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THESIS

A GUIDELINE FOR MARINE CORPS FINANCIAL MANAGERS

by

Anthone R. Wright

December 1998

Principal Advisor: Lawrence R. Jones
Associate Advisor: Jerry L. McCafferey

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The purpose of this thesis is to examine the duties and responsiblities of Marine Corps Financial Managers at the major command level. The thesis involved a thorough review of Department of Defense (DoD), Department of the Navy (DoN), and Marine Corps orders, publications and directives to determine those keys areas considered most essential to Marine Corps financial management specialists in the performance of their duties. The thesis provides a brief overview of the financial management occupational field. It then examines the roles and responsibilities of Marine Corps financial managers and concludes with a chapter on education and professional development opportunities available to Marine Corps financial managers as they progress in their careers. Based on the research, a set of guidelines was created to assist financial management specialists by serving as an initial source of information on major financial management functions such as (1) Planning, Programming, Budgeting System (PPBS); (2) budget formulation and execution; (3) Marine Corps accounting procedures; and (4) Resource, Evaluation and Analysis. These guidelines are designed primarily for those officers (MOS 9644) who have had very limited experience in the financial management field outside of their graduate level educational training through the Naval Postgraduate School.

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A GUIDELINE FOR MARINE CORPS FINANCIAL MANAGERS

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B.S., U.S. Naval Academy, 1988

Submitted in partial fulfillment of the
requirements for the degree of

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ABSTRACT

The purpose of this thesis is to examine the duties and responsiblities of Marine Corps Financial Managers at the major command level. The thesis involved a thorough review of Department of Defense (DoD), Department of the Navy (DoN), and Marine Corps orders, publications and directives to determine those keys areas considered most essential to Marine Corps financial management specialists in the performance of their duties. The thesis provides a brief overview of the financial management occupational field. It then examines the roles and responsibilities of Marine Corps financial managers and concludes with a chapter on education and professional development opportunities available to Marine Corps financial managers as they progress in their careers. Based on the research, a set of guidelines was created to assist financial management specialists by serving as an initial source of information on major financial management functions such as (1) Planning, Programming, Budgeting System (PPBS); (2) budget formulation and execution; (3) Marine Corps accounting procedures; and (4) Resource, Evaluation and Analysis. These guidelines are designed primarily for those officers (MOS 9644) who have had very limited experience in the financial management field outside of their graduate level educational training through the Naval Postgraduate School.

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I. INTRODUCTION

A. PURPOSE

The purpose of this thesis is to examine the duties and responsiblities of Marine Corps Financial Managers at the major command level. The objective will be to identify those tasks that are common to the majority of commands in order to create guidelines new financial managers can use as a general information source in preparation for the effective performance of their duties.

B. BACKGROUND

The Marine Corps staffs its financial management billets from two principal groups of officers. The first group is composed primarily of those officers who have been in the financial management career field since the beginning of their careers. These officers typically are designated the military occupational specialty (MOS 3402), Disbursing/Finance Officers or Financial Management Officers (MOS 3404) upon completion of the Financial Management Officer Course at Marine Corps Base, Camp Lejeune, North Carolina. This group of officers has a well-defined career path that normally takes them from entry level positions at the field level progressively up the command structure. Some eventually arrive at the major command and systems command level, filling comptroller and deputy comptroller billets. These officers gain increasingly more experience in their field as they climb the finance career ladder.

The second group of officers is composed primarily of officers from all other Military Occupational Specialties in the Corps. These officers typically have limited or no experience in the financial management field. They follow quite different career paths that normally allow them to serve in the finance field for short periods of time (normally three years) before they return to their primary MOS and continue their career track. The officers in this group have between five and ten years of total service in the Marine Corps with at least the first three to four of those years spent in their primary MOS. The Marine Corps solicits volunteers from among all officers annually via the Special Education

Program. Officers selected for this program attend the Naval Postgraduate School in the Financial Management curriculum. Upon successful completion of the course of study, they receive a Master of Science Degree in Management and are designated as MOS 9644, financial management specialists. The billets these officers fill are among a slate of billets the Marine Corps has identified as requiring officers with a graduate level degree in financial management.

Because of the disparity in experience and education levels between the two groups of officers, both of which perform the same core tasks at the major command level, a need for basic financial management guidelines is present. The objective of this research is to prepare a manual which will enhance the educational background of the 9644 officer, and hence his/her ability to perform effectively in financial billets at the major command level.

C. RESEARCH QUESTION

The primary research question is this: What are the duties and responsibilities of Marine Corps Financial Managers at the major command level? Secondary research questions are as follows:

- What are the information needs of financial managers in addition to that, which is currently available in orders, directives, and other publications?
- How do the Marine Corps staff its major command level financial management billets?
- What is the typical career track for Marine Corps officers in the financial management field?
- What training is provided to these officers to achieve the requisite effectiveness level for these billets?

D. SCOPE

The scope of this thesis includes the following: (1) An in-depth review of DOD, DON and Marine Corps financial management orders, directives and publications, (2) review of current training and professional development courses and seminars available for

Marine Corps financial managers. This review will identify areas in which financial managers receive training at the various levels of their careers and positions, and (3) a study of the duties and responsibilities of Marine Corps financial managers at the major command level. This study will be conducted primarily through interviews. This thesis will consist of a set of guidelines for Marine Corps financial managers at the major command level.

E. METHODOLOGY

The preponderance of information obtained for this thesis was gathered through two research methods: a literature review of Department of Defense, Department of the Navy and Marine Corps orders and directives, and other government financial management publications; and field research consisting primarily of telephone interviews and electronic mail responses to a series of questions.

1. Literature Review

The review of the available literature on this topic revealed that there is an ample body of reference material including official government orders and directives available to financial managers to assist them in the conduct of their jobs. This review also revealed that much like the entire defense establishments' movement toward joint and combined operations in other areas of defense, so to is the financial management field moving toward joint/consolidated standards, procedures and automated information systems. For example Department of Defense Directive 7000 will eventually supersede the Navy Comptroller Manual for all financial matters. Additionally, organizations such as the Joint Financial Management Improvement Program (JFMIP) are in the process of drafting and implementing joint core competencies for federal financial personnel.

2. Interviews

Additional information was obtained from telephone interviews with Marine Corps financial managers located at field offices and the Fiscal Division, Program and Resources Directorate, Headquarters Marine Corps. Fiscal Division is the Occupational Field

sponsor for the financial management field and as such is responsible for the training standards, education, and manning of this field.

Additionally, interviews were conducted via electronic mail with key financial management personnel at Marine Corps Base Camp Butler, Fleet Marine Forces Pacific's Comptroller office, and Marine Corps Base, Camp Pendleton.

F. THESIS ORGANIZATION

This thesis is organized in the following manner to enhance the reader's understanding of its content:

1. Marine Corps Financial Management Career Field

This chapter provides a review and analysis of the current structure of the Marine Corps financial management career field. It includes a discussion of the various military occupational specialties that together make-up the financial management field. The career progression/path of officers in each of the MOSs will be discussed in addition to the entry-level educational requirements. The core competencies for Marine corps financial managers as outlined in both Marine Corps Orders and the Joint Financial Management Improvement Program will also be discussed.

2. Marine Corps Financial Management Organization

This chapter provides a brief outline and review of the Marine Corps' financial management organization. The relationship between the Marine Corps and Department of the Navy's financial management structure is discussed. This is followed by a summary of the general level Marine Corps comptroller department and the responsibilities of the various divisions and officers assigned to them.

3. Guidelines for Marine Corps Financial Managers

This chapter consists of an outline of those budgeting, accounting, and managerial areas relevant to Marine Corps financial management specialist today. The guidelines are comprehensive in scope to provide officers with a working knowledge of financial operations at all levels of command to help them better understand operations at their level. The guidelines incorporate the required information from various sources and serve

as a starting point for on-the-job education on Marine Corps financial management duties and responsibilities.

4. Training and Professional Development Opportunities

The chapter provides a description of the advanced education and professional development opportunities available for financial managers. It will include those schools, seminars, and courses that Marine Corps financial managers typically attend which are run by the Marine Corps and other Department of Defense organizations.

5. Conclusions and Recommendations

This thesis ends with conclusions and recommendations for making these guidelines available to financial management specialists throughout the Marine Corps.

6. Appendix A--Glossary of Key Financial Management Terms

Appendix A provides a glossary of key financial terms used by Marine Corps financial managers. The glossary is intended to help with the financial management language common throughout the Marine Corps.

7. Appendix B--Appropriations Allocated to the Marine Corps

Appendix B is a listing of the Marine Corps' four annual appropriations, one-multiyear appropriation, two revolving funds, and one trust fund. These appropriations are a part of the appropriations comprising the total DON budget.

II. MARINE CORPS FINANCIAL MANAGEMENT CAREER FIELD

A. BACKGROUND

The Marine Corps financial management field consists of several different Military Occupational Specialties (MOS) that the Marine Corps have assigned the numerical designator 3400. Figure 1-1 shows the MOS structure of the financial management field. The group of labeled "Other MOSs' are a part of the 3400 field. However, officers from all Marine Corps MOSs are eligible to acquire the secondary MOS 9644.

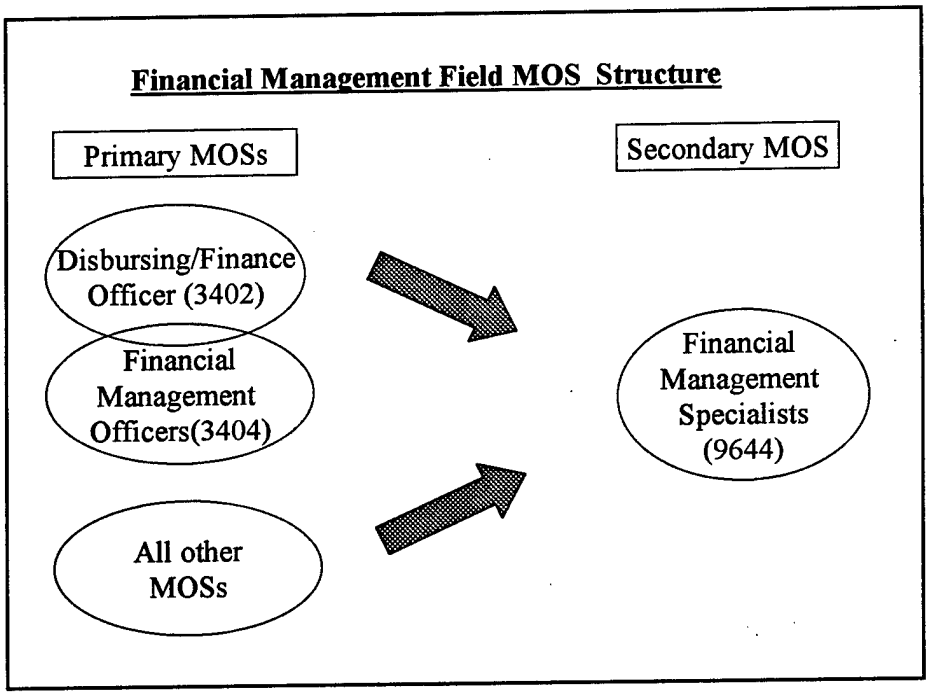

Figure 1-1 Financial Management Field MOS Structure

MOSs within the field are for both officer and enlisted Marines. However, the focus of this thesis is on the officer MOSs only. The two MOSs in this field are Financial Management Officer (MOS 3404); and Financial Management Specialists (MOS 9644). The last field 9644, is so designated because it is considered a secondary MOS. This normally requires officers to possess some specialized or additional training beyond that

which they receive in their primary MOS prior to receiving this designation. The 3404 MOS is considered a feeder MOS into the 9644 field. Because of the nature of the assignments of 9644 billets, officers possessing MOSs outside of the 3400 field are eligible to pursue this designation.

As Figure 1-1 illustrates, MOS 9644 is composed of two groups of officers. The first group is composed of those officers who have been in the financial management career field since the beginning of their careers; Financial Management Officers (MOS 3404). This group of officers has a well-defined career path that normally takes them from entry-level positions progressively up the command structure, gaining valuable experience and increased responsibilities. The second group of officers is composed primarily of officers from all other MOSs in the Corps. These officers typically have limited or no experience in the financial management field. They follow quite different career paths that normally allow them to serve in the finance field for short periods of time (normally three years) before they return to their primary MOS and continue their career track. The Marine Corps solicits volunteers from among all officers annually via the Special Education Program. Officers selected for this program attend the Naval Postgraduate School in the Financial Management curriculum. Upon successful completion of the course of study, they receive a Master of Science Degree in Management and are designated as MOS 9644, financial management specialists. The billets these officers fill are among a slate of billets the Marine Corps has identified as requiring officers with a graduate level degree in financial management.

B. MILITARY OCCUPATIONAL SPECIALTIES (MOS)

1. Financial Management Officers (MOS 3404)

Financial Management officers, although they get somewhat involved in the details of finance, spend the majority of their time preparing and supervising unit budgets. More formally,

> ... Financial management officers formulate and supervise the execution of policies and procedures pertaining to the financial management of

> appropriated funds in the operating forces and the shore establishment. The four functional areas of assignment are financial accounting, budget formulation and execution, disbursing, and resource evaluation and analysis. [Ref 8:p. 1-23]

Unlike disbursing officers, financial management officers are initially assigned directly to a comptroller officer where they work directly for the comptroller as manager of a section within major divisions. Their primary duties include the following:

- Managing the unit accounting and payroll functions such as reviewing and certifying commitment, obligation, and expenditure documents; and providing reports of transactions processed.

- Budget formulation and execution duties include supervising the operations of a budget office or section: providing guidance for formulation of budgets; compiling budget estimates; and reviewing and monitoring budget performance and execution.

- Disbursing duties include supervising the operations of a disbursing office or section with a disbursing office; providing guidance on procedures; ascertaining the validity of disbursements and the collection of public funds; and supervising and directing the legal expenditure of public funds.

- Resource evaluation and analysis functions may include the evaluation and analysis of resource management issues and problems; fund administrator inspections; and external audits liaison. [Ref. 8:p. 1-23]

2. Financial Management Specialists (MOS 9644)

> Financial Management Specialists have a graduate degree in financial management and are assigned to field comptroller, deputy comptroller, and budget officer billets with a billet MOS of 9644 or to financial management billets within the Washington, DC area. Financial Management Specialists assigned to field 9644 billets should have a primary MOS of 3404...Typical duties of such Washington DC, assignments include budget analyst, cost analyst, or section head for a resource management office. [Ref. 8:p. 1-59]

The Marine Corps has identified a number of billets throughout its financial management field structure that require officers with a graduate level education in financial management. Because of the field and grade structure of the field, it is not

feasible to staff all of these billets with financial management officers (MOS 3402 and 3404). To fill this shortage, the Marine Corps provides funds for officers from non-financial management MOSs to attend the Naval Postgraduate School each year in the Financial Management curriculum. Upon successful completion of the curriculum, officers are given the additional MOS of 9644, Financial Management Specialist.

Every three years, the Marine Corps Fiscal Division (MCFD), the occupational field sponsor for the financial management MOSs, is tasked with re-validating and restructuring the 9644 MOS to ensure that billet requirements and officer educational prerequisites are sound. Any billets, that are on the list, but no longer require officers with graduate level education, are removed. Conversely, billets which previously did not require a 9644 officer, but since the last validation have been upgraded or changed to a point where they do require 9644 officers are added to the slate of billets. According to Marine Corps Order 1500.47, Administrative Procedures for Officer Billets with Special Education Program (SEP) Prerequisites, the following criteria, as established by the Secretary of the Navy (SECNAV) must be met:

- Billets are required by the Department of Defense policy to be filled by individuals possessing graduate level education in a specified field of study.

- Billets in which the primary duties of the incumbent cannot be satisfactorily performed except by individuals possessing qualifications which can be acquired only through graduate education in a relevant field of study.

- Billets which must be filled by individuals who are required to exert direct technical supervision over military or civilian billets with graduate education perquisites. [Ref. 5: p. 2]

Once officers are trained and designated the 9644 MOS, they are assigned by the Marine Corps Officer Assignments monitor to billet vacancies. The Officer assignment branch also maintains an inventory of all officers who hold the 9644 additional MOS for tracking and record keeping purposes. This inventory is maintained in order to ensure that there is an adequate number of Financial Management Specialists in the Marine Corps to fill any 9644 vacancies. However, officers holding the 9644 additional MOS who are not

primary financial management officers (MOS 3404) are rarely re-assigned to a 9644 billet after completing their initial payback tour.

There are several reasons for this. First and foremost, is the concern for the officer's future promotability prospects. Non-financial management officers, normally spend a total four to five years out of their primary MOS. In order for these officers to remain competitive with their peers, they must obtain MOS proficiency and credibility in their chosen field. These officers cannot leave their primary MOS for 9644 billets without sacrificing valuable experience and training in their primary MOS. According to Major Jeff Zeller, financial management field program sponsor at Headquarters' Marine Corps, no officers possessing the 9644 MOS who are not primary financial management officers have been reassigned to 9644 billets following there payback tour [Ref. 16]. Secondly, the Marine Corps selects officers to attend the Naval Postgraduate School on an annual basis. The selection process ensures that a sufficient number of officers are sent to the School so that all projected 9644 vacancies are filled by those officers upon graduation. Finally, the majority of 9644 billets, approximately 30 of the 48 (62 percent) in the current inventory, are for officers in the grade of Lieutenant Colonel to Colonel. These billets are Comptroller and Deputy Comptroller billets at major commands. Because MOS 3404 officers are the primary feeder MOS for the 9644 field, these high level billets are highly sought after by officers in the 3400 career field. Additionally, these billets require a level of financial expertise that non-financial management officers do not possess, in spite of their graduate education and 9644 designation.

C. CORE COMPETENCIES

Identifying and understanding necessary core competencies is more important in considering the need for dealing with financial managers who are well equipped to contribute to the:

- Preparation, analysis and interpretation of consolidated financial statements;
- Formulation/execution of budgets under increasingly constrained resource caps
- Development and implementation of complex financial systems;

- Development of performance measures; and
- Implementation of many other complex functions [Ref. 7: p. 2]

The paragraph above, taken from the Joint Financial Management Improvement Program (JFMIP), highlights the emphasis that the federal government has placed on the development, implementation, and educational processes for core competencies within the financial management field. Within the Marine Corps, the JFMIP standards for core competencies have not been formally adopted. However, the financial management field has in place established procedures and learning. Formally termed Individual Training Standards (ITSs); they form the basis for establishing formal learning objectives, developmental skills, and continuing professional education of financial managers. ITSs essentially represent the core competencies for financial managers and they provide a common base of training for all Marines who have the same MOS. They also are used to establish the proficiency levels of individual financial managers and they assist key financial management personnel in developing adequate training programs to enhance the proficiency of responsible personnel.

Table 2-1 provides a summary of the functional areas, and tasks required for financial management officers to attain proficiency in their field. The Marine Corps has yet to establish a set of Individual Training Standards for the 9644 MOS. However, ITSs have been established for financial management officers. These standards are encompassed in several broad categories or functional areas. Within each category is a set of specific tasks and performance steps that officers must accomplish to be considered proficient in a functional area. When used properly, these ITSs help determine when an officer is qualified to advance to the next level. The major functional areas are (1) administrative; (2) travel; (3) fiscal; (4) resource, evaluation, and analysis; (5) budget; (6) accounting; and (7) training.

FUNCTIONAL AREA	*TASKS*
1. Administrative Functions	1. Utilize a personal computer and Marine Corps Standard Software. 2. Supervise maintenance of correspondence files & directives.
2. Pay Functions	1. Supervise certification of online diary. 2. Certify a pay management report. 3. Certify adjustments to pay & allowances. 4. Certify special pay. 5. Certify allotment of pay. 6. Certify a special payroll. 7. Certify a decentralized (rough) regular payroll. 8. Certify a centralized regular payroll. 9. Certify leave entitlements 10. Certify waiver of indebtedness. 11. Certify a separation/retirement document.
3. Travel Functions	1. Certify temporary additional duty (TAD) settlements & advances. 2. Certify permanent change of station (PCS) settlements & advances.
4. Fiscal Functions	1. Manage electronic signature (ELSIG) accounts. 2. Balance daily business 3. Manage payments and collections 4. Manage check stocks and cash. 5. Manage re-certified check account. 6. Manage disbursing symbols in a deployed environment. 7. Certify reports, returns and vouchers.
5. Resource, Evaluation, and Analysis (REA) Function	1. Establish/maintain an internal control programs. 2. Coordinate an audit of an external agency. 3. Conduct financial assistance visits & inspections.
6. Budget Functions	1. Develop a program objective memorandum (POM). 2. Develop an operating budget. 3. Develop and monitor the financial plan. 4. Monitor the status of prior fiscal year appropriations. 5. Coordinate the fiscal year closeout. 6. Perform financial analysis. 7. Brief financial issues. 8. Manage support agreements. 9. Manage non-Marine corps appropriations. 10. Manage Marine Corps allotment.
7. Training Function	1. Manage financial management training.

Table 2-1-Individual Training Standards for Financial Management Officers

D. CONCLUSION

The Marine Corps financial management field is currently in state of flux as it attempts to adapt to the changing financial environment brought on by recent

congressional legislation, DOD, and Navy initiatives. Plans are under way to further develop and refine financial management core competencies to bring them in line with current systems, procedures, and rules. The current structure of the financial management field lends itself well to adapting to impending changes. The Marine Corps financial management occupational field sponsors should be able to bring about the necessary changes with minimal disruption.

III. FINANCIAL ORGANIZATION AND RESPONSIBILITIES

A. ORGANIZATION

The Commandant of the Marine Corps (CMC) maintains legal and administrative control over all appropriations assigned to the Marine Corps. Like many of the other responsibilities inherent in command CMC delegates financial authority to his subordinate unit commanders and staff due to the sheer size and complexity of the function and his limited time to properly attend to it. The Director, Fiscal Division (RF), Program and Resources Department (P&R) is charged with overseeing the Marine Corps' financial management organization.

The Marine Corps and the Defense Finance and Accounting System (DFAS) share responsibility for providing financial services. Tactical finance support is a Marine Corps responsibility, while garrison support to include, civilian pay, public voucher services, check services, and accountability record keeping are performed by DFAS [Ref.12: p. V-1]. However, the Marine Corps financial organization reports via CMC to the Secretary of the Navy and is subject to the controls of the Navy Comptrollers manual and instructions.

1. Department of the Navy

In the Department of the Navy (DON), the Office of the Comptroller is directly responsible to the Secretary of the Navy through the Assistant Secretary of the Navy, Financial Management and Comptroller [OASN(FM&C)]. This position was so designated by the Secretary of the Navy pursuant to Section 402(h) of the National Security Act of 1947, as amended and Section 2 of Public Law 562, 83d Congress, 2d session. Figure 3-1 shows the currentDON financial organization. The office of OASN(FM&C) is composed of two branches, Office of Financial Operations (FMO) and Office of Budget (FMB).

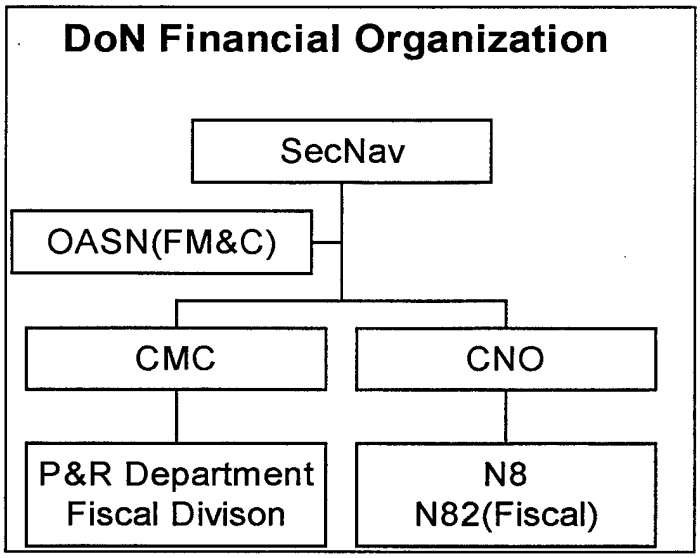

Figure 3-1 Department of the Navy Financial Management Organization

As the diagram shows, the Commandant of the Marine Corps is directly responsible to the Secretary of the Navy for all Marine Corps financial matters.

2. Marine Corps Financial Management Organization

Within each subordinate command there exists a financial management organization. The size and complexity of the financial management organization varies depending on the size of the unit. Figure 3-2 depicts a Comptroller Organization for a general level command. The purpose of the Comptroller is to assist the commander in fulfilling his financial management duties and responsibilities. Under the Comptroller are the Deputy Comptroller, Budget Officer, Fiscal Officer, Disbursing/Finance Officer, and Resource, Evaluation and Analysis Officer. In Major Marine Corps bases and installations will also have a special staff officer assigned to a resident Defense Accounting Office (DAO), whose job is to liaison between the Marine Corps comptroller and DFAS.

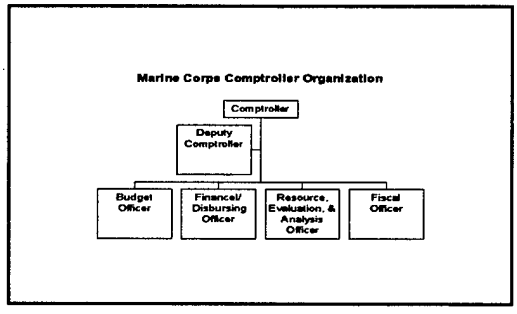

Figure 3-2 Marine Corps Comptroller Organization

B. RESPONSIBILITIES

Ultimate financial responsibility rests with the Commandant of the Marine Corps, who has the authority to delegate financial authority down to his lower level commanders. The financial management organization is specially educated and trained to assist the commander in the execution of his fiduciary responsibilities. Today's financial managers have three primary responsibilities:

- Obtain sufficient funds through the budget formulation process to support assigned missions and objectives.
- Once funding is obtained, use financial resources efficiently and effectively.
- Used funds properly, consistent with legal constraints. [Ref. 4: p. A-2]

An effective comptroller organization will provide the commander with the technical guidance and financial management information he/she needs to make decisions efficiently and effectively regarding the allocation of scarce resources. Following is a brief description of the responsibilities of each of the staff officers in the Marine Corps comptroller organization:

1. Comptroller

All major commands where the magnitude of financial management is such as to make direct supervision by the commander impractical should have a Comptroller billet included in their Table of Organization [Ref. 12: p. VI-1]. The comptroller serves as special staff officer to the commander. He/She is responsible for the overall planning, coordinating and supervising of the budgeting, accounting, disbursing and internal control functions. The comptroller will manage all funding allocations issued to the commander according to federal, DOD, and Marine Corps statutes and regulations. Additionally, the comptroller assists the commander in formulating principles and policies for all command comptroller functions under the local commander's jurisdiction.

2. Deputy Comptroller

The Deputy serves as the chief operating officer and technical/administrative advisor to the Comptroller. As such, the Deputy will coordinate the activities of the

principal staff officers in the Comptroller organization and perform the duties of the Comptroller in his absence.

3. Budget Officer

Because of the level of responsibility of this position, the officer is normally the most experienced and senior of all the staff officers in the comptroller organization. The budget officer provides the comptroller with technical assistance and advice in the formulation and execution of the command's Program Objective Memorandum (POM) and budget. He/She is responsible for funding authorizations to financial managers for all appropriations, and for ensuring that violations of statutory laws do not occur. Additionally the budget officer performs the following functions: (1) accept funding in all appropriations from variousDOD and other government agencies, (2) act as liaison between the Marine Corps and DAO, (3) ensuring the financial management personnel comply with Standard Accounting, Budgeting and Reporting System (SABRS) requirements.

4. Disbursing/Finance Officer

The Disbursing/Finance Officers' primary responsibilities concern the safeguarding of public funds collected or otherwise placed in his/her custody. This officer will pay out legal obligations incurred by the Marine Corps from appropriated funds under his control and act as a fiscal agent of the federal government in this capacity. Typical payments made by the Disbursing/Finance Officer include; (1) earned pay by military and civilian personnel, (2) travel expenses for personnel on official travel for both permanent change of station and temporary additional duty, and (3) contractor invoices/bills. Detailed records of all monies received and cash disbursed must be maintained in accordance with federal, DOD, and Marine Corps guidelines.

5. Fiscal Officer

The fiscal officer is the primary record keeper for subordinate units. He/She maintains records reflecting the use and status of appropriated funds, made available to commanders by allotment, sub-allotment or other means and prepares reports pertaining to

the status of funds and other fiscal matters. It is important to note that fiscal officers do not maintain official accounting records. Those records are maintained by DFAS, and it is the fiscal officer's responsibility to ensure accurate record keeping at the local level by receiving and comparing local records to the official records available from DFAS.

6. Resource Evaluation and Analysis (REA) Officer

The resource evaluation and analysis officer acts as the command focal point for external audits. This includes audit liaison, coordination, audit responses and audit follow-up for external agencies. The REA Officer ensures that an effective internal management and control program exists. His/Her overall goal is to maintain the integrity of financial operations by ensuring command compliance with all applicable laws, regulations, and policies.

IV. FINANCIAL MANAGEMENT GUIDELINES

A. INTRODUCTION

The purpose of this chapter is to provide a broad, yet comprehensive perspective of the Marine Corps financial management field. It is to be used as a complement to the volumes of technical information available that govern the financial management field. The chapter will provide information on the major topics relevant to financial management specialists. The goal is to provide a ready reference for financial management specialists for initial research on specific finance related topics. The information contained in these guidelines should allow inexperienced financial management specialists to become knowledgeable on a number of financial management subjects. The chapter will address the tasks associated with the major individual training standards (ITSs) for financial management specialists and the role of the financial management specialists in the comptroller organization.

B. PLANNING, PROGRAMMING, AND BUDGETING SYSTEM

1. Background

The Department of Defense Planning, Programming and Budgeting System (PPBS) was implemented in 1961 under the direction of then Secretary of Defense Robert McNamara. It was first used by the DOD in the budgeting process during development of the fiscal year (FY) 1963 budget, and has remained in existence ever since. At its core PPBS serves four primary functions for DOD: (1) determining the military's role in the national security environment, (2) deciding what the military needs to fulfill its roles, (3) deciding when we need it, and finally, (4) determining what can be afforded given a finite amount of resources. The DOD PPBS establishes management procedures designed to allocate national defense resources to produce the best possible force to counter any threat to the nation's security with an acceptable degree of risk [Ref. 24: p. 1-3].

For the Navy and Marine Corps these issues are addressed though the biennial Program Objective Memorandum (POM) process. The POM shapes the Marine Corps

priorities for weapon systems research, development, production, and fielding. Headquarters Marine Corps, in coordination with Marine Corps program sponsors and Force commanders, develops the Marine Corps submissions to the Navy POM. HQMC, coordinates with the Chief of Naval Operations for those Marine Corps programs which receive "blue dollar" support from the Navy or involve issues that are germane to both the Navy and Marine Corps operational plans. Marine Corps PPBS is closely tied to the Navy, however, it does has some distinct and unique features that allow the Corps to execute its statutory responsibilities in the most efficient and effective manner. The "Marine Corps POM" actually the Marine Corps submission to the DON POM. There is no a discrete Marine Corps portion of the DON POM, but each volume of theDON POM is divided into a Navy section and a Marine Corps section. The Marine Corps section applies to the Marine Corps Total obligation Authority (TOA) submission to the Navy. [Ref. 24: p. 3-3]

2. Marine Corps Planning

Marine Corps planning follows two separate paths, force development planning and operational planning. This planning process is marked by a continual assessment of the threat and technology advances, and the development of concepts, strategies, and solutions to maintain combat ready Marine Air-ground task forces (MAGTFs).

Force development-planning deals with the creation and maintenance of military capabilities. Marine Corps force development planning consists primarily of our service plans that include the following: (1) Marine Corps Campaign Plan (MCCP), (2) Marine Corps Long-Range Plan (MLRP), (3) MAGTF Master Plan (MMP), and (4) Supporting Establishment Master Plan (SEMP). Collectively these plans guide, direct, record, and support the force development process. [Ref.: p. 4-3] Internal Marine Corps operational planning within PPBS consists primarily of the Marine Corps Mobilization Management Plan (MPLAN), and the Marine Corps Capabilities Plan (MCP).

3. Marine Corps Programming

The basic purpose of the programming phase is the translation of approved concepts and capability objectives into a definitive program, expressed in terms of optimum allocation of resources. Programming is the link between plans and the budget, transforming needs into a time-phased program of affordable and achievable activities. It uses prescribed, systematic procedures to estimate the cost of attaining force objectives for manpower and financial resources for 6 years and force requirements for 8 years.

Through the DOD and DON PPBS process the Marine Corps develops a program that evolves into the Marine Corps "green-dollar" budget, and simultaneously develops separate proposals (primarily but not solely related to aviation) for programs funded through "blue-dollar" Navy appropriations. A total Marine Corps program is developed biennially and incorporated into the DON POM. This program addresses forces and resources in program element detail for 6 years beginning with the first program year. It is, in effect, a proposed update to the existing FYDP. The DON POM includes Marine Corps appropriations, those portions of Navy appropriations that the Corps unilaterally programs, and numerous Navy appropriations of concern. [Ref. 24: p. 5-3]

4. Marine Corps Budgeting

Once plans are defined and programs developed and approved through the DON and DOD chains of command, the Marine Corps must then prepare and defend a budget designed to bring those approved programs to fruition. It is at this stage of the PPBS process that financial management specialists become most involved. The budget is the total program to be executed in a 2-year period (DOD budgets are for 2 years; Congress appropriates funds annually). Budgeting places real dollar costs to the programs that the Marine Corps leadership has received approval for through the POM process. As a result of the unique relationship within the DON, Marine Corps budget estimates (BES) take into account three primary sources of funds called green, blue-in-support-of-green, and blue dollars. Research, Development, Testing and Evaluation is another unique type of funding which will be addressed here.

a. Green Dollars

These are the Marine Corps unique resources. As discussed previously they include the four Marine Corps appropriations, Military Personnel (MPMC); Reserve Personnel (RPMC); Operation and Maintenance for both the active and the reserve forces (O&MMC and O&MMCR); and Procurement, Marine Corps (PMC). Additionally, within "green dollars" are Marine Corps portions of the Department of the Navy Military Construction (MCON), Military Construction Naval Reserve (MCNR), Navy Working Capital Fund (NWCF), and Family Housing anagement Account (FHMA) appropriations. The Marine Corps Total Obligational Authority (TOA) is contained within the "green dollar" accounts. A detailed, standing Navy-Marine Corps agreement, approved by the Assistant Secretary of the Navy for Financial Management, determines the amount of the Department of the Navy's total resources that will be devoted to "green dollars." This agreement is colloquially called the "Blue-Green Split." [Ref. 24: p. 3-3]

b. Blue-in-support-of-green dollars

These are those resources programmed jointly by the Navy and the Marine Corps. The amount of DON resources in this category is not fixed. It depends on particular circumstances during POM development. These resources primarily support Marine Corps aviation requirements under the broader classification of Naval Aviation, and generally provide assets used directly by Marines. Certain items of communications gear may also fall in this category.

c. Blue Dollars

Blue dollars, are all the other parts of appropriations where the Marine Corps has substantial interest, but little direct involvement in decisions (albeit much indirect involvement is generated through staff channels/liaison officers to influence the decision making). However, support received from 'blue dollars,' although not under the direct control of the Marine Corps, represents a substantial portion of the operational funding necessary to run the Corps. The majority of this funding is found in the Air Wing,

for aircraft purchasing, operations and maintenance, and personnel training and professional development.

d. Research, Development, Testing and Evaluation (RDT&E)

These resources are yet another unique programming category. A portion of the DON RDT&E resources are the unilateral programming responsibility of the Marine Corps. Another portion is programmed by the Navy to items of high Marine Corps interest, such as developing aircraft. These are determined by an agreement different than the "Blue-Green Split," and are not traditionally referred to as "green" or "blue" in the same sense as the other appropriations. [Ref 24:p. 3-4]

5. Financial Management Responsibilities in the PPBS Process

The financial management responsibilities of the Marine Corps PPBS require estimating the costs of individual programs, the POM, and updating the Future Years Defense Program (FYDP). Although these responsibilities are the job of unit commanders, the Fiscal Director of the Marine Corps (FDMC), who is a special staff officer under the Assistant Chief of Staff for Programs and Resources, has cognizance over Marine Corps budget formulation matters. Financial management specialists located at the FDMC office and throughout the comptroller organizations of major commands, receive their guidance from the FDMC. The procedures and tasks listed below are normally performed by financial management specialists to assist commanders in preparing annual PPBS data and budget submissions. Although specific to the FDMC, these tasks are performed concurrently by comptrollers and other financial management specialists at the major subordinate commands.

a. Cost Estimate Development

Headquarters Marine Corps and subordinate command elements prepare cost estimates based on economic analysis, program evaluation, and appropriate cost estimating procedures. The current edition of Headquarter Order 7000.4, *Cost and Economics For Marine Corps Resource Management*, Office of Management and Budget (OMB) *Circular A-11*, DOD Directive 7110.1-M, *Budget Guidance Manual*, and the

DON *Budget Guidance Manual,* are consulted for further cost detail planning and justification. Cost estimate requirements and level of detail generally vary by program. The FDMC and subordinate comptroller organizations (in coordination with the Deputy Chiefs of Staff of the Marine Corps and Program Sponsors) assist in the development and review of all planning and programming financial data, by performing the following tasks as outlined in Marine Corps Order 32121.2, *Marine Corps Planning and Programming Manual*:

(1) Fiscal Director of the Marine Corps (FDMC)

- Develop Military Personnel, Marine Corps (RPMC), and Reserve Personnel, Marine Corps (RPMC) program costs based on manpower plans provided by the Deputy Chief of Staff for Manpower and Reserve Affairs.

- Assists sponsors and program managers as necessary, and provides required formats for data submission.

- Provides data on International Balance of Payment (IBOP) implications.

- Coordinates all program cost development for appropriation sponsors and program managers.

- Processes financial reprogramming decisions and advises all concerned of the financial effects of such decisions. Reprogramming guidance may be found in other Marine Corps directives.

- Maintains current data in the approved FYDP. The FDMC serves as the primary reference for the latest approved technical data from NavCompt.

- Reviews all Program Change Requests (PCR's) and Program Management Proposals (PMP's) originated by the Marine Corps.

- Reviews, in coordination with appropriate command and staff agencies, all PCR's originated by other military services.

- Coordinates the distribution, processing, and subsequent rebuttal of all Program Budget Decisions (PBD's). This responsibility includes any Major Budget Issues (MBI's) initiated or processed by the Marine Corps.

(2) Program Managers and Appropriation Sponsors

- Accumulating, reviewing, and providing in the prescribed format all cost data requirements. Program managers develop and provide life-cycle cost data for their particular program initiatives.

- Assisting in the development of PCR's, PMP's, and the DON POM.

- Informing all concerned of budget or other financial actions that may affect approved plans and programs.

b. Costing the POM

The Marine Corps portion of the DON POM is developed within the constraints of, and responds to, all DOD, DON, and CMC fiscal guidance. It is the basic building block for budget development. Cost estimating techniques utilized for budget estimates are also used for the POM. However, the POM is developed at the HQMC level. In theory it is built from the bottom up, however, in practice it is conceived largely from the top down. The actions required to cost out the POM are conducted at the upper echelons of the Marine Corps. Once again the FDMC is the lead agent for development of POM cost estimates with additional support provided by the program and appropriation sponsors. More specifically, the FDMC will, as outlined in Marine Corps Order 32121.2, *Marine Corps Planning and Programming Manual* will do the following:

- Assigns a member of the Fiscal Division to the POM Working Group (PWG) and Program Coordination Group (PCG) to serve as the primary action officer for compiling POM cost data to update the Navy Headquarters Programming System (NHPS).

- Assists with the development of detailed instructions for POM-related DP updates, published as a POM serial by the DC/S R&P.

- Costs the MPMC and RPMC appropriations based on manpower plans provided by the DC/S M&RA.

- Submits data in the required automated format forDON data base updates, and provides the same data as requested within the Marine Corps.

- Coordinates the budget review process for the Marine Corps.

- Conducts a Fiscal Review for Executability to identify problems and recommended changes prior to the POM being submitted. The review is conducted late in the development process in order to enable the review of specific programs.

c. Updating the Future Year Defense Program

The FYDP records prior SecDef decisions emanating from the PPBS. Within the DON, the FYDP is held in the DON NHPS. There are three annual updates of the NHPS database to record changes in the FYDP. These updates normally occur in April (to record changes developed in the POM), September (OSD budget submission), and December (presidential budget submission). In addition, out-of-sequence updates may be required for special purposes, such as amended budget submissions and major program realignments. Update of the DP/NHPS is accomplished through the submission of net changes, by Program Element Number (PEN), to the previous database. [Ref 24: p. 6-7,8]. FDMC fiscal responsibilities for this event include the following:

- Determines, through the Comptroller of the Navy, the details for submitting required data for DP and NHPS updating.

- Provides detailed instructions for submission of the data.

- Costs the MPMC & RPMC appropriations based on the manpower plan.

- Consolidates cost and manpower data to update the DP/NHPS and coordinates preparation and submission of the automated database.

- Updates the Marine Corps FYDP database as required, and ensure accurate and direct submission of the POM once developed by DC/S R&P.

- FurnishesDONPIC, via DC/S P&R, the average military pay rates used for the updates.

C. BUDGET FORMULATION

Budget formulation begins approximately 18 to 24 months prior to the beginning of the fiscal year (the fiscal year begins on 1 October). The programs included in the Future Year Defense Plan are revised according to the latest iteration of the planning and

programming process. "Approval of a program in the FYDP is not an automatic guarantee that such program will be funded. The budget is constrained historically by estimated national dollar resources irrespective of the total obligational authority approved for the budget year in the FYDP [Ref. 12: p. III-4,5]." Once final program approval is received, these programs are costed out, converted to the required appropriation format to include all supporting documentation, and submitted to the Secretary of the Navy, via the Commandant, for inclusion in the DON budget.

1. Marine Corps Budget Timeline

Table 4-1 depicts the major events that occur during the budget formulation cycle.

DATES	EVENTS
Feb	OSD Published Planning and Programming Guidance and Fiscal Guidance
Sep	CMC Program/Budget Guidance to Field
Apr	Field Commander's estimates arrive HQMC
May	DON POM Submission
May	FDMC Budget Call to Staff
May	NavCompt Budget Call to HQMC
Jul	Budget Submission to SecNav
Jul	DON Hearings
Aug	NavCompt Markup
Aug	Reclama to SecNav
Aug	OSD Budget Call
Sep	Revised Budget to OSD/OMB
Oct	OSD/OMB Review
Nov-Dec	OSD/OMB Markup
Dec	Reclama to SecDef
Jan	Congressional Budget Call
Jan	President's Budget to Congress
Feb-Sep	House Hearings
Feb-Sep	Senate Hearings
Sep	Apportionment Data Submitted

Table 4-1 Budget Timeline

2. Development of the Budget

The budget is a request for funds that becomes the financial plan to support the operational goals of the command. The budget identifies, by dollar amounts, the requirements for personnel, material, and services essential to the accomplishment of the command's mission. It is incumbent upon commanders and financial management

specialists to develop budgets that provide the maximum value consistent with resource constraints and in line with the missions and goals of the command.

Formulating a budget requires a complete review of each functional area. The key is active involvement of staff sections and subordinate commanders in the budgeting effort in addition to the efforts of the assigned financial management specialists. The end product is goal-oriented and reflects a well-coordinated and costed financial plan for each fiscal year that supports the commander's operational plans. Budget analyses should address not only resources required but also program objectives, alternative courses of action measuring achievement of goals, and the impact if funding is either reduced or not provided. [Ref. 12:p. III-5]

a. Budget Directives

Certain budget directives are of a permanent nature published by higher authority and pertinent to the budgetary responsibilities of the staff agencies. The content of these directives is summarized briefly as follows:

(1) OMB Circular A-11. Instructions for Preparation and Submission of Annual Budget Estimates. This directive contains broad policy guidance for the preparation of budget estimates with detailed instructions on the preparation of material, which will be printed in the President's budget. The material finally printed in the President's budget and prepared by the FDMC contains an Appropriation Language Sheet and Narrative Statement of Program and Performance.

(2)DOD 7110.1-M, DOD Budget Guidance Manual. This manual is the permanent SecDef instructions on apportionment and budget estimates. It contains detailed instructions on preparation of forms, statements, etc. that are used for analysis and review by the Office of the Assistant Secretary of Defense (Comptroller).

(3) NAVCOMPTINST 7102.2,DON Budget Guidance Manual. This instruction gives guidance for the preparation, submission and review of budget estimates submitted to the NavCompt, the OSD, the OMB, and the Congress.

(4) NAVCOMPTINST 7102.1, Budget Submission Manual. This instruction contains instructions on the format and content of the Budget Justification Book that is prepared on three occasions (in July to the SecNav, in September to the SecDef, and in January to the Congress). Also, the content and format of supporting annex material is prescribed. The annex material consists of financial statements and other data in support of the budget estimate and is used by NavCompt for analysis and review of the budget.

(5) MCO P7100.8, Field Budget Guidance Manual. This manual provides guidance and instructions for the preparation of O&MMC, O&MMCR, Family Housing, Navy and Marine Corps budget submissions, and for the submission of investment item requirements under applicable programs and chargeable under the PMC appropriation. Besides the aforementioned directives, periodic directives are published requiring more data for the budget submission or temporarily suspending requirements in the permanent directives. [Ref. 6:p. 4-2]

b. Budget Guidance

Budget guidance is issued annually and normally covers multiple fiscal years. This guidance which is also known as a "Budget Call" is passed down the chain of command from the Secretary of the Navy (SecNav), to Headquarters Marine Corps (HQMC), and finally down to the subordinate commanders.

(1) SecNav Budget Call. As shown in Table 4-1, this event normally occurs in the April-May timeframe each year. The Navy Comptroller's office (NavCompt) issues budget guidance to all Navy resource sponsors and HQMC. This guidance contains the following: (1) instructions and guidance for the content of budget estimates, (2) the budget submission schedule, (3) differences in requirements as contained in the DON Budget Guidance Manual, and (4) rates used for inflation, foreign currency etc. Additionally, the budget call contains control numbers that are stated in terms of dollar limits for each budget year and cannot be exceeded when formulating budget estimates for these years [Ref. 4: p. B-15].

(2) Headquarters Marine Corps (HQMC) Budget Call. This occurs in the September-October time period each year. It provides guidance that details budget amounts by appropriation and program. This guidance is based on the NavCompt guidance issued to the Marine Corps. It is issued to the subordinate commanders to assist them in developing budget estimates. Subordinate commands utilize this guidance to prepare budget estimates and guidance for local activity budget calls.

(3) Activity Budget Call. This call is generated at the local installation level and passed on to the cost centers under the jurisdiction of the issuing commander. There is often very limited time for cost centers to develop their budget estimates and submit them up the chain of command to HQMC, so it is common practice for local commanders to issue activity budget calls prior to receipt of the HQMC call. These budget calls are normally based on prior year's spending and funding data with adjustments for anticipated changes. At a minimum, activity budget calls should include (1) the commander's guidance, (2) budget guidance from higher authority (if received), (3) sample forms and exhibits to assist in budget preparation, (4) historical data and (5) due dates and points of contact. The budget office within the Comptroller shop performs consolidation of cost center budgets and submission to HQMC for the major commands.

c. Budget Formulation Guidelines

Field command comptrollers act as the fiscal representatives for the commander. Comptrollers assist the commanders in determining funding requirements, allocating resources, advising the commander on the fiscal status of the command and promoting the efficient use of resources. To accomplish these duties the financial managers must ensure that budgets are both realistic and based on sound cost estimation and program management techniques. It is vitally important that all necessary supporting documentation for official reports submitted to the Commandant of the Marine Corps (CMC) is available and in compliance with current directives.

Regular annual budget submissions for all appropriations normally require current year, budget year, and budget year plus one additional year funding information. The budget formulation process includes reporting requirements within specific budget activities, subheads, program packages, activity groups (AG), and subactivity groups (SAG). The three budget activities that the Marine Corps receives its operating funds from are: (1) Budget Activity One-Operating Forces; (2) Budget Activity Three-Training and Recruiting; and (3) Budget Activity Four-Administration and Servicewide Activities. The budget office compiles all submissions and report estimated command funding requirements to HQMC via the Standard, Budgeting, Accounting and Reporting System (SABRS) or special manual exhibits.

The following are guidelines for financial management specialists, particularly budget officers, involved in budget formulation/preparation:

- Utilize proven cost estimating techniques-the importance of cost estimating cannot be overemphasized. It not only helps to ensure that good budgets are developed and effected, but it also establishes the credibility of the commander and financial management staff. Accurate cost estimates are critical.

- Define your objectives-objectives are the foundation of costing. They must be logical, achievable, and based on realistic assumptions. Operational objectives are normally determined by the commander working with his other staff members, but they must eventually have price tags attached to them. This is the role of the financial management specialists.

- Make assumptions-realistic assumptions are an integral and necessary part of building credible budgets. Financial managers must be able to provide commanders with sound data on which to base operational assumptions.

- Develop and compare alternatives. A thorough cost/benefit analysis of competing alternatives should lead to selection of the most efficient and effective financial plan for the command.

- Review and analyze the previous year's performance. Perform variance analysis of planned versus actual results in order to identify trends, deficiencies, or patterns that may occur again.

- Effective communication with subordinate fund administrators and upper level commands is essential.

- Strictly adhere to the budget guidance from your command and ensure that your subordinate commands adhere to your guidance.

- When drafting your final budget submission always plan for budget cuts. The fiscal environment we operate in today rarely provides us more funds for next year than we enjoyed in previous years. Anticipate so you are not disappointed and your plan is not changed from the very beginning.

- Conversely, growth must be justified. Financial managers must be able to provide good analysis and written arguments in support of any cost growth or budget add-ins.

- Accuracy and neatness do matter. Double-check your calculations for accuracy. Thoroughly review your budget submissions, particularly supporting exhibits and other documentation for errors.

- Be proactive. Good financial managers should be constantly reviewing and analyzing their financial plans in order to spot trends and prepare corrective action. This also goes a long way toward preparing yourself before the budget call.

- Know your program. It is nearly impossible for the financial manager to know every single aspect of his entire program with precision. However, by effectively communicating with your fellow staff officers, you should be able to grasp a sound understanding of the basics. This becomes extremely important if and when additional supporting documentation or justification is needed up the chain of command.

- Avoid duplication. By working closely with the other staff sections, financial managers can avoid preparing duplicate program requests. This is particular true when two or more subordinate cost centers or units are tasked with providing similar type services. The more detailed the budget submission requirements the more likely it is that the budget officer will be able to spot duplicate submissions.

- Always have a ready list of unfunded deficiencies. Unfunded deficiencies must be prioritized according to the commanders' goals and objectives. Financial managers must be prepared to explain these deficiencies and justify the

requirement. This is especially true during the mid-year review process when additional funds may become available.

D. BUDGET EXECUTION

Budget execution is the phase of the budget cycle that encompasses all actions required to effectively, efficiently, and economically accomplish programs for which funds were requested and approved by appropriate authority. The budget execution phase overlaps the planning, formulation, and review phase and continues throughout the period of availability of funds to incur obligations and expend funds from applicable appropriations. Funds are available for liquidation purposes up to five years after an appropriation closes for obligation purposes. This means that financial managers allocated funds must continually review their fund status for up to six years. The closing of an appropriation for obligational purposes carries with it a responsibility to comply with these statutory regulations to properly manage allocated funds for the full six year term of availability.

This next section addresses the following areas of Marine Corps budget execution: (1) flow of funds; (2) obligational authority derived from law; and (3) legal responsibilities for funds administration.

1. Flow of Funds

The signing of the defense appropriation act by the President does not make the money appropriated by the Congress immediately available for use. Statutory authority alone is not enough. Administrative authority must also be obtained. This administrative authority is known as the apportionment. Apportionment authority for DOD is vested in the Director, Office of Management and Budget (OMB) as directed by the President of the United States. The CMC secures an apportionment by making a request to the OMB, through the Secretary of the Navy (SecNav) and the Secretary of Defense (SecDef). The SecDef and the SecNav may also withhold the OMB apportionment that has been allocated to the Marine Corps. Funds placed in reserve are not available, initially, for use

by the Marine Corps. As the fiscal year progresses, the Marine Corps may submit justification for the release of a portion or all of the funds placed in reserve [Ref. 6].

Apportionment is based on the approved plans and programs upon which the appropriation was made by Congress, including any approved changes. Normally, apportionments are requested for the whole fiscal year, in amounts that will support the varying requirements each fiscal quarter. The apportionment may be approved on this basis, or they may be approved for the beginning quarter of the fiscal year. In the latter case, a later request must be submitted for the remaining quarters. The CMC request for the apportionment is submitted at the same time as the OSD/OMB budget submission, on or about 15 September annually.

Figure 4-1 shows the flow of funds for the Marine Corps beginning with congressional authorization/appropriation and concluding with the administrative responsibility of funds passed down to the activity level.

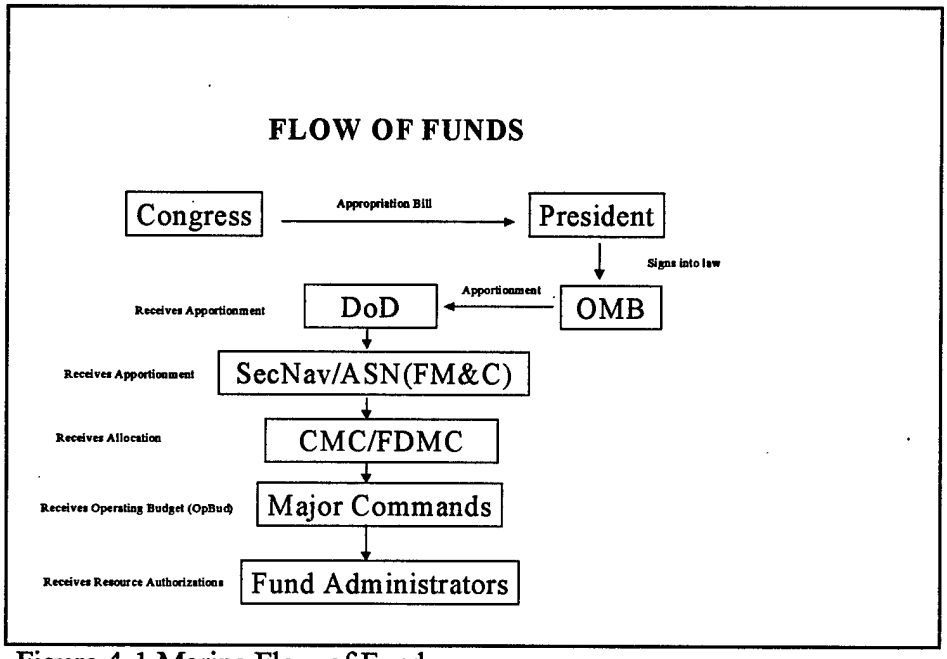

Figure 4-1 Marine Flow of Funds

The NavCompt Manual, volume 2, appendix A, requires that the responsibility for funds assigned by one individual or office to another by reallocation must be in writing.

The Marine Corps-sponsored appropriations, appropriated to the SecNav, are allocated by the SecNav in writing to the CMC. The Commandant has delegated responsibility for these funds and any other funds the Marine Corps receives to the FDMC, who is responsible directly to the Commandant for the administration of these funds in compliance with existing laws and regulations. The HQMC and command elements, receive an official allocation of funds in the form of an approved allocation schedule or other written authority. This administrative function is a duty of the FDMC. The FDMC allocates funds to field commanders and to fund administrators within HQMC. Commanders then issue sub-allotments to subordinate activities. Fund administrators issue operating targets to the various program sponsors. The holders of these suballotments/operating targets then begin the process of committing, obligating, and expending funds.

Fund administrators and program sponsors, those to whom funds are allocated and/or allotted, and all those who have been authorized to obligate such funds, are each responsible for maintaining and operating such administrative and control methods that provide for preparation of required reports to ensure the proper, efficient, and economical management of the allocated funds. Also, the FDMC is required to keep the official accounting records showing the status of all appropriations, as well as records showing the status of allotments and operating budgets held by HQMC fund administrators. The data in these records are for the use of all officials charged with responsibility for fund administration. [Ref. 6]

2. Types of Budget Authority

a. New Obligational Authority

This is authority to incur obligations becoming newly available for a given fiscal year, appropriated by current and prior actions of the Congress. This is also called direct funding. New Obligational Authority (NOA) is normally passed to a field activity as a resource authorization, commonly referred to as a "funding document." Resource authorizations are normally received at the beginning of each financial quarter in

accordance with the apportionment plan. Additional resource authorizations sometimes arrive during mid-quarter, mid-year, or toward the end of the fiscal year to fund previously submitted unfunded requirements. [Ref. 4: p. D-8]

b. Total Obligational Authority (TOA)

This is the total amount of funds available for programming in a given year, regardless of the year the funds were appropriated. TOA includes new obligational authority, unprogrammed or reprogrammed obligational authority from prior years, reimbursements not used for replacement of inventory in kind, advance funding for programs to be financed in the future and unobligated balances transferred from other appropriations. [Ref. 4: p. D-8]

c. Continuing Resolution Authority

This is legislation enacted by Congress to provide budget authority for federal agencies to continue in operation until regular appropriations are enacted. Continuing resolutions are enacted when action on appropriations are not completed by the beginning of a fiscal year, which is typically the case. The continuing resolution usually specifies a maximum rate from OMB, DOD and NavCompt at which obligations may be incurred (normally limited to last fiscal year's rate) and disallows any new program starts. Continuing resolutions have caused less disruption in the past few years, since most commands are pleased to operate with what was available in the previous fiscal year rather than with a reduction. [Ref. 4: p. D-8]

3. Legal Aspects of Funds Administration

One important requirement is all personnel who have the responsibility for public money shall not over-commit, over-obligate, or over-expend an apportionment or any subdivision of funds. Severe penalties are provided by law for knowingly violating any of the statutes of the Anti-Deficiency Act listed below.

a. 31 U.S. Code Section 1517

Commanders holding financial responsibility under this code cannot over-commit, over-obligate, or over-expend appropriated funds. A violation of this code also

known as a '1517 violation ' occurs when new obligational authority or any other legal restriction established pursuant to law is violated.

b. 31 U.S. Code section 1301(a)

This provision of this law pertains to the application of appropriations. It requires that commanders use funds only for the purposes for which they were programmed and appropriated. This type of violation is also called 'the color of money' violation. Section 1301 violations can often lead to section 1517 violations if errors are not detected and records adjusted in a timely manner.

4. Budget Reviews and Fund Management

Numerous unprogrammed changes occur during the fiscal year that substantially impact the financial plan. As a result, funding requirements may have to be realigned, reprogrammed or additional funds (supplementals) requested from higher headquarters. Major commands will conduct one or more of the following budget reviews to deal with emergent requirements/contingencies.

a. Unfunded Requirements Review

Programs that cannot be performed within the constraints of allocated funding, but are considered vital to mission of the command, become known as unfunded requirements. The commander and staff make an initial determination of what these programs are, and financial managers provide the data required to cost them out. Unfunded requirements should be prioritized and a current list should be maintained. Detailed justification should be provided to emphasize the impact that the unfunded program is having on the command's ability to perform its mission. These programs should be identified as deficiencies in original budget requests and submitted again during mid-year review.

b. Mid-Year Review

This review is normally conducted around the end of the second quarter (February-March) depending on the level in the chain of command. Again, emergent requirements or deficiencies in current program execution are identified by all fund

administrators to the Operating Budget holder. The goal of this review is to seek ways to realign funds within the Corps or Navy to satisfy deficiencies and/or pay for emergent requirements in accordance with established thresholds. If, after a thorough mid-year review, some deficiencies still remain, a request must be made up the chain of command seeking additional funds. Many commands will have reserve funds on hand. However, this practice is becoming less common as the level of awareness of fiscal responsibilities have increased and funding has become more scarce.

5. Budget Execution Guidelines

As mentioned earlier, budget execution is the process of carrying out programs using appropriated and apportioned funds. Budget execution involves a set of procedures to control and evaluate the expenditure of funds to ensure compliance with regulations and limitations established by Congress, the General Accounting Office, Treasury Department, OMB, SecDef, SecNav and CMC. [Ref. 4:p. D-9] Financial management specialists hold the primary responsibility for the commander for implementing financial plans, interpreting financial management regulations and ensuring command compliance. The following guidelines taken from the *Practical Comptrollership Course* textbook can assist financial management specialists in executing their duties:

- Budget execution begins with ensuring documents which cite Marine Corps appropriations data are recorded accurately within the SABRS financial management system. SABRS records reservations, obligations, expenses and liquidations.

- Financial plans should be reviewed at least once a quarter and revised to reflect changes that take place during the year. Program changes or funding reductions/increases may occur that will necessitate changes.

- Financial managers should become intimately familiar with the Fund Administrators Management Report (FAMR). This report is used to analyze performance during execution.

- Financial plans which are meeting specified obligation and expenditure rates in support of valid operational requirements are looked upon favorably by higher headquarters. If plans deviate too far off course from actual performance, they are

subject to more scrutiny and are normally the targets of funding increases or decreases at the end of each financial period review.

- Resource authorizations provided to fund administrators must follow the approved financial plan and should be made available on a quarterly basis.

- Funding levels are normally higher during the first quarter of a fiscal year due to obligations of annual requirements for service and maintenance contracts. Financial plans should be built to reflect this fact.

- Year-end closeout procedures are extremely time sensitive. A significant amount of coordination must occur between financial managers up and down the chain of command to ensure proper actions are taken to maximize the use of available funds and to prevent an over obligation of the operating budget.

- Always be prepared to receive fourth quarter 'sweep up money.' Have your prioritized list of unfunded deficiencies ready in the event these funds are made available. Due to the timing of receipt, commanders are often given short notice and little time to decide what to do.

- Monitor unobligated balances closely during the fourth quarter. Status reports should be reviewed daily to ensure that 1517 violations do not occur.

- Pay attention to fenced funds to ensure that maximum (ceiling) or minimum (floor) are not violated. This could lead to a possible 1301 violation.

- Monitor expenditure and obligation rates closely. In addition to providing the financial manager with a status of his plan execution, these rates could also be a signal to higher headquarters that funds are being poorly managed. [Ref. 4: p. D-55]

E. ACCOUNTING

Accurate accounting is essential to effective financial plan management. Accounting not only ensures that funds will be spent according to statutory and financial plan guidelines, but it also serves as a historical data base from which trends can be analyzed and future financial plans developed. The Marine Corps and DON accounting system uses an accrual basis of accounting. Accrual accounting provides a system in which the significant and accountable aspects of financial transactions are recognized as they occur. This provides a more accurate measure of the cost of operating an activity because

the costs of goods and services consumed or applied during a specified period are recorded without regard to when acquired or actually paid for (outlays).

1. Accounting Organization

The accounting function for the Marine Corps is performed by the Defense Finance Accounting Service (DFAS). DFAS has on-site representatives at major Marine Corps commands, bases and installations that operate out of the Defense Accounting Office (DAO). The DAOs report directly to DFAS, and their responsibilities include, but are not limited to (1) maintaining official accounting records and allotment accounts, (2) supervising cost accounting management operations, and (3) preparing accounting reports for both local use and for submission to higher authority. [Ref. 15:p. 3-5] It is imperative that the DAO and command comptroller maintain an open line of communication to share information and control responsibilities.

2. Standard Accounting Budgeting Reporting System (SABRS)

The Marine Corps automated accounting system currently used is the Standard, Accounting, Budgeting, Reporting System (SABRS). SABRS is an automated financial management system operated by and designed to assist HQMC and Marine Corps Field Activities in budget formulation, budget execution and maintenance of accounting records with respect to Operations and Maintenance, Marine Corps (appropriation symbol 1106) and Operations and Maintenance, Marine Corps Reserves (appropriation symbol 1107) managed by the Marine Corps. Financial management specialists must obtain a sufficient level of technical knowledge of the Marine Corps accounting system to effectively perform their jobs.

SABRS accounts for funds at three levels: transaction, Financial Information Pointer (FIP) and the general ledger account levels. Transaction level captures data as it occurs in the appropriate subsystem and records it by transaction into the accounting system. The separation of costs by FIP is utilized by SABRS users and financial managers to ensure that budget execution is in accordance with the budget plan submitted to HQMC during the budget formulation process. The general ledger account in SABRS is based on

the DOD chart of accounts. The account numbers, comprised of five digits, include all the standard proprietary and budgetary accounts used throughout The Marine Corps. The FIP is the primary instrument used to account for Marine Corps funds. It is the core of the SABRS system, providing capability to identify who spent funds, what type of money was spent and the purpose for which funds were spent. [Ref. 15: p. 3-12]

a. Financial Information Pointer (FIP)

This is the engine that drives the SABRS train. The FIP is used to accumulate costs of materials, services and civilian labor related to a job order or function. The FIP is used on all requisitions for supplies, materials, services and equipment; on documents issued from shop stores and the self-service store; and on public vouchers, time cards,, equipment usage cards and TAD orders. A FIP is only one component of the overall accounting classification code necessary for all financial transactions, and it is vital for linking the budget to execution. The FIP is a 30 digit alphanumeric code that comprises the basic cost elements from which all accounting data are derived. It is composed of the following fields:

(1) **Activity Address Code (AAC)**. Positions 1-6: six digit alpha-numeric code which identifies the branch of military or service related organization and the specific unit or activity.

(2) **Fund Administrator (FA)**. Positions 7-8: two-digit alphanumeric code that identifies an organization and controls a specific segment off funds.

(3) **Work Center (WC)**. Positions 9-1O: two-digit alphanumeric code that identifies a subordinate element within a fund administrator. It is tine lowest level in the financial management structure where costs are identified and accumulated. WC's are determined and designated by Fund administrators. Should a fund administrator have no designated subordinate WCs, this field is zero-filled.

(4) **Fund Code (FC)**. Positions 11-12: two-digit alphanumeric code that identifies the appropriation, sub-head, program element, and program package. Fund codes are assigned by HQMC.

(5) **Object Class/Sub-Object Class (OC/SOC)**. Positions 13-16: four digit alphanumeric code. The first two digits classify financial transactions in terms of the nature of the services or articles for which obligations are incurred. The last two digits define, at the lowest level of detail, the specific nature of the material or service that is specified by the accompanying OC. All authorized OC/SOC's can be found in the SABRS data dictionary.

(6) **Cost Account Code (CAC).** Positions 17-20: four digit alphanumeric code which classifies each transaction made or budget formulated according to its purpose. Authorized CACs, can be found in the SABRS data dictionary.

(7) **Budget Reporting Code (BRC).** Positions 21-22: two-digit alphanumeric code that identifies specific programs of high level interest that cannot be identified using any other field. When a BRC is not assigned to the FIP this field is left blank. This code is normally assigned by HQMC, but can be created locally. To preclude conflict with HQMC assigned BRCs, locally assigned BRC's are not authorized unless approved by the. Comptroller.

(8) **Job Number/Local Use (JN/LU)**. Positions 23-26: four digit alpha-numeric code that serves the dual purpose of tracking work performed by fund administrators through the job number and tracking individuals activities through the local use code.

(9) **Reimbursable Order Number (RON)**. Positions 27-29: three-digit alphanumeric code that is locally assigned to identify a specific request for reimbursable work that has been accepted by the command. If no RON is assigned, this field is left blank.

(10) **Reimbursable Billing Code (RBC)**. Position 30: one digit alphanumeric code which is locally assigned with a RON to relate a line of accounting data

to a reimbursable customer identification number for billing purposes. If no RBC is assigned, this field is let blank.

b. The SABRS Subsystems

SABRS consists of 13 subsystems organized by function. All transactions related to a specific function are processed within the functions' subsystem. Three of the subsystems are considered spending subsystems and ten of the subsystems are used for specialized purposes to enable the Marine Corps to append and account for money within General Accounting Office guidelines.

(1) **Plant Property**. The plant property subsystem allows users to capitalize plant property. Once the plant property has been capitalized, the general ledger is updated automatically by SABRS.

(2) **General Ledger**. The general ledger account accumulates data by general ledger account number. This is the highest level of accounting done in SABRS. All other subsystems pass transactions to the general ledger subsytem for processing. These transactions are then automatically debited and credited to the appropriate general ledger accounts by SABRS.

(3) **Reimbursable**. This subsystem accounts for reimbursable expenses and collections. It maintains reimbursable order numbers (RONs) and Reimbursable billing codes (RBCs) and produces reimbursable reports.

(4) **Expenditures and Collections**. This is a transaction level subsystem that initially processes interdepartmental billings (IDB), disbursements notification records (DNR) and all liquidations received.

(5) **Facilities**. This subsystem is not currently available.

(6) **Travel**. This subsystem accounts for money spent on temporary additional duty (TAD) travel.

(7) **Materials and Services (M&S)**. This subsystem accounts for all supply transactions and contracts. The M&S subsystem receives transactions passed

from the supply systems, and liquidations from the expenditures and collections subsystems.

(8) **Labor**. The labor subsystem distributes civilian labor costs by assigning costs to designated FIPs.

(9) **Budget Formulation**. The budget formulation subsystem is used by comptrollers to load budget information supplied by financial managers during any HQMC directed budget submissions.

(10) **Budget Execution (BudEx)**. The BudEx subsystem collects cost data by FIP. Three areas of spending are tracked: labor, M&S and travel. The BudEx subsystem accounts for reservations, obligations, and liquidations incurred by the respective subsystem.

(11) **Allocations**. This subsystem allows financial managers who provide goods and services to other activities the ability to allocate those costs to the consuming activity.

(12) **Reports Inquiry**. This subsystem allows users to perform on-line inquiries via resident report formats. Each of the other 12 subsystems has unique reports available to the user to determine financial status of transactions.

(13) **Table Management Subsystem**. SABRS is a table driven system. The table management subsystem allows users to query information contained in SABRS edit tables. Select users are allowed to update locally controlled tables. Proper maintenance on local tables is essential for proper system functioning. Most edit checks on input data is based on information contained in one or more system tables. The table management subsystem validates transactions, manages distribution of reports and maintains security on all system tables. [Ref. 11:p. 2.4-7]

3. Accounting Guidelines

The following guidelines provide some general areas of concern that financial managers should be aware of at all times during the accounting phase of budget execution:

- The Financial Information Pointer (FIP) is the single most important tool for accurately controlling funding. The FIP profiles in detail the functional data for

each expenditure of funds. It accumulates cost data required for management reports and historical records. It is important that all FIPs are loaded to SABRS correctly.

- While official accounting records are provided to the operating budget holders and financial administrators from Defense Account Office (under DFAS cognizance), all funds administrators should maintain memorandum records in order to accurately track documents through the financial system.

- Ensure memorandum records are in agreement with official records. There are many problems that could cause them to not match, including erroneous charges, unrecorded price changes, unmatched charges etc.

- The command is accountable for the obligational balance in SABRS. It is important that key financial management personnel are granted access to SABRS via the comptroller.

- Unliquidated obligations listed in SABRS must be validated routinely utilizing the Unliquidated Orders Status Report for this function. This could become a possible source of additional funds, if the outstanding obligations are no longer required.

- Obligations must not only be validated for the current year, but also for the five prior fiscal years.

- Monitor reimbursable work orders closely, particularly toward the end of the fiscal year. Be prepared to return excess funds to providers and make sure that orders or services can be provided as agreed upon. [Ref. 15:p. 2-12]

F. RESOURCE EVALUATION AND ANALYSIS (REA)

Effective and efficient financial management requires continuous oversight and review. Financial managers must have in place stringent internal controls, checks, and balances to ensure that public fund are not subjected to waste, fraud and abuse. These controls must be effective enough to detect inefficiencies and potential violations of legal statutes and regulations. To accomplish this mission in the Marine Corps, the Comptroller organization has been designated as the internal control manager. The responsibilities are performed by the Resource, Evaluation, and Analysis (REA) division. The REA office assists the Commander in ensuring command financial resources (funding, personnel,

materials and property) are properly justified, utilized, accounted for, disposed of, and safeguarded from fraud, waste, abuse, mismanagement, or the appearance thereof. [Ref. 15:p. 5-3] The REA officer at a major command typically is responsible for the following activities:

- Evaluate and analyze local financial and resources management issues.
- Perform non-audit reviews and analysis of non-appropriated fund matters.
- Function as the external audit focal point to include audit liaison and coordination, audit response, and audit follow-up for all audits external to the command.
- Coordinate the command's internal control program.
- Conduct Commercial Activities studies (in-house) for command functions announced by Congress as open for private contractor bids.
- Conduct efficiency review studies to ensure that operations of the function under study are being effectively performed with minimal functional duplication of effort and organizational overlap of supervision. [Ref. 15:p. 5-3]

1. Internal Reviews

Internal review is the independent appraisal function within the command for review of the financial, accounting, and related operations as a basis for protective and constructive service to management. It is the type of control that functions by measuring and evaluating the effectiveness of other types of control. It deals primarily with financial matters related to appropriated funds, but it may also deal with related matters of an operating nature. The internal review function evaluates from a financial management standpoint, management policies, procedures and practices, reports findings and makes recommendations for corrective action to management.

2. Internal Management Control Program

The Internal Management Control Program is a program of periodic review and improvement of internal controls to ensure they are working effectively. This is accomplished through analysis of the assignment of responsibilities, issuance and implementation of guidance, conduct of reviews, documentation of deficiencies, development of a plan of action for correction of deficiencies and use of effective follow-

up procedures. Internal management control is a high visibility program, mandated by Congress to protect limited resources from misappropriation, misuse, and waste, and to protect the public interest through safe and efficient operations.

3. Internal Controls

Internal control methods and measures are adopted by management to (1) safeguard resources from fraud, waste, abuse or mismanagement, (2) ensure accuracy and reliability of information, (3) ensure adherence to applicable laws, regulations and policies, (4) promote operational economy and efficiency, and (5) reduce the potential for unfavorable public opinion. Characteristics of good internal control system include:

- Control objectives that are clearly identified, logical, applicable and reasonably complete.

- Control techniques that are effective in accomplishing their objectives, that provide reasonable assurance of adequate controls in place and whose costs do not exceed benefits

- Transactions and other significant events that are recorded promptly and classified properly.

- Adequate checks and balances to protect resources from manipulation or misappropriation. These must be established by ensuring key duties and responsibilities in authorizing, processing, recording and reviewing transactions are separated among individuals. Work should be assigned so one individual does not control all phases of an activity or transaction.

- Transactions and other significant events authorized and executed only by persons acting within the scope of their authority.

- Control systems, transactions and other significant events fully documented, and documentation readily available for examination.

- Access to resources and records limited to authorized individuals. Accountability for the custody and use of resources must be assigned and maintained. Periodic comparison should be made between resources and recorded accountability to determine if records are accurate. The frequency of comparison should depend on the vulnerability of the resource.

- Qualified and continuous supervision to ensure control objectives are achieved.

- An established system of procedures to be followed in performance of duties and functions of each organizational unit.

- An effective system of internal review. [Ref. 15:p. 5.5-6]

4. Efficiency Review Program (ER)

An ER is an on-site management study process to establish the most efficient organization of the function under study. The purpose of an ER is to ensure that operations of the function under study are being effectively performed with minimal functional duplication.

5. REA Summary

A detailed study of the area of REA is beyond the scope of this thesis. This area, although not new to the Marine Corps, is just recently receiving the attention it deserves. Commanders must be ever vigilant in the area of internal controls and management. Efforts to foster management economies and efficiencies require the highest command attention. Resource evaluation and analysis, audit, audit follow-up, and investigative capabilities must be used to there fullest and emphasis placed on the substance, not the form, of efforts to eliminate fraud, waste, abuse and mismanagement. Checks and balances must be put into place to detect inefficient or outright illegal acts. This will often mean that the status quo must be challenged, policies reviewed, redundancies eliminated, productivity examined, routines questioned and needs investigated. [Ref. 12: p. VI-6]

G. CHAPTER SUMMARY

This chapter provides the reader with information and guidelines for Marine Corps financial managers who are involved in the PPBS process, budget formulation, budget execution, accounting, or the resource evaluation and analysis functions. The disbursing and finance areas were intentionally omitted because none of the financial management billets (MOS 9644) are in these fields. Financial managers play an integral role in the Marine Corps PPBS process. By performing the cost analysis and estimation functions they help to bridge the gap between the planning and programming functions, translating

missions and goals into monetary targets for resource allocators to prioritize and fund. Budget formulation is an iterative process whereby financial plans are created and presented to appropriate resource and program sponsors for consideration as part of the overall spending plan for the Marine Corps. Operating forces develop their plans based on a variety of factors including past spending, anticipated future mission and program requirements, and direction from higher headquarters. Once budgets (financial plans) are approved and funds are allocated down to the operating forces, financial managers must then perform the role of funds monitor and analyst, ensuring that public funds are spent as planned on the programs that they were designated for. An important part of this role is the resource evaluation and analyst functions. Proper execution of the duties and responsibilities involved in this role helps to ensure that regulations, statutes and orders are obeyed and funds are properly accounted for.

It is evident from the information presented here, that the financial management field is highly complex and require a great deal of hands on experience and practical application to master. For the typical financial management specialists (MOS 9644), he/she will normally be assigned a billet dealing with one of these areas and hence will be able to focus the majority of their efforts in that area. However, it is important to know how all of the pieces of the financial management puzzle fit together in order to gain a better understanding of the field as a whole.

V. EDUCATION AND PROFESSIONAL DEVELOPMENT

A. INTRODUCTION

> Investments must be made to ensure that employees maintain and even increase their professional skills to help the government keep pace with emerging technology and developments in financial management [Ref. 7].

This statement, taken from the House Report accompanying the Chief Financial Officers Act of 1990, says in a nutshell what military financial management specialists have known all along: that it is imperative that we continue to train and educate our financial managers in order that they may remain proficient and knowledgeable in all aspects of financial management.

The purpose of this chapter is to provide information on the various sources of education, training, and professional development available to Marine Corps financial managers as they progress in their careers. It is important to point out that the Marine Corps does not directly sponsor any significant financial management education and training programs outside of entry level financial management officer training. With the exception of service unique accounting and reporting systems, financial management government-wide is based on the same accounting principles and procedures. Therefore, the majority of financial management training and educational development programs are open to virtually all DOD civilian and military employees.

B. ENTRY-LEVEL TRAINING

Entry-level training courses are structured to ensure uniformity and consistency of training for all entry-level financial management personnel. Training syllabi are prepared and instruction based on the core competencies and individual training standards established for this level of personnel.

1. Financial Management Officers Course

This is a formal school course conducted at the Marine Corps Service Support School, Camp Johnson, North Carolina. The School is responsible for teaching all of the 3400 MOSs including enlisted Marines. The course is 14 weeks in length and officers who

successfully complete it are designated MOS 3404. The 3404 curriculum is based on the Individual Training Standards (ITS) listed in the preceding chapter. Officers are instructed in entry-level accounting procedures that includes an overview of the Standard Accounting, Budgeting, Reporting System (SABRS). SABRS is the Marine Corps' primary accounting system for Marine Corps appropriations or 'green dollars.' Additional topics include (1) the Planning, Programming, Budgeting System (PPBS), (2) internal control methods and policies, (3) cash and check handling procedures/safeguards, and (4) budget formulation and execution.

2. Naval Financial Management Career Center (NFMC)

This center was established by the Navy to manage Assistant Secretary of the Navy for Financial Management and Comptroller (ASN(FM&C)) sponsored programs and training courses for the Navy and Marine Corps. It also is the lead agent for coordinating and developing programs designed to improve financial management training and education. [Ref. 21: p. 30] NFMC offers the following entry-level courses for Navy and Marine Corps financial managers. The courses are offered on-site (instructors travel to major Navy installations throughout the Continental United States) or self-study via correspondence at no cost.

a. Introduction to Navy Working Capital Fund (NWCF)

This is a three day course that presents the major concepts and processes involved in the NWCF, and introduces the financial operations of Navy and Marine Corps activities. The purpose is to provide participants with a basic understanding of the NWCF, its criteria, processes, and role in the budgeting process, and policies that influence the NWCF process. [Ref. 21: p. 30]

b. Introduction to Navy Financial and Managerial Accounting

This is a three-day course that provides an overview of managing appropriated funds in the DON. The purpose is to introduce the broad view of financial management to understand the type of data required to advance organizational goals

within an uncertain environment of increased competition, exploding technology, and turbulent social and political conditions. [Ref. 21: p. 31]

c. Principles of Navy Budgeting

This is a three day course that provides an overview of the policies and procedures used to develop budgets in the Department of the Navy (DON) as they relate to the Planning, Programming, Budgeting System (PPBS). The purpose of the course is to provide DON personnel general and detailed information in the Navy budget procedures. The course includes lessons on the PPBS, budget formulation and review, and budget execution. [Ref. 21: p. 31]

C. MID-LEVEL TRAINING

As the financial management officer progresses in his/her career, opportunities for professional development through education increase. Programs offered at this level begin to merge toward a DOD focus with personnel from all of the services and DOD civilians coming together. The following programs are offered for personnel who generally have between four and six years of service/experience in the financial management field. Marine Corps officers typically are in the ranks of Captain through Major.

1. Professional Military Comptroller School (PMCS)

Established in May of 1966, as a result of a multi-service commission established by the Assistant Secretary of the Air Force for Financial Management, the Professional Military Comptroller School at Maxwell Air Base, Alabama has become a pre-eminent DOD school for financial managers. The School holds five 6-week sessions per year with each session comprising a maximum of 60 DOD officers and civilians. The course is given in a combination lecture and seminar format with a host of guest speakers and lecturers from throughout the DOD, academic, and corporate financial management communities. The focus of the course is on financial management at the DOD level. Although the School accepts officers in the grades of O-3 and above, the Marine Corps typically sends officers who are at least a Major and are going to a financial management billet outside of the Marine Corps (OSD, Defense Finance and Accounting Service, or joint duty).

2. Navy Practical Comptrollership Course (NPCC)

The Naval Postgraduate School and the NFMC sponsor this course. It is a two-week course devoted to DON financial management policies and procedures. The course is open to Navy and Marine Corps personnel serving in financial management billets. Major topics include accounting, budgeting, planning, auditing, and management evaluation and performance. [Ref. 21: p. 34] Because it is focused on DON specific topics, Marine Corps financial managers (military and civilian) serving in major comptroller departments that manages navy appropriated funds or 'blue dollars' attend this course. It is held an average of six times per year at the Naval Postgraduate School and Naval Air Station, Pensacola, Florida.

3. Marine Corps Practical Comptrollership Course (MPCC)

This is a two-week course held at the Naval Postgraduate School in Monterey. The course provides mid-level civilians and Marine officer professional financial managers with hands-on comptroller skills. It includes lectures and case study methods on Marine Corps specific financial resource management. Topics include Standard Accounting Budgeting and Reporting System (SABRS) overview, POM/budget submissions, Fleet Marine Force financial management in deployed/garrison environment, USMC driven budgeting procedures, and an introduction to Marine Corps financial management organizational structure. [Ref. 21: p. 34]

MPCC is designed for financial managers in senior comptrollership positions, i.e. comptrollers, deputy comptrollers, and command budget officers. The focus is advanced budget formulation, documentation, submission, and defense and intra-command fund allocation strategies. The course is highly recommended for Financial Management Officers who have completed at least one tour in a small unit level finance billet and is considered a professional development opportunity. The course instructors are senior Marine Corps financial managers (military and civilian). The Fiscal Division, Headquarters Marine Corps, sponsors the MPCC.

4. Navy Working Capital Fund Professional Managers Course

This course is designed to provide NWCF experienced mid-level financial managers (GS-11 and above, officers O-4 and above) with problem-solving skills in the management of NWCF operations withinDON. [Ref 21: p. 34] The three day course is sponsored and structured by the NFMC. However, qualified instructors from the field are sought for on-site classes at the various Navy installations and activities.

D. GRADUATE/ADVANCED LEVEL TRAINING

The following graduate level courses are available to Marine Corps and other DOD financial managers:

1. Financial Management Specialist (Curriculum 837)

This is one of over 50 curricula offered at the Naval Postgraduate School for military officers and DOD civilians. The entire course is 18 months (6 quarters) in length with students matriculating normally in July or January of each year. The objective of the Financial Management Curriculum is to prepare military officers for business and financial positions within the Navy. Financial Managers assist the Navy's decision-making processes at all levels by providing accurate, timely and relevant information. They are concerned with the optimal allocation of human, physical and financial resources to achieve the Navy's goals and objectives while assuring efficient and effective expenditure of public funds.

Graduate courses cover topics including financial reporting standards, cost standards, cost analysis, budgeting, internal control, auditing, management planning and control systems, quantitative techniques used in planning and control, and the Planning Program and Budgeting System used within the Department of Defense. Graduates of the Financial Management Curriculum are prepared for assignment to positions in budgeting, accounting, business and financial management, and internal control and auditing. [Ref. 23] Sudents are required to write a thesis, usually on an operational financial management

problem. At the end of the program, successful students are awarded a Masters Degree in Management.

2. Defense Resource Management Institute (DRMI)

Located at the Naval Postgraduate School, DRMI is an educational institute sponsored by the Office of the Secretary of Defense. The focus of the Institutes is on analytical decision making and resource management for senior level DOD military and civilian leaders, and civilian officials and military officers from foreign governments. The course is four weeks in length and is held in Monterey and at other locations in the United States and overseas five times a year. Although it does not specifically address major financial management issues, the overall purpose of the course is to give participants training in, "concepts, techniques, and issues that pervade defense resource management decision making in most mid- through executive level positions. [Ref 22: p. 27]" Senior Marine Corps officers and civilians attend this course usually prior to assuming a senior level DOD billet at the Pentagon or in joint/unified commands.

E. PROFESSIONAL ORGANIZATIONS & PUBLICATIONS

There are a number of professional financial management organizations, some of which publish trade journals or magazines devoted to their particular area of expertise. Marine Corps financial managers can benefit greatly from the information and services that these organizations provide. Recognizing that the government financial management field is not limited to strictly governmental procedures and policies, the sources listed below are limited to the government/military since they are the most relevant.

1. Organizations

a. American Society of Military Comptrollers (ASMC)

ASMC is the non-profit educational and professional organization for persons, military and civilian, involved in the overall field of military comptrollership. The organization's headquarters is located in Alexandria, VA, and currently serves a growing professional society of 18,000 members. Membership is made up of financial management professionals, military and civilian from throughout DOD. ASMC promotes the education

and training of its members, and supports the development and advancement of the profession of military comptrollership. The Society sponsors research provides professional programs to keep members abreast of current issues, and encourages the exchange of techniques and approaches to improve financial management practices.

b. Association for Government Accountants (AGA)

The Association of Government Accountants is a professional association of more than 15,000 individuals representing executive levels in federal, state and local government agencies and departments. Members include accountants, auditors (contract, financial and performance), budget analysts, chief financial officers, electronic data processors, finance directors, inspectors general and system designers. The Association serves its members by providing quality educational programs, encouraging professional development and certification while serving as an advocate for the profession, and promotes the observance of professional standards and ethics in the accomplishment of government financial management activities. The association recently established a professional certification program, Certified Government Financial Managers (CGFM). "The CGFM program is specially designed to help meet the critical need for greatly increased emphasis on the professional qualifications and structure of government financial managers [Ref. 22]." CGFM provides an opportunity for select members of the Government financial management community to get recognized for their educational excellence and experience in the field. Additionally, it will benefit the government by helping to establish and identify a core group of highly trained financial management specialists. In order to qualify, government financial managers must meet requirements in the following areas: (1) education, (2) experience, (3) continuing professional education (CPE) , and (4) ethics. Applicants who meet these initial requirements must then pass a government financial management proficiency examination prepared by the Professional Certification Board.

2. Publications

a. Armed Forces Comptroller Magazine

This magazine is published quarterly by the ASMC as a service to its membership. As stated in the ASMC's information page, the purpose of *Armed Forces Comptroller* is to assist the American Society of Military Comptrollers in achieving its objectives for the professional development of those in military financial management by:

- Providing a forum to keep Society members and other interested individuals informed of current events and innovative ideas in military financial management. Articles on historical topics will be considered when they are relevant to current events and trends in comptrollership.

- Promoting the education and training of Society members, and supporting the advancement of the profession of military comptrollership, by addressing the full range of functions and specialties that comprise the profession of comptrollership and resource management.

- Maintaining an emphasis on members and what may be of interest and benefit to them, to include a well-balanced presentation of ASMC Chapter activities and related items of interest.

b. Navy Comptroller Magazine

The *Navy Comptroller* is a quarterly journal published by the Navy Financial Management Career Center for the Assistant Secretary of the Navy (Financial Management and Comptroller). It is the official internal professional education bulletin forDON financial specialists. [Ref. 21]

c. The Government Accountant's Journal

The Government Accountants Journal is the official publication of Association of Government Accountants (AGA). A valuable research and information source, *the Journal* is published quarterly by the AGA. It is distributed to its membership of 15,000 government financial managers as well as countless libraries across the nation and abroad. The journal is also available on-line at the AGA web site listed in Table 3-1 below. Although it is geared toward experienced financial management professionals the

journal provides valuable, in-depth information to decision-makers at all levels of government.

F. ONLINE RESOURCES

The phenomenal growth of the internet over the past few years has lead to unprecedented access to information on just about any subject imaginable. Government organizations have not only embraced this information tool, but also have become major sources for the vast majority of information out there on the World Wide Web. There is a plethora of Internet information available on the government financial management field. Table 5-1 below represents only a small sample of government focused financial management resources available on the Internet.

Resource	Internet Address
Association for Government Accountants Homepage	www.rutgers.edu/Accounting/raw/aga
American Society of Military Comptrollers Homepage	web.nps.navy.mil/~asmc
Defense Finance & Accounting Service	www.dfas.mil
Office of the Assistant Secretary of the Navy, Financial Management & Comptroller	navweb.secnav.navy.mil
Naval Financial Management Career Center	www.fma.hq.navy.mil/NFMC.index.htm
Office of the Secretary of Defense, Comptroller	www.dtic.mil/comptroller
Financial Management in Government	www.financenet.gov
Navy Headquarters' Budget System	navweb.secnav.navy.mil/nhbs
Department of the Navy, Office of Budget	navweb.secnav.navy.mil/budget
Fedlaw-Appropriations, Auditing, Budgeting and Financial	fedlaw.gsa.gov/legal3.htm
Office of Management & Budget	www.whitehouse.gov/WH/EOP/OMB/html/ombhome.html
Financial Management Regulations	www.dtic.mil/comptroller/fmr/

Table 5-1 Online Financial Management Resources

All of these sites offer additional links to Internet sites that contain a wealth of information for financial management specialists.

G. SUMMARY

The training, educational resources and professional development programs listed in this chapter provide a host of opportunities for Marine Corps financial managers to improve their skills at various levels throughout their careers. In today's rapidly advancing technological environment it is not only important, but also necessary that financial managers be afforded every opportunity to improve. As Alice C. Maroni, Principal Undersecretary of Defense (Comptroller) stated, "Professional development is the difference between a job and a career. It benefits both organizations and the individuals in them, and so it should be a high priority for everyone." [Ref. 22: p. 5]

VI. CONCLUSIONS AND RECOMMENDATIONS

A. CONCLUSIONS

The original purpose of this thesis was to create a set of guidelines that newly trained financial management specialists (MOS 9644) could use to assist in the transition to their jobs. After carefully reviewing the multitude of information, publications, military directives and instructions the enormity of this task became evident. However, the need for a simple ready reference was still present. Based on the results of my research the guidelines contained herein were prepared. These guidelines are not all encompassing due to the complexity and dynamics of the financial management field. However, this thesis serves as a useful tool to those Financial Management specialist whose only exposure and training in the field was received in the Naval Postgraduate School Financial Management curriculum. It is this group of officers that will benefit the most from the information provided here.

1. Duties and Responsibilities

Identifying the duties and responsibilities of the financial management specialists involved interviewing current and former financial management specialists, reviewing the available literature on this subject, and finally reviewing the curricula of the professional schools that train and develop personnel assigned to the financial management career field. Chapter two provides a description of the core competencies for the financial management specialists in addition to the functional areas and tasks that financial management officers are required to learn to attain the required level of proficiency in the field. It is evident from these two areas that as the financial manager's career progresses, the duties and responsibilities begin to shift and increase in scope. Duties at the lower levels involve the more technical aspects of financial management, such as mastering the administrative, fiscal, and accounting functions and tasks. Familiarization with the other functional areas is also stressed. These tasks are performed primarily at small units and commands. For the financial management specialist, the duties and responsibilities are primarily in the areas of budget formulation, execution and analysis and they require a more detailed

understanding of the DOD budget process. Additionally, the professional development courses designed to educate financial management specialists concentrate in this area and they also provide a more in-depth understanding of cost estimation, financial management systems, budget execution, and financial management policies.

2. Financial Management Field Staffing

The Fiscal Management Division (FMD) at Headquarters Marine Corps is the occupational field sponsor for the financial management field. As such FMD is primarily responsible for ensuring that the billets in the field are manned at the right levels and that the personnel holding these billets are adequately trained to fulfill their duties. Financial management specialists billets are filled by officers from both the financial management field and non-financial management officers who have received graduate level training in financial management. Financial management specialists billets are reviewed biannually to ensure that the requirements of the job and the experience educational requirements of the officers filling those jobs are compatible. Ideally, the Marine Corps would like to fill all of the financial management specialist (MOS 9644) billets with officers from MOS 3404. However, cost and personnel constraints prevent this from happening. The current system provides a core of highly trained officers who perform the financial management specialists duties. For the non-financial managers, it also provides the opportunity to obtain additional training outside of their primary occupational field. This benefits both the Marine Corps and the officer by providing training and educational experiences that are sure to help them perform better at their next command.

3. Training and Professional Development

Marine Corps financial management is a dynamic area of study. It requires constant training and continuing professional development and education to stay abreast of the field. Financial managers must take advantage of the many opportunities identified in Chapter Five of this thesis to expand their knowledge base and to ensure that they stay current in the field. Although there is some duplication of material covered in some of the courses, the structure and curricula of each of these courses are prepared and taught by

personnel who typically have experience in financial management at various levels of DOD or DON.

B. RECOMMENDATIONS

This thesis should be made available to all Marine Corps officers attending the Naval Postgraduate School in the financial management curriculum, since the majority of these officers have a non-financial management background. This thesis contains Marine Corps specific areas for further research and analysis and could be extremely helpful in assisting them as they prepare for financial management field tours following successful completion of the curriculum. Again, this is complement to and not a substitute for the information and education gained through the financial management curriculum and other financial management orders, directives, publications and organizations.

C. AREAS FOR FUTURE RESEARCH

As this thesis revealed, there is a wealth of information and organizations devoted to the area of government financial management. The preponderance of this information is applicable to financial management throughout DOD, regardless of Service. However, for Marine Corps financial management specialists who have completed the Naval Postgraduate School financial management curriculum, there is a noticeable lack of Marine Corps specific information. This is particularly true for non-financial management officers. To fill this void it is recommended that research be done into the possibility of developing a module as part of the *Financial Management in the Armed Forces* course that deals with Marine Corps financial management.

APPENDIX A

GLOSSARY OF FINANCIAL AND RELATED TERMS

ACCOUNTING CLASSIFICATION. This code is used to provide a uniform system of accumulating and reporting information. It consists of nine coding elements: appropriation, subhead, object class bureau control number, sub-allotment, authorization accounting activity, transaction type, property accounting activity, and cost code.

ACCOUNTS PAYABLE. Amounts due the public or other U.S. Government agencies for material and service received wages earned, and fringe benefits unpaid. May include amounts billed or billable under contracts for progress payments, earnings of contractors held back, or amounts due upon actual deliveries of goods and services.

ACCOUNTS RECEIVABLE. Amounts due from debtors on open accounts. Under appropriated funds, amounts due from debtors for reimbursements earned or for appropriation refunds due.

ACCOUNTING REGISTERS. Records of expenditures, collections and adjustments normally maintained by disbursing offices. Also called allotment registers and disbursing registers.

ACCRUAL ACCOUNTING. The method of accounting whereby: (1) operating costs are accounted for in the fiscal period during which the benefits are received (cost of resources consumed or applied); (2) costs for which the benefits are applicable to future periods are deferred and considered as assets; (3) liabilities for unpaid costs are recorded in the accounts when goods or services are received; and (4) income for work or services performed in a reimbursable order is recorded in the accounts when reimbursable expenses are incurred.

ACTIVITY ADDRESS CODE (AC). A six-position code assigned to identify specific units, activities or organizations authorized to direct, ship, or receive material, documentation, or billing.

ALLOCATION. An allocation of funds by budget activity (subhead) is an authorization to create obligations and incur expenditures against appropriations for authorized purposes. Within Headquarters Marine Corps, the Fiscal Director of the Marine Corps issues allocations for all appropriations to subhead administrators in accordance with the Commandant's financial plans.

ALLOTMENT. The authority expressed in terms of a specific amount of funds granted

to a commander by the Commandant to obligate and expend funds for a particular purpose. Headquarters Marine Corps allotments are issued by subhead administrators.

ALLOTMENT HOLDER. The commander or individual to whom an allotment is issued and who is responsible for the proper disposition of the allotment.

APPORTIONMENT. A determination by the Office of Management and Budget as to the amount of obligations which may be incurred during a specified period under an appropriation, contract authorization, other statutory authorizations, or a combination thereof.

ANNUAL APPROPRIATION. Also known as one year appropriations. This appropriation is generally used for current administrative, maintenance, and operational programs, including the procurement of items classified as "expense". These appropriations are available for obligation for one fiscal year and for expenditures for two additional years.

APPROPRIATION (CONTINUING). Also known as no-year appropriations. These appropriations provide funds for completing long-range projects, and the funds appropriated remain available for obligation and expenditure until the projects are completed and/or the funds are expended.

APPROPRIATION (DIRECT). An Act of Congress authorizing a specified amount of funds to be used for designated purposes, and for payments to be made out of the Treasury of the United States. There are thirteen regular appropriations.

APPROPRIATION (INDIRECT). This is an appropriation which is provided to an activity other than the Marine Corps, e.g., the Navy, but the Marine Corps receives support from the appropriation. For example, Operation and Maintenance, Navy (O&MN) goes to support of Marine Corps air stations and naval dispensaries that are located at Marine Corps bases.

APPROPRIATION SPONSOR. The entity having primary cognizance over the programs funded with the appropriation and responsible for coordinating the staff action necessary in the budget formulation and execution of the specific appropriation.

AUDIT TRAIL. A term used in auditing which refers to the checking procedures involved in an actual audit. For example, an audit trail might go from a financial statement to a general ledger to a subsidiary ledger to a disbursing register and finally to a source document.

AUTHORIZATION. Basic substantive legislation enacted by congress that sets up or continues the legal operation of a federal program or agency. Such legislation is normally

a prerequisite for subsequent appropriations, but does not usually provide budget authority.

AUTHORIZATION ACCOUNTING ACTIVITY. An activity designated by the Comptroller of the Navy to perform accounting for another shore activity.

BILLING. A document representing a charge for services rendered or material received.

BLUE DOLLARS. Dollars appropriated to the Navy but used to support specific Marine Corps programs.

BUDGET. A plan of financial operations showing in dollars the estimates of funds needed to carry out the assigned mission, or missions, over a specified period of time.

BUDGET ACTIVITY. This is a division of an appropriation that is identified by a symbol called a subhead.

BUDGET AUTHORITY. Authority provided by law to enter into obligations which generally result in immediate or future outlays of Government funds. The basic forms of budget authority are: appropriations, contract authority and borrowing authority.

BUDGET CALL. Budget planning guidance provided from higher authority down the chain of command.

BUDGET CLASSIFICATION CODES. These codes represent the principal functional areas that the Commandant of the Marine Corps desires for the administration of funds under the Resource Management System (RMS) for O&M,MC and MPMC appropriations. Budget classification codes consist of two digits. They are defined in chapter 4, volume 2 of the NavCompt Manual.

BUDGET PROJECT. Budget activities are divided into one or more projects, called budget projects. Its purpose is to develop more detailed data essential to the administration and control of an appropriation.

BUDGET YEAR. The year following the current fiscal year, and for which the budget estimate is prepared. For example, if the current fiscal year is 1981, the budget year would be Fiscal Year 1982.

BLANKET PURCHASE ORDER. A purchase document establishing a charge account with a commercial supplier to cover small purchases ordered by placing calls against the purchase order.

CEILING. A maximum amount of an appropriation imposed by Congress that is

designated for a specific purpose.

CLOSED APPROPRIATION ACCOUNT. An appropriation account, the balance of which has been transferred to the successor "m' Account or to surplus. The appropriation recorded in the account is lapsed.

COMMERCIAL CONTRACTS. The expense incurred for all services procured locally.

COMMITMENT. A firm administrative reservation of funds, based upon procurement directives, orders, requisitions, authorizations to issue travel orders, or requests that authorize the recipient to create obligations without further recourse to the official responsible for certifying the availability of funds. The act of entering into a commitment is usually the first step in the process of spending available funds.

CONCURRENT RESOLUTION. A resolution passed by both houses of Congress but not requiring the signature of the President. It sets forth, reaffirms, or revises specified congressional budget totals for the federal government for a fiscal year.

CONSOLIDATED GUIDANCE. Annual guidance issued by the Secretary of Defense which provides policy specific programming guidance and fiscal constraints that must be observed by the military defense agencies, and the Joint chiefs of Staff in the formulation of force structures and five year defense programs, and by the Secretary of Defense staff in reviewing proposed programs.

CONTINUING RESOLUTION. Congressional action to provide budget authority for specific ongoing activities when the regular fiscal year Appropriation Act has not been enacted by the beginning of the fiscal year. The continuing resolution usually specifies a maximum at which the agency may incur obligations and is sometimes based on the rate of spending of the prior year.

COST ACCOUNT CODES. Codes established to classify transactions according to their purpose. It is normally the last four characters of the cost code of the accounting classification code, or, in a job order system, the third through the sixth digit of the job order number.

COST ACCOUNTING. A system of accounting, analyzing, and reporting the cost of operation of programs, activities, functions, and organizational units, or the cost of production of goods and services.

COST-BASED BUDGET. A budget formulated on the basis of the cost of goods and services actually to be received during a given period whether paid for before the end of the period or not. (Not to be confused with an expenditure-based budget, which is based upon the cost of goods and services received and actually paid for.)

COST CATEGORY. One of three types of costs into which the total cost of a program element is divided: (1) research and development, (2) investment, and (3) operations.

COST CENTER. An organizational entity for which identification of costs is desired and which is amenable to cost control through one responsible supervisory. It is the first subdivision of a responsibility center or sub-responsibility center.

DEFERRAL OF BUDGET AUTHORITY. An action of the President that temporarily withholds, delays or precludes the obligation or expenditure of budget authority. The President must report a deferral to Congress in a deferral message. The deferral can be overturned if either house passes a resolution disapproving it. A deferral may not extend beyond the end of the fiscal year in which the message reporting it is transmitted to Congress.

DEFICIENCY APPROPRIATION. An act passed after a fiscal year has expired, to increase funds available so that the appropriation has a positive balance, and can lapse to the successor, or "M" account.

DIRECT COST. Those labor, material, or other costs which are directly associated with a facility, piece of equipment, or other specific unit.

DISBURSEMENTS. Payments for goods or services received. Disbursements may be an actual payment in cash, such as reimbursing an imprest fund, or by government check to a public supplier, or by transfers between appropriations or funds whereby, the funds of a receiving governmental activity are charged and the funds of the performing activity are credited for the value of the goods or services received.

DOCUMENT NUMBER. A 14-position number that identifies the military service, requisitioner, requisition date, and serial number. That portion of the document number used by organic activities for accounting purposes (on local records) will be the Julian date and the serial number (eight-position code).

ECONOMY ACT ORDER. An order executed for materials, work services to be furnished by one activity for under the authority and limitations of the Economy Act (31 U.S. Code 1535.

EXPENDITURE. An amount of money actually paid out from an appropriation (example: checks drawn or cash expended in payment of bills; transfers from one appropriation to another as a result of obligations).

EXPENSES. The cost of resources consumed or applied during the accounting period. Expenses to be included in the operating budget consist of civilian labor, military services

applied, material consumed or applied, services rendered, rental of facilities and equipment, and cost transfers. Included in an expense are the costs of end items or equipment having a unit value of less than $1,000 and the cost of minor construction value of $25,000 or less.

EXPENSE ELEMENT. Specifies the type of resource being consumed in the functional/sub-functional category and cost account. It is a one-character alpha code, listed and defined in detail in chapter 4, volume 2, NavCompt Manual.

EXPENSE TYPE APPROPRIATIONS. Appropriations that finance cost of ongoing operations. WithinDOD they are normally broken down into two main subcategories: operations and maintenance, and military personnel.

EXPIRED APPROPRIATION. An appropriation which is no longer available for obligation but is still available for disbursement or to liquidate an existing obligation.

FENCES. Explicit limitations (ceilings and floors) on uses of funds provided in the appropriation act by Congress.

FISCAL POLICY. Federal policies on taxes, spending and management intended to promote the nations interests particularly with respect to employment, gross national product, inflation, and balance of payments. The budget process is a major vehicle for determining and implementing fiscal policy.

FIVE YEAR DEFENSE PROGRAM (FYDP). The FYDP summarizes all approved programs of the entire Department of Defense. Resources or inputs required for five years are combined with military outputs of programs for the same period. The FYDP is expressed in terms of programs, program elements and resource categories.

FLOOR. A minimum amount or an appropriation imposed by congress that is designated for a specific purpose.

FRINGE BENEFITS. The cost of the government's share of a civilian employee's: retirement, life and health insurance, social security, and thrift savings plans.

FUNCTIONAL CATEGORY. Classify expenses by the purpose or end use for which they are spent. There are 13 functional categories that identify the type of operation within a program for which expenses are incurred. The functional category code is a 1-digit code. It is the first digit of the job order number.

FUND ADMINISTRATOR. An organizational element designated by an operating budget or sub-operating budget holder to administer a specific segment of funds allocated to the activity. It may encompass more than one work center.

FUND CODE. In supply system documentation the fund code is a 2-digit representation of a total accounting classification which will be charged with the cost of material issued.

FUNDED TRANSACTIONS. Funded transactions are those transactions applicable to reimbursable orders which result in accounts receivable to the performing appropriation.

GENERAL EXPENSES. Costs incurred by general cost centers which are not incurred for, and are not readily identifiable, with specific direct job orders and which are not included in the indirect expense of the direct cost centers.

GENERAL LEDGER ACCOUNTS. These accounts are designed to accumulate all the financial data necessary to accomplish the objectives of PRIME. (Also see Subsidiary Ledger and Description Ledger).

GREEN DOLLARS. Dollars appropriated to the Marine Corps to support programs budgeted under the various Marine Corps appropriations.

GROSS ADJUSTED OBLIGATIONS. The sum of all liquidated and unliquidated obligations.

HISTORICAL COST. The cost of any objective based upon actual dollar or equivalent outlay ascertained after the fact. May use any one of a number of methods of cost determination.

HOST ACTIVITY. The activity that provides facilities to another activity and may supply services.

IMPOUNDMENT. Any action or inaction by an officer or employee of the Federal Government that precludes the obligation or expenditure of budget authority provided by the Congress.

IMPREST FUND. Fixed amount of cash used to make minor expenditures for local commercial purposes. Payments from the fund are reimbursed from time to time to maintain a fixed amount in the fund.

INCREMENTAL FUNDING. Providing budget authority for those obligations that are expected to be incurred in a given fiscal year.

INDUSTRIAL FUND. A revolving fund established in accordance with requirements of the Secretary of Defense. The purpose of the fund is to provide a more effective means of controlling costs; establish a flexible means for financing, budgeting, and accounting; encourage the creation of buyer-seller relationships; place budgeting and accounting on a

more commercial basis; and encourage cross-servicing between military departments. Charges to the fund are made for procurement of materials, services, and labor and the fund is reimbursed by proceeds from the sale of products and services. The Marine Corps has two industrial funds, one at Marine Corps Logistics Base, Albany and the other at Marine Corps Logistics Base, Barstow.

INITIATIONS. Administrative reservations of funds based upon procurement directives or equivalent instruments that authorize preliminary negotiations looking toward the creation of obligations but providing for recourse to the official responsible for administrative control of funds prior to incurrence of the obligations. The term refers also to the authorization action.

INTERNAL AUDIT. The independent appraisal activity within an organization for the review of the accounting, financial and related operations as a basis for protective and constructive services to management.

INTERNAL CONTROL. Internal review and internal checks established by the commander to safeguard property and funds; to check accuracy, reliability, and timeliness of accounting data; to promote operational efficiency; and to ensure adherence to prescribed management policies and procedures.

JOB ORDER NUMBER (JON). A standardized 14-digit number structured to provide a standard method of capturing, recording and maintaining cost accounting data.

LABOR ACCELERATION. The amount of money that a civilian is actually paid represents only a portion of the liability of the Government. For example, since civil servants may accrue up to 30 days of leave for which they must be paid if they retire or leave government service, then the Government must set aside funds to provide for this eventuality. Also the Government must provide for its share of fringe benefits (insurance, health benefits, social security, etc.). For these reasons labor charges must be increased or accelerated to provide for these liabilities.

LAPSED APPROPRIATIONS. Appropriation whose undisbursed balance is no longer available for disbursement as the two-year expenditure availability period has ended.

LIABILITIES. Amounts of money owed to others for goods and services received, or for assets acquired. Includes accrued amounts earned but not yet due for payment, and progress payments due to contractors.

LIMITATION. A statutory restriction within an appropriation or other authorization or fund that establishes the maximum amount that may be used for specific purposes.

LIQUIDATED OBLIGATION. An obligation that is matched with an expenditure.

MARK. Decision by line item indicating a change (usually a decrease) in a budget request.

MEMORANDUM ACCOUNT. An account usually stated in financial terms, but not always a part of the basic double-entry system of accounts, used for obtaining data required for control, reporting or other purposes.

MID-YEAR REVIEW. A locally conducted review to determine the adequacy of present funding levels, to update unfunded requirements to the next level in the financial chain-of-command and to update the budget submission being prepared for delivery to congress.

MINOR NEW CONSTRUCTION. Describes construction costing from$1 to $200,000; however, construction projects costing from $25,000 to $230,300 can only be processed as minor construction if so urgently required that authorization and funding cannot possibly be delayed for a regular Military construction (MILCON) program. Projects costing $1 to $25,000 are always funded by the Navy appropriation for operation and maintenance. Projects costing Over $25,000 up to $200,000 will be funded by Navy appropriations for Military Construction.

MULTI-YEAR APPROPRIATI0NS. Appropriations available for incurring obligations for a definite period in excess of one fiscal year.

NEW OBLIGATIONAL AUTHORITY (NOA). Authority to incur obligations becoming newly available for a given fiscal year authorized by current and prior actions of the congress.

NONAPPROPRIATED FUNDS. Funds other than those appropriated by the Congress, which are established by competent authority for the welfare, comfort and/or recreation of military personnel or civilian employees. Examples are Marine Corps exchanges, clubs and messes, recreation, and civilian cafeterias.

OBJECT CLASS. This is a code within the accounting classification code which defines the nature (not the end use or purpose) of the services, articles; etc., e.g., personnel compensation (object class 11) or supplies and materials (object class 26). It is a requirement of the Office of Management and Budget.

OBLIGATION. A responsibility to make a future payment of money. The responsibility is incurred as soon as an order is placed, a contract is awarded, or when the delivery of goods or the performance of services occurs. It is not necessary that goods actually be delivered, or services actually be performed, before the obligation is created; neither is it necessary that a bill, or invoice, be received first. The placement of the order is sufficient.

OBLIGATIONAL ACCOUNTING. A method or keeping track of cumulative total of resources for which authority to spend has been passed for a particular fiscal year.

OFFSETTING COLLECTIONS. Moneys received by the government as a result of business-type transactions with the public (sale of goods and services) or as a result of a payment from one government account to another. Such collections are netted in determining budget outlays.

OFFSETTING RECEIPTS. All collections deposited into receipt accounts that are offset against budget authority and outlays rather than reflected as budget receipts in computing budget totals. Under current budgetary usage, cash collections not deposited into receipt accounts (such as revolving fund receipts and reimbursements) are deducted from outlays at the account level. These transactions are offsetting collections but are not classified as offsetting receipts."

OPEN ALLOTMENT. An allotment administered by Headquarters Marine Corps. Those commanders authorized to do so by the Commandant, charge the allotment for goods and services within the limits specified by the Commandant. While commanders are held responsible through the military chain of command for their use of these funds, they are not personally liable for over obligation in the sense of Section 3679 of the Revised Statutes; as amended (31 U.S. Code 665).

OPEN APPROPRIATION ACCOUNT. An appropriation account, the balance of which has not been carried to the successor account or to surplus. The appropriation recorded in the account may be un-expired or expired.

OPERATING AND SUPPORT COSTS. Those recurring costs associated with operating, modifying, maintaining, supervising and supporting a Weapon/support system in the DON inventory.

OPERATING BUDGET (OPBUD). An operating budget is the annual budget of an activity (responsibility center) stated in terms of functional/sub-functional categories and cost accounts. It contains estimates of the total value of all resources required for the performance of the mission of an activity, including reimbursable work and/or services for others. Headquarters Marine Corps issue operating budgets to all responsibility centers.

OPERATING TARGET (OPTAR). An administrative rather that legal limitation on expenditures provided to an afloat operating unit or department ashore.

OUTLAYS. Checks issued, interest accrued on the public debt, or other payments, net of refunds and reimbursements. Total budget outlays consist of the sum of the outlays from appropriations and funds in the budget, less receipts.

OVERHEAD. Costs that are chargeable to the operation and maintenance of an activity's own plant and are not attributable to a specific job.

OVEROBLIGATION. Any action, which results in raising the total of obligations so that it exceeds the amount of, authorized funds. Prohibited by law and regulation under penalty of punitive action.

PERFORMANCE BUDGET. A budget which focuses attention upon the general character and relative importance of the work to be done by taking as its basis the estimated cost of programs, functions, and projects designed to accomplish the work; for example, the cost of operating a rifle range. Not based upon the cost of "things"; that is, supplies, equipment, personnel services, etc.

PLANNING/PROGRAMMING/BUDGETING SYSTEM (PPBS). An integrated system for the establishment, maintenance, and revision of the FYDP and the DOD budget.

PLANT PROPERTY CLASSES. For management, financial, and technical control purposes, plant property items and expenditures therefore are divided into the following four classes: (1) land - Plant Property Class 1; (2) buildings, structures, and utilities - Plant Property Class 2; (3) equipment (other than industrial plant equipment) - Plant Property Class 3; and (4) industrial plan equipment - Plant Property Class 4.

PRIME. An acronym (Priority Management Effort) given to that portion of the Resources Management System (RMS) that deals with operating costs. It was instituted in 1968. As currently used PRIME refers to the accounting system for selected posts and stations within the Marine Corps.

PROGRAM DECISION MEMORANDUM (PDM). A document which provides decisions of the Secretary of Defense on POMS and the JPAM.

PROGRAM ELEMENT. The basic building block of the Five Year Defense Program (FYDP). It is a description of the mission to be undertaken and a collection of the organizational entities identified to perform the mission assignment. Elements may consist of forces, manpower, materials, services, and/or associated costs as applicable. There are approximately 1,100 program elements in RMS. These are contained in the Navy Programming Manual (OPNAV 90D-1C). The program elements is a 2-digit code within the cost code.

PROGRAM OBJECTIVE MEMORANDUM (POM). A memorandum in prescribed format submitted to the Secretary of Defense by the secretary of a military department or the director of defense agency which recommends the total resource requirements within

the parameters of the published Secretary of Defense fiscal guidance.

PROGRAMNING COSTS. Cost data for making program decisions. Programming costs are based on sets of factors that will provide consistent cost data under the same or similar circumstances and which are directly related to the explicit elements of the program decision.

PROMPT PAYMENT ACT. Legislation that requires the Federal Government to pay interest on late payments made on contracts and purchase orders.

REAPPORTIONMENT. A revision of an annual apportionment during the fiscal year, either upwards or downwards.

RECEIVABLES. A collective term used to describe amounts due or to become due from others, usually within a relatively short time.

RESCISSION. A legislative action which cancels budget authority previously provided by congress.

RECLAMA. A formal appeal in the DON/DOD decision-making process through which an issue that has been disapproved (in whole or part) may be resubmitted for further consideration.

RECONCILIATION. A process in which Congress includes a budget resolution "reconciliation instructions" to specific committees, directing them to report legislation which changes existing laws, usually for the purpose of decreasing spending or increasing revenues by a specified amount by a certain date. The reported legislation is then considered as a single "reconciliation bill." It is usually aimed at entitlement accounts.

RECURRING COSTS. Expenses for personnel, material consumed in use, operating overhead, support services, and other items incurred on an annual basis.

REIMBURSABLE WORK ORDER. A request for work or services to be performed by one responsibility center, for another responsibility center, for another government department, or for a nonfederal requestor. The total costs chargeable to the order will be an expense of the requesting center when they are billed. During the performance of work or services, the total costs will be accumulated as expenses of the performing center.

REPORTING UNIT CODE (RUC). In addition to employing UIC's prescribed by the Department of the Navy the Marine Corps also maintains a unique RUC which is also a five-character alphanumeric code. RUC's are primarily employed for internal Marine Corps applications such as the Manpower Management System (MMS).

REPROGRAMMING. The transfer of funds between programs of an appropriation or a shifting of funds from the original purpose for which Congress justified them.

REQUEST FOR CONTRACTUAL PROCUREMENT. A reimbursable order normally used to provide funds for direct citation on contracts or requisitions. These citations are of the requestors fund vice those of the performing contracting activity.

RESERVATION. An administrative action that identifies funds set aside for planning purposes, and prior to the establishment of a commitment or an obligation.

RESOURCE MANAGEMENT SYSTEM (RMS). The Department of Defense resource management systems include all recurring quantitative (i.e., financial and non-financial) data used at all management levels within the Department of Defense for planning and controlling the acquisition, use and disposition of resources. Such systems include but are not limited to the PPBS .

RESPONSIBILITY CENTER. An organizational entity headed by an officer or supervisor who is responsible for the management of resources in the unit, and who can significantly influence the expenses incurred in the unit. An activity that is issued An operating budget is a responsibility center; e.g., FMFLANT and FMFPAC are responsibility centers.

REVOLVING FUND. A fund authorized by specific provisions of law to finance a continuing cycle of operations with receipts derived from such operations available in their entirety for use by the funds. (Example: MCSF.)

SASSY MANAGEMENT UNIT (SMU). Provides centralized supply support within a FMF command. Normally located at the force service support group level or service battalion. Formerly called the fleet stock account.

SEQUESTRATION. The automatic process of reducing federal outlays, invoked through the Office of Management and Budget and the General Accounting Office, when the Congress and the President are unable to enact appropriation acts that meet the Gramm-Rudman-Hollings mandated deficit levels.

STOCK FUND. This is a revolving fund initially established by the Congress of the United States. The fund finances the procurement and inventories of those standard items of material, subsistence items, petroleum, oil and lubricants, maintenance parts and assemblies, and minor items of equipment of a consumable nature for which there is a recurring demand, the cost of which is chargeable to the funds of the commander to whom the items are issued for use.

SUBALLOTMENT. An authorization to use funds from an allotment issued by the

Commandant. Th authorization is granted by the commander who receives the primary allotment from the Commandant. The recipient of the sub-allotment accounts for its funds to the holder of the primary allotment.

SUBFUNCTIONAL CATEGORY. These are further subdivisions of functional categories that were developed to fulfill peculiar Marine Corps requirements for management information. The second digit of the job order number is the subfunctional category code. These codes are defined in chapter 4, volume 2 of the NavCompt Manual.

SUBHEAD. This is a subdivision of an appropriation or fund. Subheads identify the budget activity (major program) and are designated by a 4-digit numeric or alphanumeric code suffixed to an appropriation of fund code. Subhead numbers are listed in chapter 2, volume 2 of the NavCompt Manual.

SUBSIDIARY LEDGER ACCOUNTS. These are maintained by operating budget holders as the supporting detail to specified general ledger accounts and are for the purpose of identifying specific costs within a general ledger account. For example, the general ledger account "Expense Control" would be supported by such subsidiary accounts as "Expense Control - Labor", "Expense Control - Material", etc.

SUCCESSOR "M" ACCOUNT. Upon lapse of annual and multiple-year appropriations, the obligated but unexpended balances merge/transfer into the Appropriations Successor "M" Account.

SUPPLEMENTAL APPPROPRIATION. An appropriation enacted as addition to a regular annual appropriation act. Supplemental appropriations provide additional budget authority beyond original estimates for programs or activities that are too urgent to be postponed until the next regular appropriation.

SUPPORTING ACTIVITY. An activity that provides only services to another activity.

SURCHARGE. A specified percentage of costs added to the regular charges for billing a customer. Normally the customer is a government department outside the Department of Defense, a foreign government or private party.

TENANT ACTIVITY. An activity that uses facilities and receives support from another activity.

TOTAL OBLIGATIONAL AUTHORITY (TOA). TOA is the total amount of funds available for programming in a given year, regardless of the year the funds are appropriated, obligated or expended. TOA includes new obligational authority, unprogrammed or reprogrammed obligational authority from prior years, reimbursements not used for replacement of inventory in kinds advance funding for programs to be

financed in the future, and unobligated balances transferred from other appropriations.

TRANSACTION. Any mutual agreement, contract, understanding or exchange or transfer of cash or property between an entity and an individual or group of individuals which affects the assets, liabilities or capital of the entity. Broadly, any event which affects the accounts of an entity in any way.

UNFILLED ORDER. Any document meeting the criteria of an obligation, issued for goods or services that have not yet been received.

UNFUNDED RESOURCES. Those resources that are acquired used or consumed by an operating activity for the execution of its program(s) without expenditure by the activity from the appropriation financing the program(s).

UNIT IDENTIFICATION CODE (UIC). A 5-character code used to identify organizational entities within the DON The UIC of each operating budget holder is identified in the bureau control number block of the accounting classification code. UIC's are contained in chapter 5, volume 2 of the NavCompt Manual.

UNOBLIGATED BALANCE. The balance of expense authority which is not yet obligated.

VOUCHER. Any document which is evidence of a transaction, showing the nature and amount of the transaction. It usually indicates the accounts in which the transaction is to be recorded.

WORKING CAPITAL FUND. A revolving fund used as a source of financing for work that will be paid for by the customer after completion of the job.

WQRK-In-PROCESS ACCOUNT. Temporary investment or cost for customer requested work that as yet is unbilled.

WORK MEASUREMENT. The process of establishing performance standards (in terms of man-hours per work unit), comparing actual performance with standard, and initiating remedial action as appropriate when the two are not compatible.

WORK UNIT. Measures of output that express volume of work; conversely, man-hours and dollars are measures of input required to produce work units or perform work.

ZERO BASED BUDGETING (ZBB). A systematic process in which management undertakes the careful examination or the basis for allocating resources in conjunction with the formulation of budget requests and program plans. Generally, ZBB involves displaying budget requests across varying performance levels and priorities.

APPENDIX B

MARINE CORPS APPROPRIATIONS

DIRECT

Military Personnel, Marine Corps (MP,MC)-this is an annual appropriation that finances the cost of active duty personnel (military pay and allowances, GI Bill, permanent change of station costs, retired pay accrual, etc.). It is administered centrally by HQMC.

Reserve Personnel, Marine Corps (RPMC)-an annual appropriation that finances the pay. allowances, clothing, per diem, travel and other related costs for reserve personnel, including Reserve officer candidates, reserve officers assigned to active duty, and the Marine Corps Junior ROTC program.

Operations and Maintenance, Marine Corps (O&M,MC)-an annual appropriation that finances the costs of operations and maintenance of the Marine Corps. Funds from this account are used for daily operations of FMF units, bases and stations. It is used to buy supplies form Working Capital Fund activities, utilities, civilian salaries, etc.

Operations and Maintenance, Marine Corps (O&M,MCR) -an annual appropriation that finances the costs of operations and maintenance of the Marine Corps Reserve. Funds from this account are used for daily operations of Reserve units, bases and stations. It is used to buy supplies form Working Capital Fund activities, utilities, civilian salaries, etc.

Defense Working Capital Fund(DWCF)-formerly called the Defense Business Operating Fund (DBOF), this is a self-sufficient operation with funds generated through the sale of goods and services to customers. Revenues generated are used to finance the on-going operations of the entity.

Procurement, Marine Corps (P,MC)-this is a multi-year (3) appropriation that finances the purchase of major items of equipment and ammunition for the Corps. It is also called an investment of account.

INDIRECT/ NAVY (Blue Dollars)

In addition to the direct appropriations listed above, the Marine Corps receives additional appropriated funds from the Navy. These funds are known as 'blue dollars' and are accounted for using Navy funded accounting systems. The major appropriations are:

Research, Development, Test, and Evaluation, Navy (RDT&E,N)-this is a multi-year (2) appropriation that funds Marine Corps research and development efforts.

Aircraft Procurement, Navy (AP,N)-multi-year appropriation that funds the procurement of Marine Corps aircraft.

Operations and Maintenance, Navy (O&M,N)-annual appropriation that funds the operations and maintenance of Marine Corps aircraft.

Other Procurement, Navy(OP,N)- annual appropriation used to purchase other equipment for Marine Corps aviation units, specifically authorized aviation related materials and supplies such as jet fuel and spare parts.

Family Housing, Navy & Marine Corps (FH,N&MC)-annual appropriation used to fund the costs of operating and maintaining military family housing.

Military Construction, Navy (MC,N)-a multi-year (5) appropriation that provides funds to installations and facilities for land purchases and construction. Also referred to as MILCON.

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