

DEPARTMENT OF DEFENSE
OFFICE OF DEPENDENTS SCHOOLS
2461 EISENHOWER AVENUE
ALEXANDRIA, VIRGINIA 22331

AUG 29 1989

EXECUTIVE SERVICES

DEPARTMENT OF DEFENSE DEPENDENTS SCHOOLS
REGULATION SYSTEM TRANSMITTAL

SUBJECT: DS Regulation 7100. 2 - Change 1

INSTRUCTIONS TO RECIPIENTS

The following pen-and-ink change to DS Regulation 7100.2, "Budget Execution," July 18, 1989, has been authorized:

Change DISTRIBUTION to "X".



Stephanie Rogers
Acting Chief
Executive Services Division

DISTRIBUTION: X



DEPARTMENT OF DEFENSE
OFFICE OF DEPENDENTS SCHOOLS
2461 EISENHOWER AVENUE
ALEXANDRIA, VIRGINIA 22331-1100

JUL 18 1989

FISCAL DIVISION

DS REGULATION 7100.2

DEPARTMENT OF DEFENSE DEPENDENTS SCHOOLS
BUDGET EXECUTION

- References:
- (a) OMB Circular A-34, "Instructions on Budget Execution", August 1985
 - (b) DoD Directive 4000.19-R, "Defense Regional Interservice Support (DRIS) Regulation," March 1984
 - (c) DoD 7110.1-M, "Budget Guidance Manual," July 1988
 - (d) DS Regulation 7100.1, "Budget policies and Procedures, "July 5, 1988
 - (e) DS Administrative Instruction 7205.3, "Establishment Review and Validation of Obligations ," April 25, 1989

A. PURPOSE

The purpose of this regulation is to establish policy and responsibilities for execution of the Department of Defense Dependents Schools (DoDDS) Operations and Maintenance budget.

B. APPLICABILITY AND SCOPE

The provisions of this regulation apply to all Department of Defense Dependents Schools (DoDDS) administrators.

C. DEFINITIONS

1. Budget Execution. The implementation and administration of the approved operating budget during the budget year and accomplishment of the mission within available resources without creating over-obligations and/or overexpenditures. Included in the process is the allocation, obligation, expenditure, and reporting of the resources utilized.

2. Manager. An individual who supervises or controls a function or activity (region, district, division, branch, section, or school) and is responsible for control of financial, material, and/or personnel resources.

DISTRIBUTION: ~~B, H, I, K, L, M~~ X
change-1
8/29/89

3. Resources. Dollars, manpower, material and facilities available to carry out the mission of DoDDS.,

D. POLICY

1. Each DoDDS manager is responsible for the effective, efficient, and economical use of all resources made available to his or her organization. The extent to which each manager directly influences the budgeting, allocation, composition, and distribution of these resources depends on the degree of centralization of authority. The degree of centralization is determined by the mission needs, the resources involved, and the managerial environment. Regardless of the level of centralization, managers are directly involved and responsible for managing the resources available to them.

2. Some resources may appear to be cost-free assets in the view of the school-level manager, because this manager may not either control the determination or allocation of these resources or may not have the authority to change the mix of the total resources allocated. In these instances, the manager's principal responsibility is to ensure that these resources are used in the most cost effective manner. Managers need to be aware of the composition of the total resources of their organization.

3. There are positive means by which a manager may directly influence the effectiveness, efficiency, and economy of the resources used. The individual manager assists in budget formulation and resource allocation by recommending the best mix of resources to secure the most efficient use of available resources. Each manager should take an active part in the formulation and execution of operating budgets.

4. Managers at each level should be aware of the cost of operation within their area of responsibility. It is not necessary that the manager have control of the allocation of these resources or the method of their distribution. However, knowledge of such costs enhances the manager's awareness of areas in which economies may be effected by prudent management. It also enhances the opportunity to make decisions where costs could be avoided or other priorities might be funded by re-ordering such priorities. This policy applies to all resources: dollars, manpower, material, and facilities.

5. Once approved, the budget becomes the financial plan for the operation of DoDDS during the fiscal year. Obligations should be incurred in accordance with the financial plan. Major object class (first two digits) variances of 5 percent or more from the approved budget must be explained by the applicable DoDDS budget office.

6. Recurring support/services contracts, non-recurring contracts, and interservice support agreements (ISA's) will be reviewed periodically in accordance with the following guidelines. All contracts, single or multi-year, with a dollar value, or estimated dollar value, of \$50,000 or more, will be reviewed by DoDDS staff prior to being awarded or validated for continued support in outyears. Contracts valued at \$25,000 to \$49,999 may be reviewed informally if the nature of the support or services makes it advisable to do so.

a. Recurring contracts. DoDDS must provide a statement of work on which specifications may be based at the time the contract requirement is initiated or validated. Prior to the award or renewal of a contract, the contracting officer should provide DoDDS with an opportunity to review the contract specifications and the associated costs.

b. Non-recurring contracts. When a requirement for support or services will result in a contract, DoDDS must provide a statement of work to the contracting office against which to generate the contract specifications. The contracting officer should provide DoDDS with an opportunity to review these specifications as well as the associated costs prior to contract award.

c. Statements of work should be defined in such a way that the contracting officer will be able to generate the contract specifications to assure that:

(1) The desired results can be accomplished.

(2) A contractor can provide the goods and/or services in the most cost effective manner.

(3) In cases of a contract for services, the desired results are measurable.

d. All requests for increases to the cost estimates of contracts shall be reviewed to ensure that:

(1) The increase is thoroughly justified.

(2) The scope of the contract has not been increased without the knowledge or concurrence of DoDDS.

e. All contracts shall be reviewed to ensure that:

(1) The goods and/or services have been correctly described.

(2) The scope of the contract meets the requirements in the statement of work.

f. Periodically, each region shall perform comparative analyses of similar contracts within the region to identify any which may be too costly.

g. Support or services provided under ISA's will be formally reviewed during the required ISA review as specified by reference (b) at the midpoint of its term or every 3 years, whichever is sooner. A complete review of all categories of support, cost factors, and workyears of effort is required. That review should consider (1) whether or not there has been a change in the support required, and (2) what factors may have contributed to a decrease in costs by 5% or an increase of 5% above what is considered a reasonable inflation factor. In addition, questions should be addressed to the supplier when workyears change without a concomitant change in required support services or costs of salaries increase beyond that which can be contributed to a cost of living increase. A review may be accomplished at any time, if costs for any support category exceed plus or minus 5% of the established estimate. If in-house support converts to contract support for any category, a cost comparison should be obtained from the supplier prior to acceptance of the conversion. Those support categories which are high cost categories and subject to frequent fluctuations in costs or methods of support are accounting and finance (AB), civilian personnel servicing (AC), custodial support (AF), transportation (AO), utilities (AP), cyclical maintenance and repair (AW), and rental leases (BT). These should be reviewed at least annually on an informal basis and formally if there are significant changes either in the method of support or their costs (either in workyears or dollars) .

h. All billings shall be reviewed to ensure that:

(1) The goods and/or services have been received.

(2) The charges are correct.

E. RESPONSIBILITIES

1. Director, DoDDS, will:

a. Ensure that each regional director is evaluated on his/her region's performance in the execution of the budget.

b. Ensure that each regional director includes performance elements for budget execution in each manager's appraisal.

c. Ensure that each Office of Dependents Schools (ODS) manager is evaluated on utilization of resources Under his/her control.

2. The Chief, Fiscal Division, ODS, will:

a. Establish policies and guidelines for the execution of budgets.

b. perform reviews and analyses to ensure the effective and economical utilization of DoDDS funds.

c. provide guidance to ODS staff for the purpose of reviewing budget execution at regional and district offices, and schools, during TDY.

d. Coordinate budget execution reviews with the DoDDS Internal Review Office.

e. Perform reviews of all contracts initiated at ODS to ensure that costs are reasonable. Unsubstantiated/excessive costs will be referred to appropriate parties for further review,

f. Ensure that budgets are executed as planned. All variances of more than 5 percent from the approved budget within major object classifications are justified.

3. Regional directors will:

a. Establish policies and guidelines for the execution of Regional budgets.

b. Perform reviews and analyses to ensure the most effective and economical utilization of regional funds.

c. Ensure that the regional budget is executed as planned. Justify to ODS all variances of more than 5 percent from the approved budget within major object classification (two digit object class) each quarter.

d. Ensure that all billings for contracts (including ISA'S) are reviewed to ensure that costs are reasonable and the goods and services were received. Unsubstantiated/excessive costs will be referred to appropriate parties for further review.

e. Ensure that each manager is evaluated on his/her performance in the execution of the budget.

4. DoDDS managers at all levels will:

a. Ensure that all resources are effectively and economically utilized.

b. Ensure that resources under his/her control are used for the purpose for which the resources were authorized.

c. Ensure that all programs are operated in the most cost effective manner possible.

d. Review all billings for contracts (including ISA's) to ensure that costs are reasonable and the goods and services were received. Unsubstantiated/excessive costs will be referred to appropriate parties for further review.

e. Identify areas under his/her purview which are inefficient and/or not cost effective. Take action to correct those deficiencies which can be corrected locally. Report those areas which must be resolved at higher levels to the appropriate individual.

F. EFFECTIVE DATE AND IMPLEMENTATION

This regulation is effective 60 days after date of publication. Forward two copies of implementing issuances to the Director, DoDDS, within 90 days for approval prior to publication.



John L. Stremple
Director



DEPARTMENT OF DEFENSE
OFFICE OF DEPENDENTS EDUCATION
4040 NORTH FAIRFAX DRIVE
ARLINGTON, VA 22203-1635



FIS

SEP 9 1993

MEMORANDUM FOR ODE DIVISION CHIEFS

SUBJECT: Policies/Guidelines for Processing Funds Authorization Document (FAD) Requests and Special Project Budget Requests

In accordance with Dependents schools Regulation (DSR) 7100.2, Budget Policies and Procedures, the following policies and guidelines are established and effective immediately.

Policy: Funds Authorization Document (FAD) requests will be submitted on the standard format at attachment 1. FAD requests must be submitted in duplicate (original form provided to the Chief, Fiscal Division and a copy stamped "copy" submitted to Carol Beck). FAD requests must be submitted to the Fiscal Division by the 5th of each month and will be processed by 15th of the month. Requests to move funds between special projects will be submitted in duplicate (as stated above) using the format at attachment 2. Budget will present requests to cabinet for approval.

Guidance:

Fill out Section I of FAD Request Form as follows:

- Please ensure that program titles match the program code specified.
- "Total" columns should balance to each other. Please round dollars to the nearest thousand.
- Review latest accounting reports to ensure availability of funds. If funds are not available when the Budget branch receives the request, it will be returned to you, so noted in Section II, Block 1.

After the FAD request has been processed, Budget will fill in Section II and return to the requestor. This will take the place of the cc:mail response you now receive.

Plans to automate this form using Perform Pro Filler are in the works and updates to these procedures will be provided as necessary.

If you have any questions or comments, please call
Carol Beck at 696-3856/57/58, ext 119.



Richard S. Szot
Chief, Fiscal Division

cc :
European Transportation
Internal Review Office
CAPSE
Associate Director
Procurement Division
DGSC Liaison Office

