

**Department Of Defense**

**Under Secretary of Defense  
(Comptroller)**

**Transition Book**

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## Introduction

When the National Defense Authorization Act for FY 1995 was signed, the Comptroller of the Department of Defense/Chief Financial Officer was elevated to the Under Secretary of Defense (Comptroller)/Chief Financial Officer. In implementing this change, the Department gave the OSD(C) authority, direction and control over the Director, Program Analysis and Evaluation, and since that time, there has been much progress in combining the traditional Comptroller functions of budgeting and accounting, with the programming functions associated with J A&E.

The traditional Comptroller focus was in the immediate budget year, with major emphasis on the fall budget review of specific budget items, the execution and efficiency of current programs, and defending the President's budget to the Congress.

The traditional J A&E focus is over the FYDF period and beyond, with major emphasis on the summer program review, overall program balance and priorities, cost effectiveness of systems, and the internal decision processes.

The first section of this book addresses the more traditional Comptroller functions, and the programming functions are contained in the second section.

**DEPARTMENT OF DEFENSE  
OUSD(C) TRANSITION BOOK**

**I. ORGANIZATION AND MANAGEMENT**

**A. Organization:**

1. Mission Statement
2. Organization Structure
3. Goals
4. Functions

**B. Management**

1. Chain of Command
2. Regulatory Authority
3. Management Studies and Issues (studies that focus on organizational structure, or operation)

**C. External Process**

1. Executive - Key Interagency Relationships
2. Congressional
  - a. Key Committees
  - b. Critical Reports to Congress
  - c. Pending Legislative Issues

**II. BUDGET**

- A. Budget Overview
- B. Budget Detail
- C. Budget Trends
- D. Budget Issues

} Covered in the Director, Administration and Management

**III. PERSONNEL**

- A. Summary of Statistics
- B. Personnel Management Issues

**IV. POLICY/ISSUES**

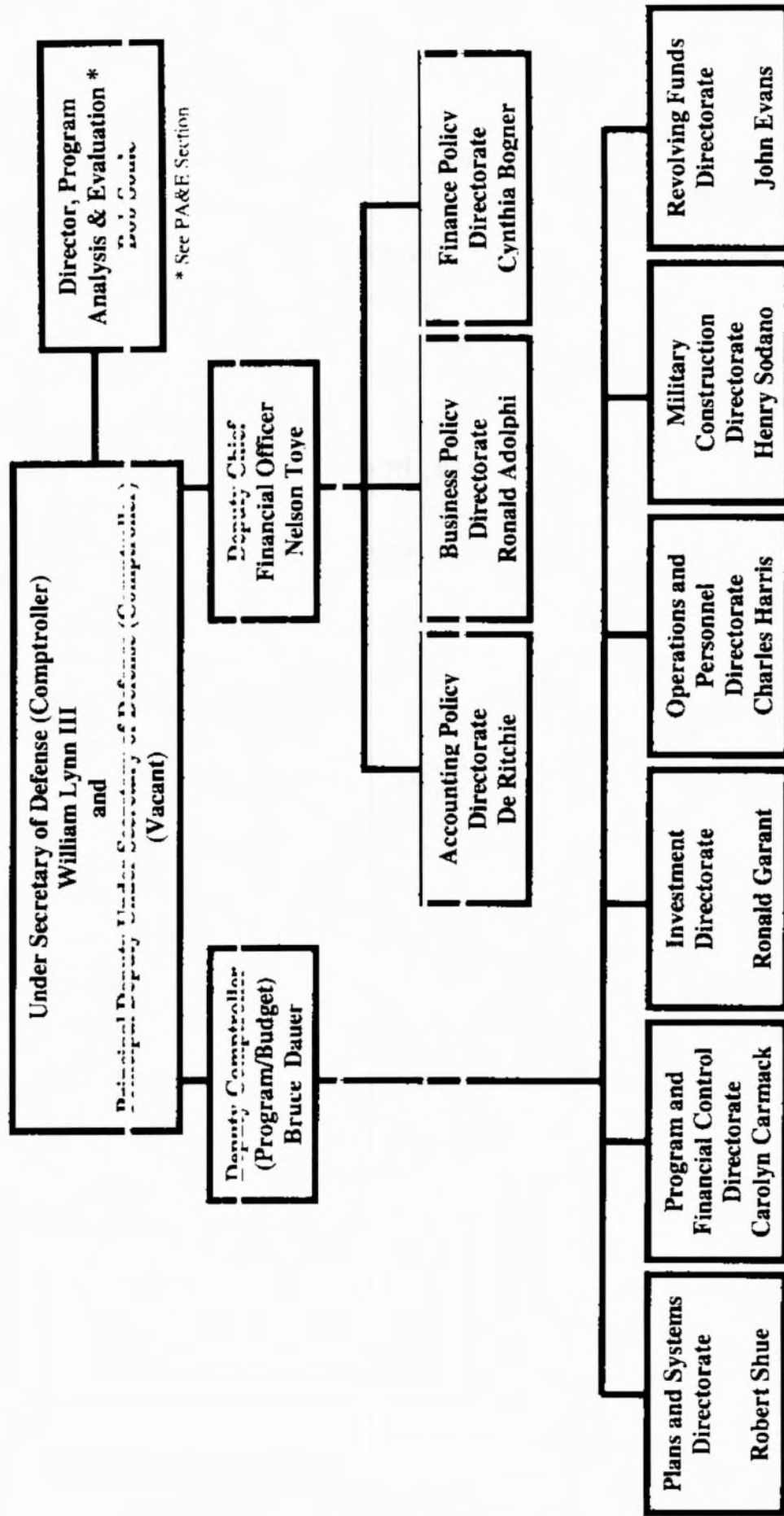
- A. Overview of the Policy Development Process
- B. Major policy Issues requiring attention in the next few months

### **A. 1. Mission Statement**

Under the direction of the Secretary of Defense, the USD(C) is the principal advisor and assistant to the Secretary and Deputy Secretary of Defense for budgetary and fiscal matters (including financial management, accounting policy and system, budget formulation and execution, and contract audit administration and organization), DoD program analysis and evaluation, and general management improvement programs. In addition, the USD(C) is the Chief Financial Officer of the Department of Defense.

For information on Program Analysis And Evaluation, see second section at end of Book.

## A. 2. Organization Structure



\* See PA&E Section

### **A. 3. Goals**

Prepare and update the Planning, Programming and Budgeting (PPBS) system for the Department of Defense.

Establish budgetary principles, policies, systems and procedures.

Formulate, manage and execute the Department of Defense Budget.

Develop and promulgate DoD-wide financial management policies.

Implement the Department's finance and accounting systems.

Maintain interface between the USD(C) and the Defense Finance and Accounting Service and the Defense Contract Audit Agency.

Implement the Federal Manager's Financial Integrity Act.

#### **A. 4. Functions**

Administer the planning, programming, and budgeting system of the DoD.

Supervise and direct the formulation and presentation of Defense budgets, the interactions with the Congress on budgetary and fiscal matters, and the execution and control of approved budgets; and maintain effective control and accountability over the use of all financial resources of the DoD.

Establish and supervise the execution of uniform DoD policies, principles, and procedures (including terminologies and classifications, as necessary) for:

Budget formulation and execution; financial management programs and systems; accounting and disbursing systems; cash and credit management; debt collection; financial progress and statistical reporting; and technical, organizational, and administrative matters related to contract audit.

Relationships with financial institutions, including those operating on DoD installations in the United States and overseas.

International financial matters, including the adequacy of international financial agreements.

Education, training, and career development of comptroller and financial management personnel.

Prices for transactions involving the provision of goods and services by DoD Components, including sales to foreign governments.

Access to DoD budgetary material and other records by the General Accounting Office (GAO).

Provide for the design, development, and installation of management improvement programs and systems throughout the DoD by

Improving general management practices within the Department by analyzing current practices, identifying improvements that will result in management efficiencies, measuring cost savings, and implementing changes.

Developing and overseeing implementation of total cost per output standards for the DoD to be used for budget, management, and productivity improvement purposes.

Establishing and maintaining an internal management control program to control waste, fraud, and mismanagement.

Advise and assist the Secretary and Deputy Secretary of Defense on administration and organization of the contract audit function within the DoD.

Establish and supervise uniform DoD policies, principles, and procedures for administrative matters related to contract audit.

Analyze resource requirements and use of personnel to accomplish the contract audit needs of the DoD.

Coordinate and interface with other DoD Components having interest in the contract audit mission and related activities, including the Under Secretary of Defense (Acquisition and Technology), the Inspector General of the DoD, the Military Departments, and the Defense Logistics Agency.

Interact with the Congress on issues involving the contract audit function of the DoD, including interface with the GAO on pertinent audits.

Conduct analyses, develop plans, provide advice, recommend changes, and issue guidance on DoD contract audit organization structure and management practices.

Interact with the Defense industry on major areas of concern involving contract audit activity.

### **B. 1. Chain of Command**

The Under Secretary of Defense (Comptroller) reports directly to the Secretary of Defense and the Deputy Secretary of Defense. The USD(C) exercises authority, direction and control over the Director, Program Analysis and Evaluation, the Director, Defense Contract Audit Agency, the Director, Defense Finance and Accounting Service, the Deputy Comptroller (Program/Budget) and the Deputy Chief Financial Officer.

## **B. 2. Regulatory Authority**

Title 10, United States Code, Section 131, Under Secretary of Defense (Comptroller)

Title 31, United States Code, Chapter 9, Agency Chief Financial Officers

Public Law 101-576, "Chief Financial Officers Act of 1990," November 15, 1990

Public Law 103-62, "Government Performance and Results Act of 1993," August 3, 1993

Executive Order 12133, "United States Intelligence Activities," December 4, 1981

DoD Directive 5118.3, "Under Secretary of Defense (Comptroller) (USD(C))/Chief Financial Officer (CFO), Department of Defense



**B. 3. Management Studies and Issues**

None



### **C. 1. Executive – Key Interagency Relationships**

The USD(C) is directly involved with the Chief of Staff to the President, the Director, Office of Management and Budget, the Assistant to the President for National Security Affairs, as well as resource management counterparts in the Department of State, the Department of Treasury and all other Federal agencies.

## **C. 2. Congressional**

### **C. 2. a. Key Committees**

Committees and Subcommittees of Jurisdiction:

Subcommittee on Defense, House Appropriations Committee

Subcommittee on Military Construction, House Appropriations Committee

Subcommittee on Defense, Senate Appropriations Committee

Subcommittee on Military Construction, Senate Appropriations Committee

House Armed Services Committee

Senate Armed Services Committee

House Permanent Select Committee on Intelligence

Senate Select Committee on Intelligence

Committees with special interest:

House Government Reform Committee

Senate Government Affairs Committee

House International Relations Committee

Senate Foreign Relations Committee

House Budget Committee

Senate Budget Committee

**C. 2. b. Critical Reports to Congress:**

The OUSD(C) is responsible for tasking and tracking all reporting requirements levied on the Department by the Appropriation and Authorization committees. The reports on the following pages have been assigned to the OUSD(C) for preparation and submission:

**Subject****Action****Due Date****Requirement****Report 106-290 SAC-MILCON Subcommittee**

Transfer Authority

Notify

After the fact

Transfers between any accounts in the bill could be accomplished at the determination of the SECDEF. **SECDEF report.**

Support for counter-drug activities of the Government of Colombia

Notify

15 session days prior to obligation

Limit on funds made available

**Report 106-614 HAC-MILCON Subcommittee**

Transfer Authority

Notify

After the fact

The budget request proposed a general provision allowing the transfer of up to \$67,000,000 between any accounts in the bill. **SECDEF report.**

NATO Security Investment Program

Report

Quarterly

NATO nations share of cost and NSIP project costs and cost shares.

Foreign Currency Savings, O&M

Report

12/01/00

Allocation of savings from foreign currency re-estimations.

Operation and maintenance, Reprogrammings

Notify

within 30 days of transfer of funds

Proposed transfers of funds in excess of ten percent to all primary accounts and subaccounts.

General and Flag Officers Quarters - O&M

Report

Annual

Detail the total amount spent on operation and maintenance of individual general and flag officer quarters for past fiscal year.

Domestic Leases

Report

Quarterly

Details of certain new or renewed leasing agreements.

Foreign Leases

Report

21 days prior to entering into an agreement

Perform an economic analysis on all new leases or lease/contract agreements; report details of any new or renewal lease exceeding \$20,000 per year (as adjusted for foreign currency fluctuation, but not adjusted for inflation).

# Requirement

## Due Date

### Action

#### Subject

## Report 106-292 SASC

Inventory of financial management and feeder systems

Plan

Addition to current requirement

Additional matters to be covered under the original report, e.g., identify each system listed in the inventory as critical or non-critical and major or non-major. **SECDEF report.**

Addition of threshold value requirement for applicability of a reporting requirement relating to multiyear contract

Report

Prior to contract over \$500M

Submit a report on the total obligation authority associated with existing and requested multiyear contracts contained in the Future Years Defense Program. **SECDEF report.**

## Report 106-298 SAC-Defense Subcommittee

Civil-Military programs

Report

04/15/01

Report on the status of the obligation of these program funds.

## Report 106-644 HAC-Defense Subcommittee

Guard and Reserve Workyear Requirements

Report

02/01/01

Report on efforts to ensure that accurate accounting information is used in preparing the Reserve components budget submissions. **SECDEF report.**

Interim Brigade Combat Teams

Certify

With the FY-02 budget

Certify that the FY-02 budget submission fully funds two additional IBCTs, as well as in each of the succeeding years of the FYDP. **SECDEF report.**

Guard and Reserve Workyear Requirements

Report

02/01/01

Report on efforts to ensure that accurate accounting information is used in preparing the Reserve components budget submissions. **SECDEF report.**

O&M Budget Execution Data

Notify

Semiannual

Summarize O&M budget execution, including the effect of reaselining procedures, other below threshold reprogrammings, and prior approval reprogrammings.



| Subject                   | Action | Due Date      | Requirement                                                                                                                                               |
|---------------------------|--------|---------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|
| O&M Budget Execution Data | Notify | 30 days prior | Notify prior to executing procedures to rebaseline O&M accounts.                                                                                          |
| O&M Reprogrammings        | Notify | If necessary  | Notify of the cumulative value of any and all transfers in excess of \$15,000,000 from any of the O&M budget activities and subactivity group categories. |

### Report 106-710 MILCON Conference Report

O&M for family housing, including flag and general officer quarters. Report Annually

Report all O&M expenditures for each individual flag and general officer quarters for the prior fiscal year

### Report 106-754 Appropriations Conference

Military Functions Notify Prior to transfer

Transfers between working capital funds and the military functions account. **SECDEF report.**

Working Capital Funds Notify Prior to transfer

Transfers between working capital funds and the "Foreign Currency Fluctuation" and "Operation and Maintenance" appropriation accounts. **SECDEF report.**

Working Capital Funds Notify Prior to transfer

Transfers between working capital funds and the war reserve material inventory. **SECDEF report.**

Special Access Program Notify 30 days prior to transfer

Funds may not be used to initiate a special access program.

Multiyear Contracts Notify 30 days prior to award

No funds shall be available for which the economic order quantity advance procurement is not funded at least to the limits of the Government's liability.

Multiyear Contracts Notify 10 days prior to termination

No multiyear procurement contract can be terminated.

**Subject****Action****Due Date****Requirement**

Humanitarian and Civic Assistance costs

Report  
9/30 Annually

O&M funds may be obligated for humanitarian and civic assistance costs incidental to authorized operations and pursuant to authority granted.

Relocations

Certify

When necessary

If a relocation within the National Capital Region is required in the best interest of the Government. **SECDEF report.**

DoD Overseas Military Facility Investment Recovery Account

Report  
30 days prior to transfer or obligation of funds

Detail the balance available, projected income during FY01 and 02, and specific expenditures to be made using funds transferred from the account during FY01. **SECDEF report**

Field Operating Agency

Certify

If necessary

Certify that granting a waiver on limitations will reduce the personnel requirements of the financial requirements of the department. **SECDEF report.**

Pentagon Reservation Maintenance and Repair Fund

Certify

When necessary

Certify that the total cost for the planning, design, construction and installation of equipment for the renovation will not exceed \$1,222,000,000. **SECDEF report.**

Defense exports loan guarantees

Report

Quarterly

Report on the implementation of these loan guarantees. **SECDEF report.**

FY02 Budget Request reductions

Report

02/01/01

Identify, by amount and by separate budget activity, activity group, subactivity group, line item, program element, program, project, subproject, and activity any reductions.

Funding reductions of 0.7%

Report

60 days after enactment

Amounts provided in all appropriation accounts in titles III and IV of the Act are affected and reductions shall be applied on a pro-rata basis to each appropriation account.



| Subject                                                                    | Action  | Due Date                                   | Requirement                                                                                                                                                                              |
|----------------------------------------------------------------------------|---------|--------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| New Start Program                                                          | Notify  | Prior to payment                           | No funds may be used to compensate an employee of the DoD who initiates a program without notification.                                                                                  |
| Reimbursement by another department or agency                              | Certify | If necessary                               | Certify a waiver if a department or agency is more than 90 days in arrears for goods or services. <b>SECDEF report.</b>                                                                  |
| Overseas Contingency Operations Transfer Fund                              | Report  | NLT 30 days after the end of each quarter  | Explain transfers from the "Overseas Contingency Operations Transfer Fund", and transfers for maintenance, pay of civilian personnel, and base operations support. <b>SECDEF report.</b> |
| Civil/Military Programs                                                    | Report  | 04/15/01                                   | Report the status of the obligation of funds for these programs.                                                                                                                         |
| National Defense Sealift Fund (C-17)                                       | Notify  | When necessary                             | NDAF should conform to the requirements for other DoD procurement accounts.                                                                                                              |
| <b>Report 106-945 Authorization Conference</b>                             |         |                                            |                                                                                                                                                                                          |
| Additional conditions on implementation of Defense Joint Accounting System | Report  | Prior to granting a Milestone III decision | Report on analysis of the requirements for the DIAS and analysis of alternatives to the system to determine whether it warrants deployment. <b>SECDEF report.</b>                        |
| Additional conditions on implementation of Defense Joint Accounting System | Certify | If necessary                               | Will the system meet required functionality for users; acquisition standards; applicable Milestone requirements; and requirements of the Clinger-Cohen Act. <b>SECDEF report.</b>        |
| Defense Travel System                                                      | Report  | 11/30/00                                   | Provide a schedule and discussion of the development, testing, and fielding of the system; and analysis of the costs and benefits of fielding this system. <b>SECDEF report.</b>         |

**Subject****Action****Due Date****Requirement**

Flexibility in implementation of limitation on major DoD headquarters personnel

Certify

If necessary

Certify that the limitation of headquarters personnel would adversely affect national security. **SECDEF report.**

Transfer Authority

Notify

Upon determination

Total amount of authorizations that may be transferred may not exceed \$2,000,000,000. **SECDEF report.**

Prompt recording of obligations of funds for contractual transactions

Plan

NLT 11/15/00

Ensure that each obligation under a transaction be recorded not later than 10 days after the date on which the obligation is incurred. **SECDEF report.**

Loan guarantees to improve domestic preparedness to combat cyber-terrorism.

Report

NLT 03/01 annually

Report on the loan guarantee program. **SECDEF report.**

Semiannual report on Kosovo peacekeeping

report

12/1/2000 and  
Semiannually thereafter

Report on the contributions of European nations and organizations to the peacekeeping operations in Kosovo. **President report.**

NATO fair burdensharing (Costs)

Report

30 days after a military operation begins

Report on costs of Operation Allied Force, including ordnance expended, fuel consumed, personnel; and estimated cost of reduced service life of U.S. aircraft. **SECDEF report.**

NATO fair burdensharing (Future Operations)

Report

NLT 90 days after completion of military operation

Report on costs of Operation Allied Force, including ordnance expended, fuel consumed, personnel; and estimated cost of reduced service life of U.S. aircraft. **SECDEF report.**

**Subject****Action****Due Date****Requirement**

Limitation on use of funds to support warhead dismantlement processing

Notify

15 days prior to CTR fund use

When the U.S. has reached an agreement with Russia, which shall provide for appropriate transparency measures, regarding assistance by the U.S. **SECDEF report.**

Reporting requirements relating to Multiyear Services Contracts

Report

Annually, w/President's budget request

Contains information on each multiyear service contract or extension of an existing contract entered into, or planned, by the head of an agency during the current or preceding year. **SECDEF report.**

Funds for administrative expenses under Defense Export Loan Guarantee program

Report

Prior to providing funds for admin expenses

Report on operation of the DELG Program and determination as to which agency, office, or other activity should administer, manage, and oversee the program. **SECDEF report.**

**C. 2. c. Pending Legislative Issues**

None

**A. Budget Overview**

**B. Budget Detail**

**C. Budget Trends**

**D. Budget Issues**

None

All included with The Director, Administration & Management

### A. Summary of Statistics

|                           | <u>OUS D(C)</u> | <u>Program/Budget</u> | <u>DCFO</u> | <u>Total</u> |
|---------------------------|-----------------|-----------------------|-------------|--------------|
| Civilian:                 |                 |                       |             |              |
| Number of ES/SES:         | 2               | 21                    | 9           | 32           |
| Number of Analysts:       | 2               | 65                    | 41          | 109          |
| Number of Administrative: | 2               | 12                    | 5           | 20           |
| Number of Civilians:      | 8               | 98                    | 56          | 161          |
| Military:                 | 2               | 3                     | 0           | 5            |
| Total Number of Personnel | 10              | 101                   | 55          | 166          |



**B. Personnel Management Issues**

None



## **A. Overview of the Policy Development Process**

The DoD Financial Management Regulation provides all DoD Components with the policies, regulations, and procedures within the area of responsibility of the Under Secretary of Defense (Comptroller). This Regulation is issued by the USE (C) under authority of Department of Defense Instruction 7000.14 "DoD Financial Management Policy and Procedures," and consolidates numerous financial management directives, instructions, and publications into a single document. This regulation governs all DoD's financial management, from budget formulation through all aspects of execution of both appropriated and non-appropriated funds. These policies and procedures are based on the law, OMB policies, and administrative agreements within the Department. The Regulation consists of the following 15 volumes:

- Volume 1, DoD 7000.14-R: General Financial Management Information, Systems & Requirements
- Volume 2, DoD 7000.14-R: Budget Formulation & Presentation
- Volume 3, DoD 7000.14-R: Budget Execution
- Volume 4, DoD 7000.14-R: Accounting Policy & Procedures
- Volume 5, DoD 7000.14-R: Disbursing Policy & Procedures
- Volume 6, DoD 7000.14-R: Reporting Policy & Procedures; Form & Content of the DoD Audited Financial Statements
- Volume 7, DoD 7000.14-R: Military Pay Policy & Procedures – Active Duty & Reserve Pay;  
Military Pay Policy & Procedures – Retired Pay;  
Special Military Pay/Personnel Programs & Operating Procedures
- Volume 8, DoD 7000.14-R: Civilian Pay Policy & Procedures
- Volume 9, DoD 7000.14-R: Travel Policy & Procedures
- Volume 10, DoD 7000.14-R: Contract Payment Policy & Procedures
- Volume 11, DoD 7000.14-R: Reimbursable Operations, Policy & Procedures; Reimbursable Operations Policy & Procedures – Working Capital Funds
- Volume 12, DoD 7000.14-R: Special Accounts, Funds and Programs
- Volume 13, DoD 7000.14-R: Non-appropriated Funds Policy & Procedures
- Volume 14, DoD 7000.14-R: Administrative Control of Funds and Anti-deficiency Act Violations
- Volume 15, DoD 7000.14-R: Security Assistance Policy & Procedures

**B. Major Policy Issues Requiring attention in the next few months**

FY 2002 Budget submission

Potential FY 2001 supplemental request