must notify the gaining agency that DoW funds may be billed up to \$20,000 per employee or for the actual PCS costs, whichever is less. The notification must include the DoW fund citation to be billed and the address of the fiscal station paying the subsidy. Payment must be made by the applicable DoW activity based upon documentation of the amounts paid or to be paid to the employee by the gaining Federal Agency.

9.3 Controls over Available Funds

Controls must be established to ensure that sufficient funds are available to cover projected requirements for employee acceptance of incentive offers and outplacement subsidies each quarter. ADA provisions apply to the DoW Component appropriations, funds, and accounts. Therefore, if available funds are projected to be inadequate to cover anticipated incentive program acceptances and outplacement subsidies, appropriate action must be taken. In this regard, the DoW Components either must cancel or withdraw incentive offers prior to employee acceptance or obtain additional funds.

10.0 PRIVATIZATION OF WAR UTILITY SYSTEMS

10.1 DoW Utility Systems

As permitted under the authority of 10 U.S.C § 2925, the Secretary of a Military Department is allowed to transfer utility systems. This authority does not extend to utility projects operated by the Army Corps of Engineers under its civil works authority. The policy is driven by DoDI 4170.11, "Installation Energy Management," which establishes utilities privatization as the preferred strategy for modernizing and recapitalizing these critical systems. Consequently, the Military Services are mandated to attempt privatization of such utility systems at all Active and Reserve Component installations, both within and outside the United States. However, there are specific exceptions to this mandate: privatization is not required for installations scheduled for closure, for systems that the Secretary of the Military Department certifies as exempt for security

reasons, or in cases where privatization would be uneconomical. The USW for Acquisition and Sustainment (A&S) is assigned primary responsibility for overseeing this instruction.

10.2 Conveyance of Utility Systems

10.2.1. Consideration and Determination. Subsection 2688(c)(1) of 10 U.S.C. provides that the Secretary of a Military Department concerned may require as consideration for a conveyance an amount equal to the fair market value (as determined by the Secretary) of the right, title, or interest of the United States conveyed. Such consideration may take the form of a reduction in charges for utility services provided or a lump sum payment. Subsection 2688 does not itself constitute authority for the Secretary of a Military Department to convey a utility system without any consideration or cause to be inapplicable to authorities that govern disposal of DoW real property and personal property. The Secretary concerned may authorize a contract for utility services to have a term more than 10 years, but not to exceed 50 years. The determination of cost effectiveness must be made using a business case analysis that includes an independent estimate of the level of investment that should be required to maintain adequate operation of the utility system over the proposed term of the contract or contract renewal. The business case analysis must also demonstrate how a privatized system will operate in a manner consistent with energy resilience and cybersecurity requirements and associated metrics provided to the conveyee to ensure that the reliability of the utility system meets mission requirements.

10.2.2. Reduction in Charges. A reduction in charges for utility services provided is acceptable consideration when the services are provided by the utility or entity obtaining the utility, and the reduction in charges is provided to the military installation at which the utility system is located at the time of conveyance. In such circumstances, a reduction in charges for utility services provided is an exchange of dissimilar assets that does not result in a credit to an appropriation. The consideration (reduction) in such an exchange is considered an “Other Asset” (Account 199000), and the recorded asset is reduced by charges to “Operating Expenses/Program Costs” (Account 610000) over the life of the contract for utility services. Corresponding asset disposal losses must be recognized as described in Volume 4.

10.2.3. Lump Sum Payment – Refer to the Volume 12 Supplemental.

10.3 Conveyance Authorization and Agenda

10.3.1. Same Utility Service Procurements. Before utility conveyance proceeds may be used to procure the same utility services as those provided by the utility system conveyed, the organization receiving the funds must submit the proposed distribution of funds to Assistant Secretaries of the Military Departments’ Financial Management and Comptroller (FM&C) for approval. The FM&C must notify the supporting DFAS site of approved funds distributions.

10.3.2. Savings and Conservation Projects and Improvements. Refer to the Volume 12 Supplemental.

11.0 ENERGY AND WATER SAVINGS AND REVENUE MANAGEMENT

11.1 Financial Management Policy, Incentives, and Revenues

The Congress has enacted a series of measures aimed at strengthening energy and water security, resilience, and sustainability within the DoW. This section establishes the financial management policy for identifying, retaining, and utilizing energy and water cost savings, as well as financial incentives and revenues derived from the sale of electricity. It provides comprehensive guidance on the receipt and use of utility incentives and water cost savings for conservation efforts; the availability and application of energy cost savings; the implementation of energy savings contracts and related activities; the sale of electricity generated from alternative energy and cogeneration facilities; and DoW participation in programs designed to manage energy demand or reduce energy consumption during peak periods. Refer to the Volume 12 Supplemental for more detailed steps and procedures.

11.2 Energy Savings and Incentives Received from Utilities

11.2.1. Extended Availability from Energy Savings. Energy savings amounts with extended availability must be transferred to extended availability accounts for execution.

11.2.1.1. An extended availability account must be established for each appropriation for which energy cost savings have been identified and for which a period of extended availability is established.

11.2.1.2. Transfers to extended availability accounts must be made by a SF 1151, “Nonexpenditure Transfer Authorization,” or other authorized Service-specific method that incorporates all SF 1151 requirements (refer to Volume 14). Reprogramming actions will not be required in the case of such transfers.

11.2.1.3. The level that uses the accounts, such as the command, installation, Military Department, Defense Agency, and/or OSW level Accounting, must establish appropriate controls, and oversight for amounts in extended availability accounts to optimize funds executability.

11.2.2. Financial Incentives - Refer to the Volume 12 Supplemental.

11.3 Revenues from the Sale of Electricity

Refer to the Volume 12 Supplemental for Sale of Electricity; Use of Proceeds from the Sale of Electricity; and Congressional Notification.

11.4 Budgeting and Energy Savings on Utility Payments

Each military department must include the portion of the guaranteed savings due to the contractor for payment under an Energy Savings Performance Contract (ESPC) or to the utility for payment under an Utility Energy Service Contract (UESC) in its utility requirements submitted in budget requests for the length of the ESPC or UESC entered by that military department. The total utility requirements submitted as part of budget requests must include the entire amount of guaranteed savings provided in an ESPC or performance assurance savings provided in an UESC, including amounts for contract payments and amounts to be retained by installations. The total of the amounts requested must not exceed those that would have been requested in the absence of the

ESPC. The Secretary concerned, or designee, must specify the procedures for identification of such amounts by installations, facilities, or operating locations at which ESPCs or UESCs for that military department are in existence. In accordance with the OMB Circular No. A-11, Appendix B, "Budgetary Treatment of Lease-Purchases and Leases of Capital Assets," the costs of ESPCs may be scored on an annual basis, consistent with the guidance provided in OMB Memorandum M-98-13, "Federal Use of Energy Savings Performance Contracting," and OMB Memorandum M-12-21, "Addendum to OMB Memorandum M-98-13 on Federal Use of Energy Savings Performance Contracts and Utility Energy Service Contracts."

11.5 Use of Balances Available Resulting from Energy Cost Savings

Refer to the Volume 12 Supplemental.

11.6 Accounting for Energy Cost Savings

11.6.1. 10 U.S.C. § 2912. The energy cost savings amounts realized in accordance with 10 U.S.C. § 2912 remain as unobligated balances available for obligation at the end of the fiscal year and the succeeding fiscal year.

11.6.2. Unobligated Balance Transfers. Unobligated balances covered by subparagraph 11.6.1 must be transferred to extended availability accounts on an SF 1151 or other authorized Service-specific method that incorporates all SF 1151 requirements (see subparagraph 11.1.1). The authority and policy to be cited for the transfer is 10 U.S.C. § 2912(e).

11.6.2.1. The SecWar may transfer amounts that remain available for obligation to other funding accounts of the DoW if the purpose for which such amounts will be used is specified in the Volume 12 Supplemental.

11.6.2.2. Amounts transferred to a funding account of the Department under subparagraph 11.5.2.1 will be available for obligation for the same period as amounts in that account.

11.6.2.3. At the end of each fiscal year, the SecWar must submit to Congress a report detailing any funds transferred pursuant to subparagraph 11.5.2.1 during that fiscal year, including a detailed description of the purpose for which such amounts have been used.

12.0 FISCAL POLICY FOR BASE CLOSURE AND REALIGNMENT

12.1 Policy

DoW Components are responsible for implementing all base closure and realignment action including preparation of an economic analysis in accordance with Volume 2, and must administer the allocations of base closure funds. DoW Components are to deposit the proceeds in the appropriate account authorized by law. If transfer funds were deposited into the wrong account, a suspense account, or other interim account, an SF 1080, "Voucher for Transfers Between Appropriations and/or Funds," must be used to transfer funds to the proper account. Refer to the Procedures document for: DoW Base Closure Account 1990 and DoW Base Closure

Account 2005; DoW Overseas Military Facility Investment Recovery Account; and Reserve Account.

12.2 Budget and Accounting Responsibilities

12.2.1. Requests for Funds

12.2.1.1. DoW Components DoW Base Closure Account Financial Plan. The Military Departments and Defense Agencies, in cooperation with, and at the direction of, the USW for A&S or designee, the Director, OSW Base Realignment and Closure (BRAC) Office, must submit a financial plan to the Director, Military Personnel and Construction, OUSW(C), Program/Budget (P/B), supported by a "DoW Base Closure Account Financial Plan," (Format 460-BC), to request allocations of base closure funds. Refer to the Volume 12 Supplemental for more information. Host DoD Components are responsible for coordination with all affected tenant activities, including Defense Agencies, Defense Medical Facilities Office, Reserve Components, and nonappropriated fund activities. Tenant activities must identify specific base closure program requirements to their host DoD Component.

12.2.1.2. Director, Military Personnel and Construction. This office must initiate the SF 132, "Apportionment and Reapportionment Schedule," for the appropriate base closure account for submission to the OMB for its approval.

12.2.2. Funds Distribution

12.2.2.1. Director, Military Personnel and Construction. Upon OMB approval of the SF 132 for the base closure account, this office must provide a Fund Authorization Document to the applicable component for recording in the agency-level accounting records.

12.2.2.2. Director, Defense Finance and Accounting Service. The Director of DFAS must obtain and record, in the departmental-level accounting records, a Financial Management Service 6200, "Appropriation Warrant," for the base closure accounts. Refer to the Exhibit in the Volume 12 Supplemental.

12.2.3. Plan Execution - Refer to the Volume 12 Supplemental.

12.3 Reporting Responsibilities

12.3.1. DoW Components. The DoW Components must prepare and submit reports to the appropriate DFAS site on the status of its allotments. At a minimum, these reports must offer detail for each subaccount specified in a Fund Authorization document provided by OSW (refer to the Volume 12 Supplemental). Submit these reports in accordance with a schedule of due dates to be provided by the DFAS.

12.3.2. Defense Finance and Accounting Service. DFAS must establish base closure accounts with the Treasury and manage associated transactions, such as posting SF 1151 "Nonexpenditure Transfer Authorizations." This function also requires the preparation of various

departmental-level reports, including appropriation and fund status reports as mandated by Volume 6, and Chief Financial Officer (CFO) reports for all base closure accounts. Additionally, it involves offering the consolidation of financial reports to produce Treasury Index 97 financial reports on a pass-through basis. This guidance can be supplemented with additional procedures as necessary, subject to the approval of OUSW(C).

12.4 Administration of Base Closure Funds

12.4.1. Appropriated Fund Activities. Expenses, losses, or other events occurring at an appropriated fund activity as a direct result of a DoW base closure action, which result in a cash outlay, are eligible for reimbursement from the applicable DoW Base Closure Account. Expenses, losses, or other events not resulting in a cash outlay by an appropriated fund activity are not eligible for reimbursement. Expenses, losses, or other events that result in a cash outlay (vice expenses, losses, or other events that do not result in a cash outlay) are dependent largely upon the unique circumstances in existence at a particular activity subject to closure. Refer to the Volume 12 Supplemental for general guidance on Expenses that Ordinarily Result in a Cash Outlay and Losses that Do Not Ordinarily Result in a Cash Outlay.

12.4.2. Disposition of DoW Base Closure Assets - Refer to the Volume 12 Supplemental.

13.0 TRANSFERRING, DISPOSING, AND LEASING OF REAL PROPERTY AND PERSONAL PROPERTY

This section provides financial policy for the disposal, transfer, and leasing of real property, as well as the transfer and lease of personal property. Financial policy for the disposal of personal property is addressed in Volume 11.

13.1 Policy

Leases: Non-excess Property and Personal Property. The Secretary of a Military Department may lease non-excess real and personal property under its control that is not needed for a public use for the time that it is leased in accordance with 10 U.S.C. § 2667. 10 U.S.C. § 2667 provides the same authority to the SecWar with respect to property under the control of a Defense Agency. Throughout this section and the corresponding section in the Supplemental, the term "Secretary concerned" will mean the Secretary of a Military Department, with respect to matters concerning that Military Department; and the SecWar, with respect to matters concerning the OSW Components of Defense Field Activities. Refer to the Volume 12 Supplemental.

13.2 Reporting Requirements to Congress

Refer to the Volume 12 Supplemental

14.0 EDUCATIONAL ASSISTANCE PROGRAMS

14.1 Overview of Educational Assistance Programs

The DoW provides several Educational Assistance Programs that establish a legally binding entitlement for eligible individuals, including active-duty service members, reservists, survivors, and their dependents. These programs serve the dual purpose of aiding in military recruitment and retention while also facilitating the readjustment of service members to civilian life and providing educational support for their families. While the authorization of these entitlements constitutes a binding contract with the Federal Government, it may require a separate, subsequent appropriation of funds. This section provides specific guidance on the financial operations, transaction recording, and accounting standards for managing these programs, and additional details can be found on the U.S. Department of Veterans Affairs (DVA) website.

14.1.1. Veterans' Education Assistance Program (Post-Vietnam). The Veterans' Education Assistance Program (VEAP) (38 U.S.C. § 3201) is an educational benefit for service members who entered service between January 1977 and June 1985. This program was terminated on April 1, 1987. However, the Services may be required to budget and submit payment for unfunded liabilities as determined by the DoW Board of Actuaries on a year-by-year basis.

14.1.2. Montgomery GI Bill – Active Duty. The Montgomery GI Bill – Active Duty (MGIB-AD) (38 U.S.C. Chapter 30), also known as “Chapter 30,” provides education benefits to veterans and service members who have met the minimum requirements of their obligated period of active duty. Refer to the Volume 12 Supplemental for Eligibility Requirements; Benefits; and Budget Submission Guidance.

14.1.3. Montgomery GI Bill – Selected Reserve. The Montgomery GI Bill Selected Reserve (MGIB-SR) 10 U.S.C. Chapter 1606 program offers up to 36 months of education and training benefits. Refer to 10 U.S.C. § 16132(a). Refer to the Volume 12 Supplemental for Eligibility Requirements; Period of Entitlement; Benefits; and Budget Submission Guidance.

14.1.4. Post-9/11 GI Bill. The Post-9/11 GI Bill (38 U.S.C. Chapter 33) provides education and job training to qualifying Veterans or members of the Armed Forces who served on active duty after September 10, 2001, and have met the minimum requirements of their obligated period of active duty. The DVA funds the Post-9/11 GI Bill. Such members are also entitled to transfer the Kicker of this benefit to a spouse or dependent children if conditions to transfer the basic benefit are met. Refer to the Volume 12 Supplemental for Eligibility; Benefits; and Budget Submission Guidance.

14.2 Funding for Educational Assistance Programs

The Veterans Educational Assistance Act of 1984 established a trust fund to finance DoW education liabilities on an actuarially sound basis. The DoW Education Benefits Fund (EBF) is a trust fund used to accumulate funds for transfer to the DVA to cover the DoW share of benefits. The DoW funds the MGIB-AD benefits, the MGIB-SR basic and Kicker benefits, and the VEAP benefits. The DoW Office of the Actuary performs actuarial valuations and provides actuarial

support and expertise for the EBF. Refer to the Education Benefits Valuation Report, which is updated annually. Refer to the Volume 12 Supplemental for more information and guidance on the fund; payments; transfers; deposits; and Table 14-1 for Active-Duty Critical Skill “Kicker” benefits.

14.3 Fund Transfers of Military Personnel Appropriations

Refer to the Volume 12 Supplemental.

14.4 Payroll Deductions

Refer to the Volume 12 Supplemental.

14.5 Refunds or Erroneous Deductions from Active-Duty Members

Refer to the Volume 12 Supplemental.

14.6 Collection of Educational Debts Owed to the Government by Selected Reserve

Refer to the Volume 12 Supplemental.

15.0 MILITARY PERSONNEL ENTITLEMENT PROGRAMS

Entitlement Programs are legally established benefits available to any person or unit of government meeting eligibility requirements established by law. Authorizations for entitlements constitute a binding obligation on the part of the Federal Government, and eligible recipients may have legal recourse if the obligation is not fulfilled. Legislation authorizing entitlements does not necessarily include a corresponding appropriation of funds, thus subsequent enactment of appropriations may be necessary. This section prescribes the accounting policy for three entitlement programs established for DoW military personnel. The entitlement programs are the MRF, the Medicare-Eligible Retiree Health Care Fund (MERHCF), and the Voluntary Separation Incentive Fund.

15.1 General Accounting Policy for Entitlement Programs

15.1.1. Payment of Benefits. Entitlement programs are divided into three categories according to the events that give rise to benefit payments: payments based on individual eligibility, payments required by law, and reimbursable events. These categories are accounted for as follows:

15.1.1.1. Individual Eligibility. When the program is administered by a federal agency, entitlement benefits based on individuals meeting eligibility requirements of a program must be recorded as a liability and an expense when the eligibility requirements are met (as determined by program officials). The recorded liability and expense must cover all expected payments for the current period of eligibility. Payments to recipients reduce the recorded liability.

15.1.1.2. Compliance with Statutory Laws. When payments are authorized (through appropriation and allotment of funds) for disbursement pursuant to legal requirements with no

specific action required of the recipients, a liability and expense must be recorded when the appropriated funds are allotted to the applicable program. The recorded liability and expense must cover the total amount to be disbursed. As payments are made, the liability must be reduced.

15.1.1.3. Reimbursable Events. When payments are based on the occurrence of a specific event for which costs are reimbursable under an entitlement program, a liability must be recorded when the event occurs. If the reimbursement is based on end-of-period reports from program administrators, an estimated amount must be accrued at the end of a reporting period.

15.1.2. Identifiable Refunds. When the expense for payments made under an entitlement program exceeds the appropriation (permissible for certain programs under special statutory authority), the source of the related funds must be clearly identified. If the funds were borrowed, the appropriate liability account must be established.

15.1.3. Suspension of Payments. When substantiated doubt exists on the continued entitlement of a military retiree or annuitant to receive benefit payments and payments on an account are suspended, the DFAS must cease obligating on the subject account for retired pay, retainer pay, or annuitant benefits. Previously obligated amounts must be deobligated to the extent of recoveries on previous payments or amounts held in a suspense account. Although this procedure is directed primarily at suspected death status accounts, it applies equally to other situations that may terminate entitlement. Examples of other situations include (but are not limited to) employment by a foreign government, renouncing U.S. citizenship, remarriage of a surviving spouse, and certain student annuitants dropping out of school.

15.2 Military Retirement Fund

15.2.1. Overview of the Military Retirement Fund

The Military Retirement Fund (MRF) is a statutory trust fund established under 10 U.S.C. §§ 1461–1467 to finance, on an actuarially reasonable basis, the Department of Defense (DoD) and the Coast Guard liabilities for military retired pay and survivor benefit programs. The MRF constitutes an entitlement authority under 2 U.S.C. § 622(9). Authorization of these entitlements represents a binding obligation of the Federal Government and may require subsequent appropriations. This section prescribes the accounting policy applicable to the MRF. Additional statutory and programmatic details are available from the DoD Office of the Actuary (OACT) and the DoD Agency Financial Report.

15.2.2. Military Retirement Fund Structure.

The MRF finances retired pay and survivor benefit liabilities through normal cost contributions, Treasury contributions for unfunded liabilities, and interest earnings on its investments in Treasury securities. The DoD Board of Actuaries approves the actuarial methods and assumptions used to determine the required contributions.

15.2.3. Funding for the Military Retirement Fund

The MRF is financed through normal cost contributions—a combination of accrual payments from DoD’s Military Personnel, Reserve Personnel, and National Guard Personnel appropriations, combined with payments from Treasury to finance concurrent receipt—along with Treasury contributions for unfunded liabilities and interest earnings on investments in Treasury securities. The DoD Office of the Actuary, under the direction and oversight of the DoD Board of Actuaries, performs actuarial valuations and determines contribution requirements to ensure the fund balance remains actuarially reasonable.

15.2.4. Normal Cost Contributions

Funds the present value of future pension benefits accrued during the year. Amounts payable to the MRF must be determined using actuarial methods and assumptions approved by the DoD Board of Actuaries. These contributions consist of accruing cost payments from DoD and contributions from Treasury to finance concurrent receipt. DoD Components must include sufficient funds in MILPERS budgets to meet their required contributions.

15.2.5. Unfunded Liability Contributions

Treasury contributions for unfunded liabilities must be determined using actuarial methods approved by the DoD Board of Actuaries and deposited to the MRF in accordance with statutory requirements.

15.2.6. Investment of Fund Balances

MRF balances not needed for current payments must be invested in Treasury securities, consistent with 10 U.S.C. § 1467.

15.2.7. Accounting Requirements

Liabilities must be recorded consistent with federal accounting standards, including SFFAS 5 and SFFAS 33. DFAS must prepare trust fund financial statements in accordance with Volume 6A.

15.2.8. Administrative and Operational Requirements

Additional guidance on accrual calculations, obligations, transfers, investment workflows, and reporting requirements is contained in the Volume 12 Supplemental

15.3 Medicare-Eligible Retiree Health Care Fund

15.3.1. MERHCF Purpose

Overview of the Medicare-Eligible Retiree Health Care Fund

The Medicare-Eligible Retiree Health Care Fund (MERHCF) is a statutory trust fund established under 10 U.S.C. §§ 1111–1117 to finance, on an actuarially reasonable basis, uniformed services retiree health care liabilities for Medicare-eligible beneficiaries, including

dependents and survivors. MERHCF constitutes an entitlement authority under 2 U.S.C. § 622(9). Authorization of these entitlements represents a binding obligation of the Federal Government and may require subsequent appropriations. This section prescribes the accounting policy applicable to MERHCF. Additional statutory and programmatic details are available from the DoD Office of the Actuary (OACT) and the DoD Agency Financial Report.

15.3.2. MERHCF Structure - MERHCF finances Medicare-eligible retiree health care liabilities through normal cost contributions, Treasury contributions for unfunded liabilities, and interest earnings on investments in Treasury securities. The DoD Medicare-Eligible Retiree Health Care (MERHC) Board of Actuaries approves the actuarial methods and assumptions used to determine required contributions.

15.3.3. Funding for the Medicare-Eligible Retiree Health Care Fund

MERHCF is financed through normal cost contributions from Military Personnel, Reserve Personnel, and National Guard Personnel appropriations; Treasury contributions for unfunded liabilities; and interest earnings on investments in Treasury securities. The DoD Office of the Actuary, under the direction and oversight of the DoD MERHC Board of Actuaries, performs actuarial valuations and determines contribution requirements to ensure the fund remains actuarially reasonable.

15.3.3.1. Normal Cost Contributions - Normal cost contributions must be based on per-capita rates developed by the DoD Office of the Actuary and approved by the DoD MERHC Board of Actuaries. DoD Components must include sufficient funds in MILPERS budgets to meet required contribution levels.

15.3.3.2. Unfunded Liability Contributions - Treasury contributions for unfunded liabilities must be determined using actuarial methods approved by the DoD MERHC Board of Actuaries and deposited to MERHCF in accordance with statutory requirements.

15.3.3.3. Investment of Fund Balances - MERHCF balances not needed for current payments must be invested in Treasury securities, consistent with 10 U.S.C. § 1113.

15.3.3.4. Accounting Requirements - Liabilities must be recorded consistent with federal accounting standards, including SFFAS 5 and SFFAS 33. DFAS must prepare trust fund financial statements in accordance with Volume 6A.

15.3.4. Administrative and Operational Requirements

Additional guidance on accrual calculations, obligations, transfers, reimbursements, investment workflows, and reporting requirements is contained in the Volume 12 Supplemental.

15.3.5. Responsibilities

15.3.5.1. Assistant Secretary of War for Health Affairs (ASW(HA)). Approves and issues procedures for the management and operation of MERHCF and provides guidance and operational direction to the Defense Health Agency (DHA).

15.3.5.2. Director, DHA. Implements DoW policy for MERHCF, directs reviews of legislative changes for potential impacts, and oversees execution reviews.

15.3.5.3. Department of War Medicare-Eligible Retiree Health Care Board of Actuaries. Provides advice on actuarial matters, reviews actuarial valuations of MERHCF, and reports annually on its actuarial status to the Secretary of War, and not less than once every four years (quadrennial report), to the President and Congress.

15.3.5.4. Chief Actuary, DoW Office of the Actuary. The DoW Office of the Actuary (OATC), Chief Actuary, reports on the actuarial status of MERHCF, provides cost estimates to OMB and participating Services, and reviews legislative changes for actuarial impact.

15.3.5.5. USW(C). The USW(C) prepares the total unfunded liability amortization payment plus the total normal cost contribution for certification by the Secretary of War to the Secretary of the Treasury.

15.3.5.6. Director, DFAS. Manages MERHCF's investments, establishes the necessary accounts, develops financial management processes, performs accounting, reports financial activities for required financial statements, and supports financial audits.

15.3.5.7. Secretaries of the Military Departments. Provide personnel data as requested and conduct all fund transfers, accounting, reconciliation, and other administration relating to the operation of MERHCF.

15.3.5.8. Administering Secretaries for the Participating Uniformed Services. The Administering Secretaries for the participating Uniformed Services include the Secretary of Homeland Security (for USCG) and the Secretary of Health and Human Services for PHS and NOAA. The Administering Secretaries for the participating Uniformed Services calculate and transfer their normal cost contributions to MERHCF and provide personnel data as requested.

15.3.6. MERHCF Accounts

The DoW MERHCF (097X5472, "Department of War, Medicare-Eligible Retiree Health Care Fund") is classified as a Special Fund and uses specific receipt, expenditure, and investment accounts. Amounts deposited are immediately available for investment, payment of benefits, and administrative costs. DFAS is responsible for making amounts available from the fund to cover all qualifying expenses.

15.3.7. MERHCF Assets

15.3.7.1. Contributions. Payment from DoW appropriations and other uniformed services (USCG, NOAA, and PHS), and the Treasury to fund future benefits.

15.3.7.2. Unfunded Actuarial Liability Payment. Payments from a permanent indefinite general fund appropriation, 097X0850, to fund future benefits payable from MERHCF attributable to service rendered prior to October 1, 2002 (i.e., the unfunded actuarial liability), and to cover actuarial gains and losses.

15.3.7.3. Investment Income. Income earned on the invested portion of the fund.

15.3.7.4. Return of Prospective Payment Transfers. Amounts returned to the fund that were previously transferred but found to be in excess of what was needed.

15.3.8. Accounting for MERHCF Revenues

DFAS records investment earnings. All contributions from DoW, other uniformed services, and the Treasury must be based on determinations by the DoW OACT under methods approved by the DoW MERHCF Board. Prior to each fiscal year, the Secretary of War shall certify the amortization payment and normal cost contributions due to the fund.

15.3.9. Reimbursements of Medicare-Eligible Retiree Health Care

The Fiscal Year 2005 National Defense Authorization Act provides permanent, indefinite appropriations from the Treasury to finance the cost of Medicare-Eligible Retiree Health Care (MERHC) accruals beginning in fiscal year 2006, rather than from MILPERS annual appropriations. Therefore, the per capita normal cost for MERHC accruals is not billable to other DoW Agencies or Federal Agencies. However, under 22 U.S.C. § 2761(a)(1)(C) of the Arms Export Control Act, these costs must be included in the rate billed to foreign countries or international organizations for the sale of defense services. These reimbursements must be deposited into the Treasury Miscellaneous Receipts account 304100.

15.3.10. Investment of MERHCF Cash Balances

DFAS is responsible for investing cash balances of MERHCF not required to meet current withdrawals. Investments are limited to Market-Based U.S. Government Special Securities issued by the Treasury. The income on such investments must be credited to receipt account 097X5472.002, "Earnings on Investments, DoW Medicare-Eligible Retiree Health Care Fund," and form a part of MERHCF.

15.3.11. Accounting for MERHCF Outlays

15.3.11.1. DFAS must make amounts available from the fund for payment of qualifying expenses. These expenses fall into two categories:

15.3.11.1.1. Purchased Care. Healthcare purchased from non-DoW providers.

15.3.11.1.2. Direct Care. Healthcare services provided to Medicare-eligible beneficiaries directly in DHA MTFs.

15.3.11.2. DHA determines the annual prospective payment amounts required from the fund for these categories. These amounts are based on the estimated costs of providing services to Medicare-eligible beneficiaries. Throughout the year of execution, an execution review is conducted to compare prospective payments against the earnings from the actual care provided. An established 10% variance threshold governs this reconciliation. Variances falling within this +/- 10% threshold are mutually waived. For variances that exceed the threshold, only the amount of the variance in excess of the 10% band is reconciled through adjustments to future prospective payment calculations. The results of this review are used to inform future fund requirements, and funds determined to be in excess of requirements may be returned to the MERHCF in accordance with 10 U.S.C. § 1113.

15.3.12. MERHCF Financial Reporting Requirements

DFAS is responsible for preparing all required financial reports for MERHCF, including the SF 133 (Report on Budget Execution and Budgetary Resources), the Status of Funds report, and all Federal financial statements as required by OMB Circular No. A-136 to support the DoW Agency-wide financial statements. The financial statements must recognize a liability for the present value of future MERHC benefits for eligible participants.

15.4 Voluntary Separation Incentive Fund

15.4.1. Overview of the Voluntary Separation Incentive Fund

15.4.1.1. The Voluntary Separation Incentive (VSI) Fund was established under Section 662 of the National Defense Authorization Act for Fiscal Years 1992 and 1993 (Public Law 102-190) to finance VSI payments on an actuarially reasonable basis. VSI provides annual payments to eligible active-duty Service members with more than six but fewer than 20 years of service who voluntarily separate during authorized force-shaping periods. Authorization of these benefits constitutes a binding obligation of the Federal Government and may require subsequent appropriations. This section prescribes the accounting policy applicable to the VSI Fund. Additional statutory and programmatic details are available from the Department of Defense Office of the Actuary (OACT).

15.4.1.2 VSI Benefit Structure - VSI payments are annual installments paid for twice the number of years of active service. The DoD Board of Actuaries determines actuarial assumptions and required amortization payments to ensure the VSI Fund remains actuarially reasonable using OACT as the operational organization performing the calculations.

15.4.2. Funding for the VSI Fund

The VSI Fund finances VSI liabilities through amortization payments and interest earnings on Treasury securities. The DoD Office of the Actuary performs an annual actuarial valuation and determines the required amortization amount to ensure the fund remains actuarially reasonable.

15.4.2.1 Amortization Payments - DoD Components must include sufficient funds in Military Personnel appropriations to make required amortization payments to the VSI Fund. Amortization amounts must be determined using actuarial methods and assumptions set by the DoD Board of Actuaries and must be obligated and transferred consistent with statutory requirements.

15.4.2.2 Investment of Fund Balances - VSI Fund balances not needed for current payments must be invested in Treasury securities, consistent with statutory requirements governing DoD trust funds. Interest earnings must be credited to the VSI Fund and used to finance future benefit liabilities.

15.4.2.3 Accounting Requirements - Liabilities must be recorded consistent with federal accounting standards, including SFFAS 5 and SFFAS 33. DFAS must prepare trust fund financial statements for the VSI Fund in accordance with Volume 6A.

15.4.3. Administrative and Operational Requirements

Additional guidance on amortization payments, investment workflows, and reporting requirements is contained in the Volume 7 Military Pay Policy.

16.0 DOW REWARDS PROGRAM

16.1 Responsibilities

Refer to the Volume 12 Supplemental.

16.2 Implementing the Program in the Field

16.2.1. Rewardable Information. Eligible persons may receive a reward for providing information or non-lethal assistance that benefits (1) an operational activity of U.S. or allied forces in combined operations against international terrorism outside the U.S. or (2) force protection of U.S. or allied forces in combined operations.

16.2.2. Payment Approval Amounts. Tactical Rewards Officers can authorize rewards up to \$10,000. A Combatant Commander (CCDR) is permitted to approve rewards up to \$1,000,000. For rewards greater than \$1,000,000 and up to \$2,000,000, approval from the USW Policy (USW(P)) is necessary. Rewards exceeding \$2,000,000 but not surpassing \$5,000,000 require the authorization of the SecWar or the Deputy SecWar, or, through a separate written delegation, the USW(P). Statutorily, if any proposed reward (whether pre-approved or otherwise) exceeds \$2,000,000, consultation with the Secretary of State is mandated for the SecWar. Table 1 in DoDI O-3000.13 outlines these approval limits. Refer to the Volume 12 Supplemental for further

guidance on approving officials; approval level; rewards lists; payments; coordination; and requests for additional funds.

16.3 Policy

16.3.1. Allocation of Funds. The USW(C)/CFO will ensure DoW funds for the Rewards Program (RP) are correctly allocated to WHS for control and execution. Geographic combatant commanders will inform the Director, Joint Staff of any necessary inter-theater fund allocations.

16.3.2. Improper Usage of Funds. U.S. citizens, officers or employees of the U.S. federal, state, or local government, or employees of a U.S. Government contractor are not eligible for rewards under the DoW RP. CCDRs should be cautious about rewarding foreign security force members due to potential risks such as extortion, corruption, negative perceptions, or undermining U.S. law or DoW human rights policies related to training and equipping foreign security forces. The USW(P) can grant exceptions to this rule for specific countries and will review these waivers annually. Requests for such approvals should be directed to the Assistant Secretary of War for Special Operations/Low-Intensity Conflict (ASW SO/LIC). Previously approved waivers remained valid under this guidance.

16.3.3. Delivery, Transporting and Safeguarding of Funds. Any funds made available for the DoW RP will be delivered, transported, and safeguarded consistent with Volume 5.

16.3.4. Appointment of Paying Agents. The Disbursing Officer will appoint Paying Agents responsible for delivering funds under the DoW RP in accordance with Volume 5. Allied forces members will receive the same training as U.S. paying agents and sign a statement of understanding. Since the DoW cannot hold foreign nationals and other non-U.S. citizens pecuniarily liable for fund losses, the appointing authority must carefully consider the necessity and risk when appointing them as paying agents. The responsible agent must record all funds given to and returned by allied forces paying agents on DD Form 1081, "Statement of Agent's Officer's Account," as specified in Volume 5. Upon completing authorized payments, the paying agent must return the paid vouchers, negotiable instruments, and any remaining funds to the disbursing officer along with a properly filled out DD Form 1081.

16.3.5. Documentation of Payments. DoW RP payments will be executed and recorded in accordance with Volume 5 and Volume 10.

16.3.6. Circumventing Limits. The DoW prohibits circumventing monetary limits and approval requirements by dividing a single reward into multiple smaller rewards or by other methods. However, the DoW allows splitting payments of approved expenses for administrative purposes (for instance, paying a vendor 50 percent at the start of a project and the remaining 50 percent upon completion).

16.3.7. Clearance of Accounts. The DoW Component must clear accounts maintained under the RP consistent with Volume 5.

16.3.8. Certification of Payments. Payments made under the DoW RP will be certified in a manner consistent with Volume 5.

16.3.9. Audits and Program Reviews. The DoW RP will undergo periodic audits by internal bodies like the DoW Inspector General and other audit agencies, as well as external groups such as the Government Accountability Office and congressional oversight committees. Officials managing the RP must cooperate fully with these reviews, audits, or investigations.

16.4 Payments and Rewards through Government Personnel of Allied Forces

Execution of Rewards through Allied Government Personnel. The SecWar, geographic combatant commanders, and all delegated officials may use their authorities to offer and make rewards, acting through government personnel of allied forces. However, they may not pay rewards through allied government officials after the payment date authorized by 10 U.S.C. § 127b. Refer to the Volume 12 Supplemental for information on payment requests; appointments of paying agents; and limitations.

16.5 Information Dissemination

Refer to the Volume 12 Supplemental.

16.6 Reports and Notifications

16.6.1. Annual Report. According to 10 U.S.C. § 127b, by February 1 each year, the SecWar must report to the Senate and House Armed Services Committees on the administration of the RP for the previous fiscal year. Refer to the Volume 12 Supplemental.

16.6.2. Report on Designation of Countries for which Rewards may be Paid. Within 15 days of designating a country for operations or activities eligible for rewards under this section, the SecWar must report to the Senate and House Armed Services Committees. Refer to the Volume 12 Supplemental.

16.7 Waivers

16.7.1. Requests for Waivers or Exceptions to Law. A DoW Component must submit requests for waivers or exceptions to any provision of law that would otherwise prohibit, restrict, limit, or constrain the execution of the reward program through ASW SO/LIC, the USW(C)/CFO, and DoW General Counsel to the SecWar for approval.

16.7.2. Requests for Waivers or Exceptions to Guidance. A DoW Component must submit requests for waivers or exceptions to this guidance through ASW SO/LIC to the USW(C)/CFO for approval.

17.0 FOOD SERVICE PROGRAM RESPONSIBILITIES

In accordance with 37 U.S.C. § 1011, the SecWar must establish meal rates for all personnel authorized to dine at military messes, including uniformed members, civilian employees, retirees, and their dependents. The OUSW(C) is responsible for the financial management policy herein and must establish these rates annually. The primary purpose of these rates is to ensure full reimbursement to the concerned appropriations for both food costs and operating expenses. However, the Secretary may reduce a meal rate by the amount attributable to operating expenses when the Secretary determines it is in the best interest of the United States. The policies in this section govern the specific meal charges for all classes of diners, and all DoW Components must implement them. DFAS is responsible for developing the necessary implementation procedures. DoW Components may not issue policies that supplement this guidance without prior written approval from the OUSW(C). The OUSW(C) publishes official rates on its reimbursable rates website.

17.1 Reimbursable Meals and Meal Service (Operating) Charges

The provisions of this section must be used to determine use of the DoW discount meal rate (the cost of the food only) or the DoW standard meal rate (the cost of both the food and the non-training/readiness food service operating expenses). Refer to the Volume 12 Supplemental for available meal services.

17.2 Meal Charges

Reimbursement charges for persons authorized to eat in an appropriated fund dining facility vary depending on the status of each person. Refer to the Volume 12 Supplemental for more information on the five major categories of personnel: officers; enlisted personnel; military dependents; Federal civilian employees; and others.

17.3 General Provisions

17.3.1. Personnel, Other Than Enlisted Personnel. Personnel, other than enlisted personnel, may receive a meal from an appropriated fund dining facility, provided no increase in direct resources results from feeding such personnel and appropriate meal charges are collected consistent with paragraph 17.2.

17.3.2. Commanding Officer Responsibility. The commanding officer of the DoW installation, at which an appropriated fund dining facility is located, is responsible for assuring that meals are provided only to authorized personnel within the capabilities and availability of existing appropriated fund dining facilities.

17.3.3. Temporary Duty Orders. Temporary duty orders must indicate the food allowance/per diem status of travelers to assist in determining the appropriate meal charge to be assessed.

17.3.4. Service Academies. Service academies (i.e., Army, Navy, and Air Force) are to use the food service charges contained within the DoW Reimbursable Rates, "Food Service Charges at Appropriated Fund Dining Facilities.

17.3.5. Civilian and Military Personnel of a Foreign Government. Civilian and military personnel of a foreign government must furnish meals in accordance with specific arrangements made between the U.S. Government and the foreign government. Charges for food costs and related food service operating expenses must be made on the same basis as they would be for U.S. Government personnel of equal rank.

17.4 Disposition of Funds

Each Military Service is responsible for the program, budget, and accounting for obligations, expenditures, revenues, and food service operating expenses and all meals in accordance with this section. Refer to the Volume 12 Supplemental for Recording; Collections; and Discounted and Standard Meal Rate Distribution.

17.5 Accounting for Food Allowances

17.5.1. Information Requirements. Information requirements have been established to ensure that data are maintained, and that information is reported for use in determining and administering food allowances. These requirements prescribe procedures for counting meals furnished to personnel in appropriated fund dining facilities under the daily food allowance and authorized reimbursable programs. They are designed to assist in monitoring food costs and allowances and making the accumulation of data more consistent throughout the Department under the Food Service Program established by DoDM 1338.10.

17.5.1.1. The recording and reporting of obligations/expenditures against the daily food allowance portion of the operations and maintenance appropriations are as set forth in Volumes 2 and 3.

17.5.1.2. The data reported must support budget requests based on furnishing meals to entitled enlisted personnel by each Military Service, after consideration of the absentee rate, without regard to the member's parent Military Service.

17.5.2. Counting the Number of Persons' Furnished Meals. Except for mass feeding situations as set forth in the Volume 12 Supplemental, all personnel authorized to eat in appropriated fund dining facilities must identify themselves with a meal card, DoW Common Access card, or travel orders issued by a DoW Component before receiving a meal from the dining facility. Enlisted personnel on Basic Allowance Subsistence or receiving the meal portion of per diem, as well as all officers, civilian employees, official visitors, dependents, and guests authorized to eat on a reimbursable basis, must be required to identify themselves as to the category of entitlement (authorized to eat on a reimbursable basis) and status (per diem or non-per diem). They must reimburse DoW at the appropriate meal rate before receiving a meal from an appropriated fund dining facility. Refer to the Volume 12 Supplemental for more information.

17.6 Food Service Operating Expense Reporting Requirements

The OUSW(C) P/B Office establishes meal rates annually for personnel authorized meals on a reimbursable basis. The Military Services are required, in coordination with OUSW(C), to report the cost of food served to service members and food service operating expenses.

18.0 MILITARY ACADEMY DINING HALL OPERATIONS

18.1 Policy

This section promulgates the policy that implements 37 U.S.C. § 422 which authorizes funding for the operation of cadet and midshipmen dining halls at the military academies and prescribes associated reporting requirements.

18.1.1. Authorization Determination: Each Military Department operates an academy dining hall to provide complete food service support to the cadets or midshipmen as an integral part of the activities of its academy.

18.1.1.1. The superintendent of each academy is authorized to determine who may be authorized to eat in the academy dining hall and the regulations incident thereto within guidelines issued by the secretary of the cognizant Military Department.

18.1.1.2. Charges for meals furnished to other than cadets and midshipmen will be established by the Under Secretary of War (Comptroller) (USW(C)) and the reimbursable rate for "Food Service" issued annually.

18.1.1.3. All collections for food costs must be deposited into the nonappropriated fund described in subparagraph 8.1.2.2. The charge for operating expenses will be collected and deposited under the same rules that are applicable to appropriated fund food service activities as prescribed by Section 17.

18.1.2. Subsistence Allowance Amount

18.1.2.1. The SecWar prescribes the amount of the subsistence allowance for cadets and midshipmen.

18.1.2.2. The amount prescribed is allocated by the Military Departments from the current military personnel appropriation to a nonappropriated fund at each academy based on the number of cadets and midshipmen present for training.

18.1.2.2.1. Each nonappropriated fund is used to procure the food and food products necessary to provide subsistence for the cadets and midshipmen.

18.1.2.2.2. Nonappropriated funds must be established as a NAFI and administered as a Program Group V – Supplemental Mission Fund in accordance with DoWI 1015.15.

18.1.2.2.3. The nonappropriated fund must be audited in accordance with DoWI 7600.06 if the annual revenues in the fund exceed the threshold established therein.

18.1.2.2.4. The nonappropriated fund must not be used for any purpose other than subsistence procurement. All other charges associated with dining service must be charged against appropriated funds.

18.1.3. Subsistence Allowance – Leave Status

The subsistence allowance that is not earned for any cadet or midshipman on leave or otherwise away from the academy, and not subsisted at Government expense, will be credited to the cadet/midshipman's pay account.

18.1.4. Subsistence Allowance – Temporary Duty Status

The subsistence allowance that is not earned for any cadet or midshipman on temporary duty, and subsistence-in-kind that is furnished at the temporary duty location, will not be collected by the nonappropriated fund.

18.2 Responsibilities and Reporting Requirements

18.2.1. Internal Control and Procurement Requirements. Under overall policy supervision by the secretary of the cognizant Military Department, the superintendent of each academy is responsible for:

18.2.1.1. Assuring the efficient and effective management of the academy dining hall and its NAF for the purchase of subsistence items. In connection with this responsibility, the superintendent must install an accrual accounting system that permits an objective, constructive evaluation of the dining hall operation.

18.2.1.2. Assuring that the procurement procedures maintain the same degree of integrity as those procurement actions taken in accordance with the Federal Acquisition Regulation (FAR). In the event any question arises regarding the proper procurement procedure, the FAR will be used as a guide.

18.2.2. Reporting Requirements. An annual report on meal operating expenses in the military academy dining halls should be submitted in accordance with the guidance contained in Volume 11.

18.3 Annual Reimbursable Rates

The annual reimbursable rates for military academy dining halls are located on the USW(C) public website, listed by Fiscal Year (FY) under the following headings: Financial Management, Reports, DoW Reimbursable Rates.

19.0 FINANCIAL MANAGEMENT FOR DEFENSE HEALTH PROGRAM RESOURCES

19.1 General

19.1.1. The Defense Health Program (DHP) appropriation (Treasury Federal Account Symbols and Titles (FAST) 0970130) funds medical operations of the Defense Health Agency (DHA) and the Uniformed Services University of the Health Sciences (USUHS); and consists of Operation and Maintenance (O&M), RDT&E, and Procurement funds.

19.1.2. The DHP does not fund military medical personnel costs or operational healthcare for field/numbered medical units, hospital ships, and shipboard medical operations. Funding for operational healthcare remains the responsibility of the Military Departments.

19.1.3. Military Construction (MILCON) is a separate appropriation, however, the Assistant Secretary of War for Health Affairs (ASW(HA)) executes and reports on MILCON for medical facilities as part of DHP's financial statements.

19.2 Responsibilities

19.2.1. The ASW(HA) is the DHP funds holder. ASW(HA) allots budget authority, issues execution policy, develops the Unified Medical Program, and enters into reimbursable agreements with other federal agencies. The ASW(HA) exercises authority, direction, and control over the DHA and USUHS, and any other subordinate officials that may be assigned.

19.2.2. The Deputy Assistant Secretary of War, Health Resources Management and Policy, serves as the DHP Senior Accountable Official, overseeing financial reporting, internal controls, and execution policy in accordance with all applicable laws and regulations.

19.2.3. Military Departments and Combatant Commands (CCMD) are responsible for engaging with ASW(HA) for the advance planning and coordination of mission expansions or force restructurings that result in increased demand on DHP resources. Changes that were not programmed for within the DHP may result in requirements being under-resourced. Military Departments and CCMDs will generally be responsible for transferring sufficient funds to the DHP to support increased demands on DHP healthcare resources, documented in a corresponding Memorandum of Agreement, and properly integrated by the DHP during normal programming cycles.

19.3 Expenses Chargeable to the DHP

See Volume 12 Supplemental Procedures for additional items.

19.3.1. Civilian Payroll. Civilian payroll for personnel assigned to DHA and USUHS.

19.3.2. Communications and Utilities. Charge DHP for telephone services and other communication services that support the medical mission. Charge DHP for utilities obtained from commercial sources and all base-produced utilities. Utilities include fuel for heating and cooling.

19.3.3. Immunizations Funded with DHP:

19.3.3.1. Routine Vaccines: These are vaccines required to maintain warfighters (including expeditionary civilians) in a "Fully Medically Ready" status, in accordance with DoDI 6025.19, ASW(HA) policy, and DHA immunizations guidance. All warfighters are required to have these vaccines regardless of deployment status.

19.3.3.2. Directed (Pre-Deployment): These are vaccines directed by CCMDs and approved by ASW(HA) for an imminent deployment.

19.3.3.3. Immunizations for PCS: Vaccines required and approved by ASW(HA) for entry into a specific geographic Area of Responsibility (AOR) will be provided to warfighters and their eligible dependents.

19.3.3.4. Immunizations for Leisure Travel: Provided at no cost to Service members/ dependents. Provided on a reimbursable basis to civilian employees.

19.3.3.5. Immunizations for the Activated and Inactivated Reserve Component (RC): Effective FY 2027, RC Service members may obtain those vaccines required to maintain their "Fully Medically Ready" status, in accordance with DoDI 6025.19, ASW(HA) policy, and DHA immunizations guidance. MTFs must provide the vaccines on a non-reimbursable basis.

19.3.4. Autopsies and Forensic Pathology Investigations. The Armed Forces Medical Examiner, funded through the DHP appropriation, conducts autopsies and forensic pathology investigations under the authority of 10 U.S.C. § 1471 and in accordance with DoDI 5154.30.

19.3.5. TRICARE Contracts. 10 U.S.C. § 1079 authorizes TRICARE contracts for spouses' and children's medical care; 10 U.S.C. § 1086 authorizes health benefits for certain members, former members, and their dependents; 10 U.S.C. § 1097 authorizes medical care for retirees, dependents, and survivors (alternative delivery of healthcare). 10 U.S.C. § 1092 authorizes studies and demonstration projects relating to the delivery of health and medical care.

19.3.6. Sustainment, Restoration, and Modernization (SRM). SRM of DHA MTFs and USUHS.

19.3.7. Healthcare Services Contracts. Personal and non-personal healthcare service contracts supporting the DHA, MTFs, or USUHS. Healthcare provider personal service contracts follow the terms and restrictions in Defense Federal Acquisition Regulation Supplement (DFARS) 237.104 (b)(ii), and DoDI 6025.5, "Personal Services Contracts (PCs) for Health Care Providers (HCPs)."

19.3.8. Hyperbaric and Hypobaric Chambers. Chambers used for clinical treatment. DHP does not fund chambers used for aircrew physiological training.

19.4 Expenses Not Chargeable to the DHP

Refer to the Volume 12 Supplemental for additional items.

19.4.1. Transportation of Human Remains.

19.4.2. Non-prescription Items. DHP does not fund non-prescription items such as sunscreen, hand sanitizer, lip balm, and tissue for distribution to non-DHP-funded organizations. These are personal expense items. DHP can only fund these items (e.g., hand sanitizer, masks) for staff and patients within DHP-funded organizations.

19.4.3. Veterinary Services Provided to Privately-Owned Pets. Installation Veterinary Services' primary purpose is to provide healthcare to DoW working animals. DoW veterinary clinics may provide some services to pets but must ensure that costs for DoW working animals are segregated from those provided to pets. Typically, Non-Appropriated Fund Instrumentalities (NAFI) must cover the expenses related to pets and proportionately share in the costs of custodial services and utilities, consistent with DoDI 1015.15.

19.4.4. Clothing, Supplies, or Equipment for Contingency or Other Military Operations. Military Departments or other appropriations that fund the contingency must fund these expenses.

19.4.5. Contingency Support Medical Activities. Military Department or other contingency appropriations must fund:

19.4.5.1. Deployed medical facilities and biological/chemical warfare medical supplies deployed with personnel.

19.4.5.2. Pre-deployment, employment, and redeployment of medical combat support personnel, equipment, and supplies.

19.4.5.3. Immunizations carried by personnel for potential use during the deployment.

19.4.6. Medical Care at Deployed Locations for Exercises and Contingencies. Charge costs to Joint Chiefs of Staff (JCS)/CCMD exercise or contingency funds. Include medical care provided to members at local indigenous medical facilities, medical supplies (e.g., pharmaceuticals, orthopedic braces), and urgent/emergency care at the deployed location.

19.4.7. Medical Participation in JCS/CCMD Exercises. Charge JCS/CCMD Exercise funds for the deployment of medical personnel, the cost of supplies used during the exercise, shipping, and the resupply cost of supplies upon return.

19.4.8. Aeromedical Evacuation (AE) Airlift in Support of Peacetime and Contingency Operations. AE airlift is not a DHP expense. Per the FY 2021 President's Budget, these funds are managed by the Air Force for both peacetime (including Special Assignment Airlift Missions and contingency operations. During contingency operations, the appropriation funding the contingency will be charged for the AE contingency airlift (from contingency area to first overseas MTF). Air Force O&M funds pay only those AE contingency airlift costs billed by the Transportation Working Capital Fund (WCF) from the first overseas fixed MTF to CONUS. After

the contingency designation is formally withdrawn, Air Force O&M funds then become responsible for all future AE airlift costs from that former contingency area.

19.4.9. Automated External Defibrillators and Naloxone. AEDs and Naloxone for installation use outside of the MTF (e.g., for fire and security personnel) are funded by the requesting organization. Funds provided to the local MTF Medical Logistics office by the requesting organization enable the MTF to procure the item on behalf of the requesting organization on a reimbursable basis.

19.4.10. Humanitarian Assistance and Civic Assistance. Per 10 U.S.C. § 401 and DoDI 2205.02, in specific instances, humanitarian civic assistance activities may be provided in conjunction with authorized military operations of the Armed Forces. Commanders ensure that expenses providing humanitarian civic assistance to a foreign country are paid for out of funds specifically appropriated for such purpose.

19.4.11. Military Spiritual Resiliency Programs. The DHP does not fund Military Department chaplain resiliency programs and initiatives. Funding is the responsibility of the Military Departments.

19.4.12. Health and Wellness Centers, Fitness Staff, and Athletic Trainers. Military Department appropriations fund wellness center exercise equipment, appliances for healthy cooking demonstrations, supplies, facilities, maintenance, and support staff. Military Department also funds fitness staff, athletic trainers, health and wellness educators, health promotions staff, etc., assigned to units, installation gymnasiums, or health and wellness centers.

19.4.13. Miscellaneous Non-clinical Programs. The DHP does not fund Military Department non-clinical programs designed to enhance general readiness and performance. This includes activities like physical fitness, unit teambuilding, mindfulness training, and other resilience efforts that occur outside of a medical setting and are not part of a formal treatment plan for a health condition.

19.4.14. Tactical Combat Casualty Care. Military Department fully fund and support trauma training and skills sustainment platforms (hospital and pre-hospital) to include installation, workforce, equipment, and information technology. See DoDI 1322.24, “Medical Readiness Training.”

19.5 Other Healthcare Accounting Matters

Refer to Volume 12 Supplemental for the full list.

19.5.1. Sexual Assault Prevention and Response (SAPR). The Director, DoW Human Resource Activity (DHRA) manages the Defense-wide O&M appropriation that funds the SAPR program. The Military Departments, OSW, JCS, DSCA, U.S. Special Operations Command, DHA, and DHRA are allocated funds supporting SAPR activities. Multiple Program Elements (PE) execute funds.

19.5.2. Integrated Primary Prevention. The Military Departments and DHA receive Defense-wide O&M to prevent self-directed harm and prohibited abusive or harmful acts including, sexual assault, harassment, suicide, retaliation, domestic abuse, and child abuse. These efforts include prevention strategy development, policy, oversight, manpower, research, programs, evaluation, and training.

19.5.3. Suicide Prevention. The Defense-wide O&M appropriation funds suicide prevention efforts. Military Departments and DHA receive funds. Multiple PEs fund these efforts.

19.5.4. Drug Demand Reduction Program/Urinalysis Program. The Defense-wide Counternarcotic appropriation funds routine drug testing of military personnel and civilian employees. The Deputy Assistant SecWar for Counternarcotics and Stabilization Policy within the OUSW for Policy manages the program. Multiple PEs execute funding.

19.5.5. Family Advocacy Program. The Defense-wide O&M appropriation funds the Family Advocacy Program (FAP). The FAP addresses domestic abuse, child abuse and neglect, and harmful behaviors between children and youth.

19.6 Uniform Billing Office Operations

19.6.1. The DHP has statutory authority to bill and collect for healthcare services. Collections stem primarily from three distinct reimbursement programs:

19.6.1.1. Third-Party Collections (TPC) Program. 10 U.S.C. § 1095 established the TPC program. For beneficiaries with health insurance other than TRICARE, MTFs and TRICARE submit claims to health insurance companies for care provided to DoW beneficiaries. Collections must be deposited in the current O&M appropriations of the MTF that provided the care.

19.6.1.2. Medical Services Account (MSA) Program. The MSA program involves billing and collection for medical and dental services provided to a wide range of patients, including other government agencies, DoW civilian employees and contractors, employees of NAFs or DoW schools, Secretarial designees, authorized foreign military members, and civilian emergency patients. The MSA is governed by multiple authorities, including 10 U.S.C. § 1074a, 10 U.S.C. § 1079b, 10 U.S.C. § 1085, 14 U.S.C. § 506, and 38 U.S.C. § 8111.

19.6.1.2.1. Collections from the U.S. Coast Guard. In lieu of the reimbursement required under 10 U.S.C. § 1085, the Secretary of Homeland Security, as per 14 U.S.C. § 506, makes prospective payment for the actuarial valuation of treatment that MTFs provide to current and former members of the Coast Guard, and their dependents.

19.6.1.2.2. Collections from the Department of Veterans Affairs. DoW and the VA established agreements under the authority of 38 U.S.C. § 8111 permitting the VA to reimburse DoW for healthcare services provided to VA beneficiaries. Collections must be deposited in the current O&M appropriations of the MTF that provided the care.

19.6.1.3. Medical Affirmative Claims (MAC) Program. 42 U.S.C. § 2651 – 2653 and 10 U.S.C. § 1095 govern the MAC program and authorizes DoW to recover expenses from liable third parties for medical care costs incurred on behalf of covered beneficiaries.

19.6.2. MHS Modified Payment and Waiver Program (MPWP). Pursuant to 10 U.S.C. § 1079b, the MPWP provides financial relief for medical bills incurred by civilian non-beneficiaries treated in MTF on or after June 21, 2023. The program features an income-based sliding fee scale, a catastrophic fee waiver to prevent severe financial harm, and a discretionary waiver based on the readiness value of the care provided. All patient applications for financial relief under this authority are centrally processed and adjudicated by the DHA's Debt Adjudication Office. Discretionary waivers of \$600 or more require reporting to the Internal Revenue Service and issuance of a Form 1099-C (prepared by DHA).

19.7 DHP Budget Activity Groups (BAGS) and Program Elements (PE) Structure

Refer to the Volume 12 Supplemental.

20.0 CONTINGENCY OPERATIONS

20.1 General Guidance

20.1.1. This chapter promulgates financial policy for small, medium, and large-scale campaign level military contingency operations related to the Department of War (DoW). These might include, but are not limited to, support for peacekeeping operations, foreign disaster relief (FDR) efforts, and noncombatant evacuation operations (NEO). Note that the term “contingency operation,” as used in this chapter, is more encompassing than the specific definition contained in 10 U.S.C. § 101(a), paragraph 13. Explicitly excluded from this chapter are peacetime civil emergencies occurring within the United States, the guidance for which is included in DoDD 3025.18, “Defense Support of Civil Authorities (DSCA).” Also excluded from this chapter are steady-state DoW humanitarian assistance activities.

20.1.2. Budgeting for Contingency Operations. DoW Components normally do not budget for contingency operations as discussed in this section. Therefore, DoW Components must accomplish directed contingency operations using funds available to the cognizant command or unit, independent of the receipt of specific funds for the operation. The SecWar issues the authority for DoW Components to expend available funds. Since the FY 2010 President’s Budget, estimates for the Global War on Terror and Overseas Contingency Operations are included with the submission of the President’s Budget.

20.1.3. An Execute Order from the SecWar. An execute order from the SecWar is both the authority for the commander of a Combatant Command (CCMD) to initiate military operations and the authority for DoW Components to expend available funds to carry out the order. Planning orders and alert orders from the Chairman, of the Joint Chiefs of Staff (CJCS) constitute authority for a commander of a CCMD to expend funds available to that commander of a CCMD and authority to direct a military component to expend funds available to that component for forces

assigned to the commander of a CCMD. Refer to Joint Publication 5-0, Joint Operation Planning, for information on joint operation order types.

20.1.4. DoW Policy Requirements. DoW policy requires that controls, accounting systems, and procedures provide, in financial records, proper identification and recording of costs incurred in supporting contingency operations. For such operations, data must be collected and records maintained to support bill development and the distribution of reimbursements to the applicable organizations.

20.1.5. Emergency Supplemental Funding

Refer to the Volume 12 Supplemental.

20.1.6. Elimination of Potential Duplicative Efforts. DoW officials having responsibility for reviewing and approving purchases for which the source of funding is derived from a transfer account like the Overseas Contingency Operations Transfer Fund (OCOTF) must, to the greatest extent possible, review transactions to: (1) eliminate the potential for duplicating the procurement of goods and services and (2) ensure that contractors are reimbursed for only those services and goods provided to the government.

20.1.7. Allowable Contingency Operations Cost. The funding derived from a contingency transfer account is available only for those incremental costs incurred in direct support of a contingency operation. As such, funds that are transferred into a Component's baseline appropriation are not to be used to finance activities and programs that are not directly related to the incremental cost of the contingency. In addition, the funds transferred to a Component's appropriation are not to be used to procure durable and expendable items in excess of what is required. Furthermore, those durable items procured with transferred funds are to be retained in support of the contingency even after the Component/unit has completed its tour of duty to support the contingency. Those durable items in the inventory, such as office equipment and expendable supplies that have not been consumed, should be made available to Components/units that are replacing the Component/unit that is departing the contingency operation area.

20.1.8. Fiduciary Responsibility. It is vital for civilian and military personnel authorized to obligate and expend funds in support of a contingency operation, using resources derived from the transfer of funds from a centrally funded transfer account (e.g., OCOTF), to employ a fiduciary approach to ensure that the funds are used in a prudent manner. Contingency funds are not to be used for purchases that are improper or are in excess of government requirements or which might bring embarrassment to the U.S. Government. Furthermore, special attention must be given by the Components' approving officials when the government purchase card is used for purchases to be funded with funds derived from a contingency operations transfer account. Approving officials are responsible for reviewing and reconciling cardholders' statements and for verifying that all transactions were necessary government purchases made in accordance with the FAR and all other government policies and procedures. See Volume 10 for more information.

20.2 Supplemental Information

Refer to the Volume 12 Supplemental for additional information on references, responsibilities, types of estimates, reporting, contingency-specific definitions, justification, and

the COST estimate tool. Cost reporting requirements for submission, inclusions, and consolidation of cost reports are in the Supplemental. Guidelines to assist the DoW Components in determining baseline and incremental costs for contingency operations and the process for reimbursement and distribution are provided in the manual. Details on base-funded overseas contingency operations and foreign disaster relief are also in the Supplemental.

20.3 General Funding Responsibilities

20.3.1. Service Component. Each service Component command must collect all applicable costs related to specific contingency operations and report these costs to the respective MILDEP Senior Financial Manager, who will then submit them to the DFAS for consolidation. If a contingency operation lacks financing, the Department will pursue all available options to obtain the additional funding required to ensure that participation in the operation does not reduce the readiness of U.S. Forces.

20.3.2. U.S. Transportation Command and the Defense Logistics Agency. Except as provided in paragraph 20.6 below, all requests for transportation or other services to a Working Capital Fund (WCF) Activity, such as the U.S. Transportation Command and the Defense Logistics Agency, must include a funding source. If a WCF activity receives a valid order (e.g., an execute or deployment order or a commander of a CCMD operations order) that directs action without a funding source, the parent MILDEP of the subordinate command receiving the services must provide funding to finance the request.

20.4 Special Funding Mechanisms

20.4.1. General. Congress revised 10 U.S.C. § 127a to include special funding mechanisms for operations that lack advance funding. The statute requires the SecWar to designate and identify such operations to Congress. When the SecWar designates an operation, DoW Components must immediately notify their subordinate organizations and establish procedures and controls for these special funding mechanisms.

20.4.2. Special Funding Mechanisms Participating Units. Under certain conditions, WCF organizations may not require units participating in such designated operations to reimburse (provide funded customer orders for) goods and services at the time the units order them. These procedures apply only to units participating in the covered operation, and only to requirements that are directly attributable to the operation; would not have been incurred but for the operation; and have not been financed previously through an appropriation, supplemental funding, reprogramming, or a reallocation of existing appropriations.

20.4.3. General Restrictions. The legal restrictions of the Anti-Deficiency Act (ADA) still apply to the Department, and WCF cash must remain positive under these restrictions. Therefore, the following general rules apply. Before a WCF activity accepts an unfunded customer order, its commander must determine that the activity can fill the order without violating the ADA. If filling the order without funded customer payment would violate the Act, the WCF activity must notify the requesting DoW Component to either issue a funded order or arrange to transfer sufficient cash to the supporting activity to cover the requested service or supplies.

20.4.4. WCF Activities. When a participating unit of the U.S. Armed Forces orders goods or services from a WCF activity and those goods or services meet the criteria addressed in subparagraphs 20.4.2 and 20.4.3, the unit providing the unfunded customer order to the performing WCF activity must, in each such request, notify the performing WCF activity that the order, or specified portion thereof, is in support of a designated operations and that a funded customer order for the goods or services is not required.

20.4.5. WCF Activity Unfunded Customer Orders. The WCF activity filling the unfunded customer order must separately account for all such filled orders and report those costs monthly to the DoW Component Senior Financial Manager of the requesting activity. The DoW Component's Senior Financial Manager must, in turn, separately report the cumulative amounts of these unfunded orders to DFAS in accordance with this section's provisions. Pursuant to 10 U.S.C. § 127a, DFAS must account for these amounts separately, which the DoW will then use to determine the funds required for transfer to the WCF activities to restore their balances to previous levels.

20.4.6. WCF Priorities. To ensure the WCF activity uses its cash reserves for the highest priority requirements, the commander of the activity must notify the Principal Deputy USW(C), in writing, and wait 5 workdays before filling the unfunded customer order.

20.4.7. Guidance on Reporting. As needed, the OUSW(C) will provide additional guidance on reporting the use of this authority for designated operations that become eligible for the special funding mechanisms available under 10 U.S.C. § 127a.

20.5 Cost Collection

20.5.1. Special Program Codes. Upon being alerted of an impending contingency operation, each participating DoW Component must establish a unique special program code to capture costs. The OUSW(C) Operations Directorate must issue a Standard Financial Information Structure (SFIS) code for contingency operations. The SFIS Values Library Service webpage maintains a list of contingency codes. Additionally, the Joint Staff must issue a three-digit CJCS Project Code, which provides precedence for supply requisitions and facilitates cost capturing and reporting.

20.5.2. Accounting System(s). Each organization that supports a contingency operation must capture related obligations and disbursements in its accounting system(s) at the lowest possible level of the organization. This provides tracking of obligations and disbursements for affected appropriations.

20.5.3. Costs Related to Contingency Operations. Organizations may incur costs related to a contingency operation both in the area of responsibility and in other locations. The organization that incurs costs in support of the operation, whether directly or indirectly, must transmit information on all such costs to the appropriate DoW Component Senior Financial Manager.

20.5.4. Cost Accounting Systems. DoW Components must not establish cost accounting systems solely for the purpose of determining costs for contingency operations; instead, they must use the data from existing systems as applicable.

20.5.5. Incremental and Billable Costs. DoW Component Senior Financial Managers must determine incremental and billable costs.

20.6 Billing

DoW Components determine their billable incremental costs. Billable incremental costs will be less than the full incremental cost when the performing DoW Component has determined to supplement or enhance their support beyond the level agreed to by the requesting organization. The DoW Component headquarters are responsible for transmitting to DFAS, on a monthly basis, a Contingency Operations Cost Report, standardized SF 1080 for each UN Letters of Assist or incurred cost for which payment is requested, and sufficient supporting documentation such as receipts, invoices, copies of requisitions approved by the organization supported (e.g., UN, State Department, or other), when required by the billed organization. Refer to the Volume 12 Supplemental for billing requirements and procedures for DoW and Non-DoW Transportation Rates for the Contingency Operations and United Nations Process.

20.6.1. DFAS administers centralized billing and reimbursement distribution activities in support of contingency operations. For the billing function, DFAS must consolidate the bills from the Components for monthly transmittal to the U.S. Mission to the UN (USUN) or other organizations, as required, along with copies of the Component Contingency Cost Reports. In addition, DFAS must prepare a monthly status report on amounts billed and reimbursements received for each applicable peace operation. In accordance with the provisions of Sections 607 and 630 of the Foreign Assistance Act (FAA), other applicable U.S. statutes, and the requirements of the billed organization, DFAS must submit only billable costs to the applicable agencies or international organizations.

20.6.2. The DoW Components must transmit billing information with sufficient supporting documentation to satisfy the payee of the validity of the charges. They must also include detailed lists of transactions supporting the billed amount with each bill rendered.

20.6.3. With respect to services and commodities provided under section 607 of the FAA, the Department may spend only those reimbursements it receives within 180 days after the end of the fiscal year in which the costs were incurred. The Department cannot use payments received after this 180-day period to defray costs it has already incurred providing the requested assistance.

20.6.4. The responsible DoW Component must credit payments received for assistance under the UN Participation Act, and unsolicited payments from the UN for UN-Determined Costs for Participating Troops, to the account or accounts that incurred the costs or to the accounts currently available for such purposes.

20.6.5. Given the legal restrictions on using reimbursed expenses, each DoW Component must identify and report all reimbursable billable expenses to DFAS on a timely basis, including sufficient supporting documentation as required by the billed organization, to ensure the Department recoups its costs.

20.7 Noncombatant Evacuation Operations (NEO)

20.7.1. Protection of U.S. Citizens and Nationals

20.7.1.1. The DoW conducts Noncombatant Evacuation Operations (NEOs) to assist the Department of State (DoS) in evacuating U.S. citizens, DoW civilian personnel, and designated host-nation (HN) and third-country nationals (TCNs) whose lives are in danger, moving them from a foreign nation to an appropriate safe haven. The United States Government (USG) will consider evacuating TCNs and host country nationals on a case-by-case, space-available, and reimbursable basis. Although the USG normally considers evacuations in connection with hostile action, it may also conduct them in anticipation of, or in response to, any natural or man-made disaster.

20.7.1.2. Upon receipt of a request from the President, or the DoS, the Department will protect U.S. citizens and nationals and designated other persons and assist in evacuating these persons from threatened areas overseas. In accordance with Executive Order 12656, as amended on February 9, 1998, the Department is authorized to deploy and use military forces to protect U.S. citizens and nationals and designated other persons in support of their evacuation from threatened areas overseas. The DoS has the lead responsibility for such evacuations.

20.7.2. Memorandum of Agreement (MOA). The MOA between the DOS and Defense, “DOS/DoW Cost Responsibility Matrix and Definitions,” dated September 2, 1997, defines departmental cost responsibilities when an evacuation occurs. The content of the MOA is included in the Volume 12 Supplemental and must be used to determine all NEO cost responsibilities. In general, DoW will fund protection-related costs, and DOS will fund evacuation-related costs. The DoW Component supporting the protection operation must fund the costs of its deployment, unless otherwise specified.

20.7.3. Cost to Transport DoW Noncombatants. Pursuant to 31 U.S.C. § 1535 (the Economy Act), all costs that the DoW incurred to assist in evacuating personnel from threatened areas are billable and reimbursable, except for the costs to transport DoW noncombatants to safe havens. If, however, the DoS incurs costs for transporting DoW noncombatants to safe havens, the applicable DoW Component must reimburse the DoS for those costs.

20.7.4. Contingency Operations Cost Report. After the evacuation is completed, the finance and accounting office of the supporting DoW Component must collect the cost data and submit the following documents, through its Component Senior Financial Manager, to DFAS: an SF-1080 for all reimbursable evacuation costs, supporting cost documentation (e.g., flying hours, medical costs, or food for evacuees), and a Contingency Operations Cost Report. The DoW Component must work with the DoS and DFAS to submit the bills for reimbursement from the DoS, Attn: Bureau of Finance and Management Policy, Washington, DC 20520-7427.

20.8 Follow-Up

If billed organizations require additional information relating to submitted bill(s), DFAS must assist the billed organization to ensure that the necessary information is provided by the appropriate Component.

20.9 Large Scale Contingencies

20.9.1. Preparing Budget Estimations Guidance. DoW may be involved in a range of operations from very large to small-scale contingencies. The following guidance is to be used in addition to that found throughout this regulation for purposes of preparing budget estimations, cost reporting and billing associated with large-scale, campaign level, contingency operations. Refer to the Volume 12 Supplemental.

20.9.2. Spending Constraints. Each DoW Component must ensure that detailed guidance is disseminated to the appropriate subordinate organization levels to ensure the accuracy and reporting of costs. The DoW Components are responsible for employing a fiduciary approach to ensure that the funds are used in a prudent manner. As operations mature, steps should be taken to evaluate and establish spending constraints.

21.0 BURDENSARING AND OVERSEAS RELOCATION CONTRIBUTIONS BY FOREIGN ALLIES

21.1 Responsibilities

This chapter addresses burden-sharing, host nation, and mutually beneficial contributions provided under various statutory authorities. Pursuant to 10 U.S.C. §§ 2350j and 2350k, and NDAA FY 2016 § 2804, this section prescribes policy and responsibilities for the acceptance, receipt, use, and reporting of burdensharing and relocation contributions by foreign allies in the DoW.

21.1.1. Under Secretary of War for (Policy)

The USW(P) has policy and management responsibility for burdensharing agreements or arrangements. In addition, the USW(P) will work with the DFAS – Trust Funds Accounting and Reporting Division (TFAR) (DFAS-ESS/Trust Funds) on burden-sharing program requirements that impact DFAS responsibilities, as appropriate.

21.1.2. Under Secretary of War (Comptroller)

21.1.2.1. The USW(C) serves as the single departmental point of contact with the Departments of State and Treasury for all matters involving the acceptance, receipt, administration and distribution of contributions of funds from foreign countries and organizations for burdensharing, overseas relocation, and Kuwait mutually beneficial contributions.

21.1.2.2. The USW(C) is responsible for coordination and approval of military construction projects that are subject to 10 U.S.C. §§ 2350j and 2350k, and NDAA FY 2016 § 2804, as amended. In addition, the USW(C) is responsible for reviewing and submitting to the Congress those reports required by 10 U.S.C. §§ 2350j and 2350k, NDAA FY 2016 § 2804, as amended, and any reports required from annual authorization and appropriation acts.

21.1.3. Under Secretary of War for Acquisition and Sustainment (USW(A&S))

USW(A&S) has policy and oversight responsibility for Host Nation Funded Construction (HNFC) provided by burdensharing agreements or arrangements under 10 U.S.C §§ 2350j and 2350k, and NDAA FY 2016 § 2804, as amended. USW (A&S) is responsible for authority reviews in locations with multiple HNFC agreements and technical reviews of HNFC Congressional notification packages, including project lists and project documentation.

21.1.4. Director of Defense Finance and Accounting Service (DFAS)

The DFAS Director is responsible for recording and reporting the collection of receipts for burdensharing, relocation, and mutually beneficial contributions, and for the distribution of receipts, as prescribed by the USW(C), in support of burdensharing, overseas relocation, and mutually beneficial programs.

21.1.5. Commanders of the Geographic Combatant Commands (CCDRs)

The cognizant CCDR with area of responsibility for the contributing country is responsible for financial management oversight and may delegate to another CCDR or subordinate commanders. This applies to burdensharing contributions for projects other than military construction, and military construction projects that are funded with burdensharing contributions. Refer to the Volume 12 Supplemental.

21.1.6. Assistant Secretaries for Financial Management and Comptroller (FM&C)

The cognizant Assistant Secretary (FM&C) has responsibility to review and approve the distribution of funds received from foreign countries and regional organizations for the purposes outlined in this Regulation. For funds supporting overseas geographic CCDR equities, the FM&C will ensure full distribution to the cognizant CCDR with area of responsibility for the contributing country or designated service component in that region. These responsibilities may be delegated below the Assistant Secretary level. Refer to the Volume 12 Supplemental.

21.2 Notifications of Monetary Contributions

The DoW Components must notify the DFAS-EASS/Trust Funds of all potential monetary contributions prior to acceptance of such contributions. All notifications must indicate the applicable statute (i.e., § 2350j for burdensharing contributions or 10 U.S.C. § 2350k for overseas relocation and FY 2016 NDAA § 2804, as amended, for mutually beneficial contributions). Refer to the Volume 12 Supplemental.

21.3 Accounting

21.3.1. Burdensharing Credits

Burdensharing contributions must be credited to one or more of the special fund accounts which have been established in the U.S. Treasury for monetary contributions accepted by the

SecWar or designee under 10 U.S.C. §. 2350j . Refer to the Volume 12 Supplemental for a listing of the accounts.

21.3.2. Overseas Relocation

21.3.2.1. Relocation contributions must be credited to one or more of the trust fund accounts which have been established in the U.S. Treasury for monetary contributions accepted by the SecWar or designee under 10 U.S.C. §. 2350k. Refer to the Volume 12 Supplemental for a listing of the accounts.

21.3.2.2. The DFAS disbursing office or Financial Services Office must transmit copies of deposit tickets for these investments to the DFAS-Indianapolis (DFAS-IN)/EASS Trust Funds. DFAS-EASS Trust Funds manage and track the investments and earnings.

21.3.3. Mutually Beneficial

Mutually Beneficial contributions must be credited to the special fund account, which has been established in the U.S. Treasury for monetary contributions accepted by the SecWar or designee under the authority of FY 2016 NDAA § 2804, as amended. Refer to the Volume 12 Supplemental for a listing of the account.

21.4 Availability of Contributions

Contributions are available for the payment of costs specified in 10 U.S.C. § 2350j or § 2350k, or FY 2016 NDAA § 2804, as amended. Refer to the Volume 12 Supplemental for additional information regarding the availability of burdensharing and relocation contributions.

21.5 Reporting Requirements

As needed, the USW(C) will provide guidance to ensure necessary information is collected to comply with any congressional reporting requirements.

22.0 DISPOSITION OF NON-DOW PERSONAL PROPERTY

22.1 Disposition of Unclaimed Property General Policy

22.1.1. The Secretary of any Military Department, and the Secretary of Homeland Security, under such regulations as they may respectively prescribe, may each by public or private sale or otherwise, dispose of all lost, abandoned, or unclaimed personal property that comes into the custody or control of the Secretary's department, other than property subject to 10 U.S.C. §§ 7712, 8392, or 9712. Property subject to paragraph 22.3 is exempted from the requirements. Requirements for the disposition of personal property of deceased members of the Army and Air Force are in the Volume 12 Supplemental. Requirements for the disposition of personal property of deceased members of the Navy and Marine Corps are in the Volume 12 Supplemental.

22.1.2. Property may not be disposed of until a diligent effort has been made to find the owner (or the heirs, next of kin, or legal representative of the owner). A diligent effort to find the owner (or the heirs, next of kin, or legal representative of the owner) must begin, to the maximum extent practicable, not later than 7 days after the date on which the property comes into the custody or control of the Secretary having immediate jurisdiction. The period for which that effort is continued must not exceed 45 days.

22.1.3. Notice of the time and place of the intended sale or other disposition must be sent by certified or registered mail to the applicable owner (or heirs, next of kin, or legal representative of the owner) at their last known address. If the owner (or the heirs, next of kin, or legal representative of the owner) is determined but not found, the property may not be disposed of until the expiration of 45 days after the date the notice is sent to the owner (or the heirs, next of kin, or legal representative of the owner).

22.1.4. When a diligent effort to determine the owner (or heirs, next of kin, or legal representative of the owner) is unsuccessful, the property may be disposed of without delay. If the property has a fair market value of more than \$300, it may not be disposed of until 45 days after the date it is received at the point of storage designated by the Secretary.

22.2 Distribution of Proceeds

The proceeds from the sale of lost, abandoned, or unclaimed personal property found on a military installation must be credited to the operation and maintenance account that funds the operations of that installation and be used to reimburse the installation for any costs incurred during the collection, transportation, storage, protection, or selling of the property. Any proceeds which remain after the reimbursement of installation expenses must be utilized to support Morale, Welfare and Recreation (MWR) activities under the jurisdiction of the armed forces that are conducted for the comfort, pleasure, contentment, or physical or mental improvement of members of the armed forces at such installation. The net proceeds from the sale of other property under paragraph 22.1 must be deposited into the Treasury as miscellaneous receipts.

22.3 Restrictions

No property covered by this section may be delivered to the Armed Forces Retirement Home by the Secretary of a Military Department, except papers of value, sabers, insignia, decorations, medals, watches, trinkets, manuscripts, and other articles valuable chiefly as keepsakes.

22.4 Claims for Proceeds

The owner (or heirs, next of kin, or legal representative of the owner) of personal property whose proceeds were credited to a military installation may file a claim with the SecWar for an amount equal to the proceeds less costs referred to in paragraph 22.2. Amounts to pay the claim must be drawn from the MWR account for the installation that received the proceeds. The owner (or heirs, next of kin, or legal representative of the owner) may file a claim with the SecWar for proceeds deposited at Treasury as well. Unless a claim is filed under this section within 5 years

after the date of the disposal of the property to which the claim relates, the claim may not be considered by either the SecWar or a court. The responsibility of the SecWar to consider such claims has been delegated to the USW for Personnel and Readiness.

22.5 Army and Air Force Disposition of Personal Property of Deceased Members

22.5.1. General Policy

Upon the death of a person subject to military law and under the jurisdiction of the Army or Air Force, or upon the death of a resident of the Armed Forces Retirement Home; the commanding officer must permit the legal representative or the surviving spouse of the deceased, if present, to take possession of the effects of the deceased that are then in camp, air base, or quarters. If there is no legal representative or surviving spouse present, the commanding officer must direct a summary court-martial to collect the effects of the deceased that are then in camp, air base, or quarters. The summary court-martial may collect debts due the decedent by local debtors and pay undisputed local creditors of the deceased (to the extent permitted by the monetary assets of the deceased in the court's possession). Receipts for payments made from the estate of the deceased must be filed with the court's final report to the Department of the Army or Air Force.

22.5.2. Distribution of Personal Property

As soon as practicable after the collection of the personal effects and monetary assets of the deceased, the summary court-martial must, at the expense of the United States, send the personal effects and monetary assets to one of the living persons, in the order of precedence shown on the following list, whom the court finds:

22.5.2.1. The surviving spouse or legal representative.

22.5.2.2. A child of the deceased.

22.5.2.3. A parent of the deceased.

22.5.2.4. A brother or sister of the deceased.

22.5.2.5. The closest next of kin of the deceased.

22.5.2.6. The beneficiary named in the will of the deceased.

22.5.3. Time Limits

If the summary court-martial cannot dispose of the effects as stated in paragraph 22.5.1 because there are no persons in any of the categories listed, or because the addresses of such persons are not known or are not available, the court may convert the effects of the deceased into cash by public or private sale. However, the sale may not occur until 30 days after the date of death of the deceased. Items listed in paragraph 22.5.2 may not be sold.

22.5.4. Final Disposition of Personal Effects

As soon as practicable after the effects have been converted into cash, the summary court-martial must relinquish custody of all cash and all receipts relating to cash transactions to the executive part of the Department of the Army or Air Force. Wills or other papers of value, an inventory of personal effects, and articles whose sale is not permissible also must be placed under the jurisdiction of the executive part of the Service of which the deceased was a member. All items received by the executive part of the Army or Air Force must be delivered to the Armed Forces Retirement Home.

22.6. NAVY AND MARINE CORPS DISPOSITION OF PERSONAL PROPERTY OF DECEASED MEMBERS

22.6.1. General Policy

The Secretary of the Navy must retain custody of money or other personal property of a deceased member of the Naval Service and make a diligent effort to determine and locate the heirs or next of kin of the deceased member. Property remaining unclaimed 2 years after the death of the member must be sold, and the proceeds, together with any other monetary assets of the member held in custody, must be deposited into the Treasury as miscellaneous receipts.

22.6.2. Recoupment

Within 5 years after the date the money and proceeds are deposited into the Treasury, any claim that is presented and supported by competent proof must be certified to Congress for consideration. After the 5 years, claims may not be accepted, and the requestor must be notified that the time limit for submitting a claim has expired.

23.0 ADMINISTERING, USING AND ACCOUNTING FOR SEIZED AND/OR VESTED FUNDS AND PROPERTY DURING CONTINGENCY OPERATIONS

Refer to the Volume 12 Supplemental.

24.0 OPERATION AND USE OF GENERAL GIFT FUNDS

The SecWar and Secretaries of the Military Departments have the authority to accept, hold, administer, and spend gifts made for the benefit or in connection with various institutions and individuals under their jurisdiction. These gifts include money, real property, personal property, or services for the establishment, operation, or maintenance of schools, hospitals, libraries, museums, cemeteries, and other institutions, as well as for the benefit of wounded or injured members of the armed forces (including members performing full-time National Guard duty), civilian employees, dependents, and survivors of members or employees who are killed.

24.1 DESIGNATIONS

The SecWar and the Secretaries of the Military Departments may approve additional Acceptance Authority designations under their jurisdiction. The Office of the Secretary of War (OSW) designations are as follows:

24.1.1. USW(C)

All authority and responsibility granted to the SecWar associated with the acceptance and use of gifts has been delegated to the USW(C).

24.1.2. USW(C) Designations

The USW(C) prescribes additional designations of gift Acceptance Authority to OSW Components. On behalf of the SecWar, the USW for Acquisition and Sustainment (A&S), USW Personnel and Readiness (P&R), Administration and Organization Policy, DoW Defense Agencies, Joint Staff, Commanders of Combatant Commands, and Washington Headquarters Services (WHS) have the authority and responsibilities associated with acceptance and use of such gifts of real property or personal property and may authorize the development of additional procedures for implementing policy in this chapter. The Director of the WHS also has the authority to accept such gifts of services for the benefit of individuals at facilities under his or her authority. All gifts over \$500,000 must be accepted by the USW(C).

24.2 Responsibilities

Refer to the Volume 12 Supplemental.

24.3 Acceptance

24.3.1. Acceptance of Gifts for Military Musical Units; Accounting for Missing Persons; Museum Programs; U.S. Service Academies; and the USUHS can be found in the Volume 12 Supplemental.

24.3.2. Circumstances to Decline Acceptance. Acceptance Authorities must decline gifts under the circumstances identified in the Volume 12 Supplemental.

24.3.3. DoW Personnel. DoW personnel must not solicit, fundraise for, or otherwise request or encourage the offer of a gift. Acceptance Authorities must not accept gifts offered contrary to this policy. Notwithstanding this general prohibition, the SecWar may solicit from a bona fide collector a gift for the use and benefit of a military museum program.

24.3.4. Related Expenses. Acceptance Authorities may pay all necessary expenses in connection with the conveyance or transfer of a gift.

24.3.5. Offers from Prohibited Sources. Acceptance Authorities must use increased sensitivity and scrutiny when gifts are offered from prohibited sources. Acceptance of gifts from prohibited sources may cause embarrassment to the DoW or the appearance of influencing official decisions or actions of the Department. Acceptance Authorities must consult with their appropriate Ethics Official before accepting such a gift valued more than \$10,000 to determine whether the donor is involved in any claims, procurement actions, litigation, or other matters involving the Department that must be considered prior to gift acceptance.

24.3.6. Acknowledgment of Future Gifts. Acceptance Authorities may acknowledge offers of future gifts and advise the donors that acceptance will occur after the actual presentation of the gifts only when they determine that such acceptance will likely occur.

24.3.7. Acceptance through Intermediaries. Acceptance Authorities must not accept gifts offered indirectly through an intermediary if they cannot accept such gifts if offered directly from the source.

24.3.8. Accepting Gifts to Benefit Certain Members, Dependents, and Civilian Employees. - Refer to the Volume 12 Supplemental.

24.3.9. Acceptance of Property Gifts with Naming Rights.

24.3.9.1. The Secretary concerned may delegate the authority to accept gifts with the condition of naming rights only to a civilian Presidential appointee in a position requiring Senate confirmation. This authority may not be further re-delegated.

24.3.9.2. The Secretary concerned must issue uniform regulations governing the circumstances under which gifts conditioned on naming rights may be accepted, appropriate naming conventions, and suitable display standards. The naming conventions and suitable display standards must be in accordance with Unified Facilities Criteria (UFC) 3-120-01 and other implementing guidance issued under the purview of the USW(A&S).

24.4 Receipt

24.4.1. Monetary Gifts. All monetary gifts must be forwarded to the DFAS office servicing the Acceptance Authority via mail or an EFT. DoW officials must contact DFAS for EFT deposit information.

24.4.2. Gift Fund Accounts. - Refer to the Volume 12 Supplemental.

24.4.3. Accounting Transactions. Accounting entries for monetary, non-monetary, and service-type gifts are specified within the U.S. Standard General Library.

24.5 Records and Reports

24.5.1. Records. Acceptance Authorities must keep accurate, auditable, and timely records of all gifts and provide this information for periodic audits. The receiving organization must obtain and retain the required documentation and information for all gifts received, including the date non-monetary gifts were transferred to property records and the unique identifier or data element, if applicable (see property accountability requirements in paragraph 24.7). For audit purposes, the supporting documentation for monetary and non-monetary gifts must be retained in accordance with the policy in Volume 1. Refer to the Volume 12 Supplemental.

24.5.2. Reports

24.5.2.1. DFAS Standards and Compliance (Corporate Reporting) must develop and require a standardized report for Acceptance Authorities or designees to report the following information to DFAS on a quarterly basis. Refer to the Volume 12 Supplemental.

24.5.2.2. Acceptance Authorities must report the information in the reports for all monetary gifts and real property gifts along with personal property gifts and services with a unit value of \$5,000 or more to the DFAS office servicing each Secretary (Defense, Army, Navy, and Air Force) not later than 10 days after the end of each quarter. Monetary, real property, and personal property gifts must be reported separately.

24.6 Investments

Refer to the Volume 12 Supplemental for DFAS responsibilities for investments.

24.7 Property Accountability

Acceptance Authorities must establish procedures for receiving, accounting, and disposing of real and personal property gifts. Property accountability procedures must be addressed or referenced in general gift acceptance procedures. Property accountability procedures must be consistent with policy prescribed in DoDI 4165.14, DoDI 4165.70, DoDI 4165.71, DoDI 4165.72, and DoDI 5000.64.

25.0 DOW BRANDING AND TRADEMARK LICENSING PROGRAM

25.1 Responsibilities

Refer to the Volume 12 Supplemental.

25.2 Accounting and Reporting

25.2.1. Accounting

25.2.1.1. Fees received in a fiscal year must remain available for obligation in such fiscal year and the following two fiscal years.

25.2.1.2. The excess of licensing fees collected over annual costs may be expended to support MWR activities. The law does not require that the excess be obligated in the fiscal year collected. The excess may be used in the following two fiscal years to offset those fiscal year costs of the licensing program or may be expended in support of the DoW Component's MWR activities.

25.2.1.3. Funds not obligated or made available to MWR activities before September 30 of the second fiscal year following the year collected must be reallocated (transferred) to TAS R3210, "General Fund Proprietary Receipts, Defense Military, Not Otherwise Classified."

25.2.1.4. Additional TASs may be used to separately track unobligated funds carried forward from the fiscal year of collection through the following two fiscal years.

25.2.1.5. Each DoW Component must ensure that all royalty reports received from licensees and/or licensing agents are promptly reviewed, and any questions resolved. Copies of royalty reports must be retained in accordance with Volume 1.

25.2.2. Reporting. Each DoW Component operating a trademark licensing program must provide the Manager, DoW Branding and Trademark Licensing Program (BTLP), with the following financial reports. The Manager, BTLP, may issue guidance prescribing the required format of the reports and the specific information to be provided. For information on quarterly and annual reports, refer to the Volume 12 Supplemental.

26.0 COLLECTION AND RETENTION OF CONFERENCE FEES FROM NON-FEDERAL SOURCES

26.1 Policy

Federal Laws and Regulations. Although 10 U.S.C. § 2262 authorizes the retention of conference fees, all other applicable Federal laws and regulations must be followed regarding conferences and conference planning. These Federal authorities include the Joint Travel Regulations, the FAR, the DFARS, and the JER. This authority does not increase or affect any other currently existing conference authority. Guidelines related to determining conference fees are available on the DoW Cost Guidance Portal that resides on the DoW Costs Assessment and Program Evaluation web page. Access to the web page requires a DoW Common Access Card (CAC). Refer to the Volume 12 Supplemental for use of contracts, reimbursement, and ethics and fiscal guidance.

A "conference" is defined in the *Joint Travel Regulations* as a meeting, retreat, seminar, symposium, or event that involves attendee travel. The term conference also applies to training activities in accordance with 5 CFR § 410.404. Conferences subject to this authority are also often referred to as conventions, expositions, workshops, or exhibitions that typically involve topical matters of interest to, and the participation of, multiple agencies and/or non-governmental

participants. The *DoD Conference Guidance 4.0* identifies exemptions to the defined list of conferences.

26.2 Responsibilities

Refer to the Volume 12 Supplemental for OUSW(C), DFAS, and DoW Component responsibilities.

26.3 Accounting and Reporting

26.3.1. Accounting

26.3.1.1. Accounting for collections into appropriations is covered in the DoW United States Standard General Ledger Transaction Library, on the Office of the DCFO SFIS web page.

26.3.1.2. Except when conference planning services at no cost to the government are used and the government entity does not directly collect fees, amounts collected in accordance with 10 U.S.C. § 2262 with respect to a conference must be credited to the appropriation or account from which the costs of the conference are paid and must be used to pay or reimburse those costs of the Department with respect to the conference. Record conference fees collected as an appropriation reimbursement.

26.3.1.3. The registration fees collected must remain with the year that funds for the conference are obligated. In the event registration fees are collected in one fiscal year, but the conference is conducted in the next, the fees collected must remain in the year the conference expenses were obligated and must be available for the same purpose and time period of the appropriation.

26.3.1.4. Components, agencies, and activities that collect conference fees into appropriations may not augment those appropriations. Accordingly, any fees collected that exceed actual conference costs must be deposited into the Treasury as Miscellaneous Receipts (i.e., Receipt Account 3210).

26.3.2. Reporting

26.3.2.1. In accordance with DoW's Conference Policies and Controls, all DoW-sponsored conferences are required to be reported through a central DoW Conference Tool. This data is used to generate the annual reports that are posted publicly and support the Department's ongoing oversight of conference activities. Conference fees are not reported as a separate entity; they are reported within conference expenses as a net of any fees or revenue received through the conference, not to include costs.

26.3.2.2. In accordance with OMB Memorandum M-17-08, "Promoting Efficient Spending to Support Agency Operations," agencies must report conference expenses on a dedicated space on their official website. Conference expenses are defined as all direct and indirect conference costs paid by the Government, whether paid directly by agencies or reimbursed by

agencies to travelers or others associated with the conference, but do not include funds paid under Federal grants to grantees. Conference expenses include any associated authorized travel and per diem expenses, hire of rooms for official business, audiovisual use, light refreshments, registration fees, ground transportation, and other expenses as defined by the Federal Travel Regulations.

26.3.2.2.1. By January 31 of each year, the agency must describe all agency-sponsored conferences from the previous fiscal year where the net expenses for the agency associated with the conference were in excess of \$100,000. This description must include:

26.3.2.2.1.1. Total conference expenses incurred by the agency for the conference.

26.3.2.2.1.2. The location of the conference.

26.3.2.2.1.3. The date of the conference.

26.3.2.2.1.4. A brief explanation of how the conference advanced the mission of the agency.

26.3.2.2.1.5. The total number of individuals whose travel expenses or other conference expenses were paid by the agency.

26.3.2.2.2. In addition, for any instances where the net expenses for an agency-sponsored conference exceeded \$500,000, the website must include the agency-designated official's rationale and approval. The website must also include information in the appropriate format (e.g., narrative) about the total net conference expenses for the fiscal year incurred by that agency, as well as a general report about conference activities throughout the year.

26.3.2.2.3. In reporting this data, agencies must exclude any information that is considered to be sensitive, that is prohibited from public disclosure by statute or regulation, or that may jeopardize national security or the health, safety, or security of conference attendees, organizers, or other individuals.

27.0 FINANCIAL INSTITUTIONS AND MILITARY BANKING FACILITIES ON DOW INSTALLATIONS

27.1 Responsibilities

Refer to the Volume 12 Supplemental.

27.2 General Policy Provisions

27.2.1. Financial Institutions (FI) on DoW Installations

27.2.1.1. No more than one bank and one credit union are permitted to operate on a DoW installation except where they already existed as of May 1, 2000, or the installation was affected by BRAC. Refer to the Volume 12 Supplemental for information that pertains to installations affected by BRAC.

27.2.1.2. Upon the request of an installation commander and with the approval of the Secretary of the Military Department concerned (or designee), duly chartered FI may be authorized to provide financial services on DoW installations to enhance the morale and welfare of DoW personnel and facilitate the administration of public and quasi-public funds. Arrangements for the provision of such services must be in accordance with this section.

27.2.1.3. FIs may be established on DoW installations only after approval by the Secretary of the Military Department concerned (or designee), the appropriate regulatory agency as required, and in accordance with 32 CFR § 230.

27.2.1.4. Except in limited situations overseas, only banks insured by the Federal Deposit Insurance Corporation and credit unions insured by the National Credit Union Share Insurance Fund, or by another insurance organization specifically qualified by the Secretary of the Treasury, may operate on DoW installations. These FIs may either be State or federally chartered; however, U.S. credit unions operated overseas must be federally insured.

27.2.1.5. Military Banking Facilities (MBF) may be established on DoW installations when a demonstrated and justified need cannot be met through other means, pending the availability of FIs willing to perform these functions. Normally, MBFs are only authorized at overseas locations. MBFs may be considered for use at domestic DoW installations only when the cognizant DoW Component cannot obtain financial services from a state or federally chartered FI authorized to operate in the installation state. MBFs may be designated during mobilization as an emergency measure. The Director, DFAS, may recommend the designation of MBFs to the Treasury.

27.2.1.6. The installation commander must approve the expansion of financial services (to include in-store banking) requiring the out grant of additional space or logistical support. Any DoW activity considering expanding the availability of financial services must coordinate requests with the installation Banking Liaison Officer (BLO) prior to the commander's consideration.

27.2.1.7. No DoW Component must perform retail banking operations. Solicitations for such services must be issued, and proposals accepted, according to the policies identified in this section.

27.2.1.8. If an FI or MBF operates on a DoW installation, installation commanders must not seek financial services from any entity other than the on-base FI or MBF.

27.2.1.9. Military disbursing offices, NAFIs (including MWR activities and the Military Exchange Services), and other DoW Component activities requiring financial services must use on-base FIs and MBFs to the maximum extent feasible.

27.2.1.10. NAFIs (including MWR activities and the Military Exchange Services) that desire and are authorized to provide currency accommodation exchange services to individuals must acquire all foreign currency for this purpose from the servicing MBF at the MBF accommodation rate and sell it at a rate of exchange no more favorable than the customer rate available at the MBF.

27.2.2. Security

27.2.2.1. The installation commander (or designee), officials of the on-base FIs, and installation security authorities must establish an understanding of each entity's responsibilities on all matters of asset protection.

27.2.2.2. Establish a written agreement outlining the security procedures that the FI follows and the role that installation security authorities play regarding alarms, movement of cash, and criminal activity response procedures to be followed (e.g., vandalism or robbery).

27.2.2.3. Cash and other assets in on-base FIs are the property of those FIs. Except for MBFs operated under contract, maintenance of alarms and the guarding and/or escorting of cash is the sole responsibility of the on-base FI. The installation commander may decide that providing for the guarding or escorting of cash is desirable or necessary.

27.2.2.4. The use of armored vehicles for transportation of cash is the sole responsibility of the on-base FI and MBF, and use must be coordinated with the installation commander to permit access to DoW installations and facilities.

27.2.3. Central Locator Services. Military locator services will be provided per the Privacy Act guidelines contained within the Volume 12 Supplemental (Figure 33-1) and associated fees, if any, are to be paid by the FI in accordance with Volume 11. See the Locate Military Members website to obtain information on how to locate a military member, retiree, or facility. Refer to the Volume 12 Supplemental for information and guidance on Advertising and Personal Solicitation; Automatic Teller Machine (ATM) Service; Staffing; Departure Clearance; Operating Agreements; Installation Financial Services; In-Store Banking; and Domestic MBF.

27.2.4. Advertising and Personal Solicitation. Refer to the Volume 12 Supplemental.

27.2.5. ATM Service. Refer to the Volume 12 Supplemental.

27.2.6. Domestic and International Treasury General Accounts. In cases where authorization is required for the on-base FI or MBF to act as a Treasury General Account (TGA) domestic depository (or, on overseas installations, an International Treasury General Account (ITGA) depository), the FI must satisfy the risk management standards established by the Secretary of the Treasury. On-base FIs and MBFs must accept deposits for credit to the TGA (or ITGA) when authorized.

27.2.7. Staffing. Refer to the Volume 12 Supplemental.

27.2.8. Departure Clearance. Refer to the Volume 12 Supplemental.

27.2.9. Operating Agreements. Refer to the Volume 12 Supplemental.

27.2.10. Installation Financial Services. Refer to the Volume 12 Supplemental.

27.2.11. Banking Liaison Officer. Each installation commander having an on-base FI or MBF must appoint a BLO. The BLO's name and duty telephone number must be displayed prominently at each FI and MBF location on the installation. The responsibilities of BLOs must be assigned to comptroller or resource management personnel. Employees, officials, or directors of a FI or MBF may not serve as BLOs. Refer to the Volume 12 Supplemental for BLO responsibilities.

27.2.12. In-Store Banking. Refer to the Volume 12 Supplemental.

27.2.13. Domestic MBF. Refer to the Volume 12 Supplemental.

27.3 Banks Operating on Domestic DoW Installations

27.3.1. General Policy. U.S. banks may operate on DoW installations, in accordance with this section, when required by installation commanders to promote the morale and welfare of installation personnel and to help facilitate installation operations. Refer to the Volume 12 Supplemental for Establishment and Terminations.

27.3.2. Solicitations. The Secretary of the Military Department concerned (or designee), or the installation commander with advice from the cognizant Secretary of the Military Department (or designee), must conduct solicitations, to include pre-proposal conferences, for on-base banking. Subject to the criteria for selection outlined in the Volume 12 Supplemental, the preferred sources of on-base financial services at domestic installations are federally insured, state-chartered or federally insured, federally chartered banks operating in the local area. The Volume 12 Supplemental addresses distribution of the solicitation only and does not preclude any federally insured, state-chartered or federally insured, federally chartered bank from responding at any stage (from local distribution in the Volume 12 Supplemental to publication in SAM.gov and FI trade journals as outlined in the Volume 12 Supplemental) of the solicitation process. Do not commit to any bank regarding its proposal until the appropriate regulatory agency makes a

designation if a designation is required. Refer to the Volume 12 Supplemental for more information on solicitations.

27.3.3. Termination. Refer to the Volume 12 Supplemental for more information.

27.3.4. Use of Space, Logistical Support, and Military Real Property for Banks Operating on Domestic DoW Installations.

27.3.4.1. Lease Terms. The consideration for a lease must be determined by an appraisal of fair market rental value in accordance with 10 U.S.C. § 2667. Periodic reappraisals must be based upon the fair market rental value exclusive of the bank improvements made. Coordinate with USW(A&S) or designee. Refer to the Volume 12 Supplemental.

27.3.4.2. Logistical Support

27.3.4.2.1. The bank must be housed in a building accessible to DoW personnel on the installation and in a location permitting reasonable security.

27.3.4.2.2. Banks must perform all maintenance, repair, improvements, alterations, and construction on the banking premises.

27.3.4.2.3. Banks must pay for all utilities (i.e., electricity, natural gas or fuel oil, water, and sewage), heating and air conditioning, intra-station telephone service, and custodial and janitorial services including garbage disposal and outdoor maintenance (such as grass cutting and snow removal) at rates set forth in the lease, operating agreement or other written agreement between the installation and the bank.

27.3.5. Land Leases. A lease for the construction of a bank must be at the appraised fair market rental value. Charges must apply for the term of the lease not to exceed 25 years, subject to periodic review every 5 years to assess changes in fair market value. Refer to the Volume 12 Supplemental.

27.3.6. Construction. Banks may construct buildings subject to provisions found in the Volume 12 Supplemental.

27.4 FIs and MBFs Operating on Overseas DoW Installations

General Provisions of Financial Services Overseas. The Department acquires financial services overseas for use by authorized persons and organizations from the following sources.

27.4.1. MBFs operated under contract and authorized by the pertinent status of forces agreement, other intergovernmental agreements, or host-country law.

27.4.2. Domestic and foreign banks located on overseas DoW installations. Each such institution must be:

27.4.2.1. Chartered to provide financial services in that country.

27.4.2.2. A party to a formal operating agreement with the installation commander to provide such services.

27.4.2.3. Identified, where applicable, in the status of forces agreements, other intergovernmental agreements, or host-country law. Refer to the Volume 12 Supplemental for more information on Establishment, Terminations, Logistical Support, Operations, and other Overseas Banking Offices.

27.5 Credit Unions Operating on Domestic DoW Installations

U.S. credit unions may operate on DoW installations, in accordance with this section, when required by installation commanders to promote the morale and welfare of installation personnel and to help facilitate installation operations. Refer to the Volume 12 Supplemental for more information on Establishment; Termination; Use of Space, Logistical Support, and Military Real Property for Domestic Credit Unions; Land Leases; Construction; and ATM service.

27.6 Overseas Credit Unions

27.6.1. Credit union services to authorized persons and organizations, as permitted by Status of Forces agreements, other intergovernmental agreements, or host-country law, may be provided by domestic on-base credit unions operating under a geographic franchise.

27.6.2. The extension of credit union service overseas must be in accordance with this section as it relates to domestic credit unions and aligned with applicable status of forces agreements or other intergovernmental agreements, or host-country law.

27.6.3. Where permitted by the status of forces agreements or other intergovernmental agreements, or host-country law, only federal credit unions or federally insured state-chartered credit unions may operate on overseas DoW installations. The ultimate decision to provide services overseas rests with the credit union itself. Refer to the Volume 12 Supplemental for more information on Establishment; Logistical Support Services; Travel; and Operations.

**28.0 DIRECT ACCEPTANCE OF GIFTS BY MEMBERS OF THE ARMED FORCES,
DEPARTMENT OF WAR EMPLOYEES AND THEIR FAMILIES AND SURVIVORS****28.1 Gift to Covered Employees**

Pursuant to the authority in 10 U.S.C. § 2601(a), covered members of the armed forces in the DoW and covered employees of DoW, their family members, and their survivors may accept gifts directly from nonprofit organizations, private parties, and other sources outside the DoW when, while performing military duties or performing duties as a civilian employee on or after September 11, 2001, they incur an injury or illness: (1) as a direct result of armed conflict; while engaged in hazardous service; in the performance of duty under conditions simulating war; or through an instrumentality of war; (2) in an operation or area designated as a combat operation or combat zone by the SecWar; (3) that results in enrollment in a Warriors in Transition program, as defined in section 738(e) of the NDAA for Fiscal Year 2013 (Public Law 112-239, 10 U.S.C. § 1071); or (4) under other circumstances determined by the Secretary concerned to warrant treatment like members covered by the first criterion of this section.

28.2 Impermissible Gifts

The authority in 10 U.S.C. § 2601a does not apply to gifts from foreign governments or international organizations or their representatives, nor does it apply to gifts that: (1) are accepted in return for being influenced in the performance of an official act; (2) are solicited or coerced; (3) are accepted in violation of any other statute or regulation, including 18 U.S.C. § 201, 18 U.S.C § 209, 5 CFR § 2635 and 5 CFR § 3601; or (4) will reflect adversely on the DoW.

28.3 Criteria for Gift Acceptance

Refer to the Volume 12 Supplemental.